DORSET HIGH VALUE MANUFACTURING ADVISORY PROGRAMME (HVMAP)

DELIVERED BY SWMAS

European Union
European Regional Development Fund

ERDF SUMMATIVE ASSESSMENT– FINAL REPORT

MOOR ECONOMICS

IN ASSOCIATION WITH

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June 2022

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EXECUTIVE SUMMARY

This report provides an independent summative assessment of the Dorset High Value Manufacturing Advisory Programme (subsequently referred to as Dorset HVMAP) which is being funded through European Structural Investment Funds across the Dorset Local Enterprise Partnership area (encapsulating the Dorset and Bournemouth, Christchurch and Poole local authority areas).

The project is being delivered by the South West Manufacturing Advisory Service Ltd (subsequently referred to as SWMAS). The Summative Assessment took place between November 2021 and June 2022 and included both primary and secondary research methods. The summative assessment was undertaken by Moor Economics, in association with Hayley Sampson Research.

This summative assessment took place alongside the summative assessment of three other programmes delivered by SWMAS across the South West – Swindon and Wiltshire, the Heart of the South West and Gloucestershire LEP areas, although noting that the programme in Gloucestershire was based on a slightly different model of support. The advantage of undertaking these evaluations simultaneously is that the primary research activity has been extensive and the findings across the four programme areas can be both used on an aggregated basis, but also present a comparator for each respective programme area.

The summative assessment has involved several research techniques. An online survey was developed and circulated to all businesses that had received support from Dorset HVMAP, as well as the other programme areas. In total, 17 beneficiary businesses who had received support from Dorset HVMAP completed the survey, representing a response rate of c27.8%. Across the four programme areas (with the same survey questions used in each area) there were 109 responses to the survey (a response rate of c31%). Businesses were asked whether they were willing to take part in a further short telephone interview, and across the four programme areas 16 businesses were interviewed.

In addition, we undertook a stakeholder consultation exercise across the Dorset HVMAP and other programme areas. One-to-one interviews were conducted with 13 key stakeholders for the projects. This encapsulated feedback from Local Enterprise Partnerships, Growth Hubs and representatives from manufacturing associations if appropriate/relevant. In our view, much of the feedback provided through these stakeholder consultations is relevant to all programme areas.

Overall, the feedback received from both supported businesses and wider stakeholders has been overwhelmingly positive. The consensus is that the SWMAS ERDF programmes – including Dorset – have been well-managed, provides important support to manufacturing businesses at different stages of their lifecycle and remains an integral part of the business support landscape across Dorset. There are concerns about the loss of that support once ERDF funding finishes, and with the economic development landscape in the near future potentially being relatively fragmented.

Importantly, it has delivered against its overall objectives of providing quality support to manufacturing businesses in the area, providing advice and investment to stimulate the growth aspirations of a diverse set of manufacturing businesses. Businesses that were consulted as part of the evaluation were keen to express their satisfaction at the support provided through the programme. The SWMAS manufacturing

specialists were seen to be accessible, knowledgeable and well-connected, and SWMAS as a whole being seen as a 'trusted partner' by other support providers.

The Dorset HVMAP represented a slight change in emphasis in terms of the depth of support provided. SWMAS purposefully set contractual output targets at a level which allowed a slightly more intensive form of support when compared to the previous ERDF funded programmes that SWMAS had delivered. The consensus from the SWMAS team is that this has allowed the programme to better react to the needs of businesses, with support often exceeding the minimum 12 hours of support and taking place over an extended period.

It has been delivered in a cost effective and efficient manner, benefiting from synergies across five LEP programme areas across the South West. In our view there is a risk that the potential for these synergies will be lost if delivery for similar schemes are provided at a smaller, and more, fragmented scale.

The one major frustration remains that the ERDF funding only allows a business to be supported once during a programme. This doesn't necessarily reflect the development journey of businesses, a 3-year programme could open an opportunity for a programme to provide support at different junctures during that time. Obviously, there is a balance between providing support to a wide group of manufacturing businesses and having flexibility to support a particular business more than once – particularly if it is experiencing strong growth.

It is important to highlight that the Dorset HVMAP was delivered during the Covid-19 pandemic, and this provides fundamental context to the overall evaluation. The intended delivery model – or certainly how that support was delivered – was significantly affected by Covid restrictions. In essence, the project had to quickly shift to an online model of support as the pandemic occurred. The summative assessment has found that the SWMAS team quickly recognised the implications that the Covid restrictions were going to have on the ability of the programme to deliver, but more importantly on manufacturing businesses across the region. The SWMAS team quickly responded to the need to shift support online, providing a series of events and workshops to businesses to help them understand implications of the lockdown on their business, survive, and/or pivot to new market opportunities. The demand for these online events and workshops were high, and we have received positive feedback to the value of that support at that particular time.

In responding to the pandemic and associated restrictions, the SWMAS team demonstrated its flexibility, agility and client-focus.

Project Context:

- The Dorset HVMAP had a close strategic fit with the objectives and priorities of the ERDF Operational Programme and the Dorset LEP's (encapsulating Bournemouth, Christchurch and Poole) Strategic Economic Plan. It clearly aims to deliver against several of the objectives contained within Priority 3 of the programme.

- The need to provide advice and support to help stimulate manufacturers to invest and improve production processes remains in place. Manufacturing, particularly high-tech manufacturing, now has a focus in the UK's Industrial Strategy, the Build Back Better plan and the 10-point plan for a Green Industrial Revolution – recognising that it has a potentially fundamental role to play in driving greater levels of productivity. The Dorset HVMAP's role in improving the operational and production efficiency of businesses directly feeds through to improved productivity – cited as a benefit through the evidence received in this evaluation.
- There have not been any significant changes to the economic context which questions the original support for the project. Indeed, the substantial impact of Covid-19 on society and the economy, as well as the evolving impact of trade relationships post-Brexit have, in our view, strengthened the argument for continued support for the manufacturing sector. The volatile global economy, with aspects such as supply chain disruption and quickly increasing prices means that many manufacturers face uncertain times. Support to improve the competitiveness, efficiency and capacity of businesses is the best form of support to help address this volatility and uncertainty.

Project Progress:

- The Dorset HVMAP has performed well against its output and expenditure targets, particularly in the context of the impact of Covid-19 restrictions on its face-to-face model of support. In many cases, it has exceeded targets with two financial quarters of the programme remaining (in effect one quarter of delivery). There is confidence that it will meet most of its end-of-project output targets. In terms of project expenditure, it is currently behind its expenditure profile and end-of-project target, with some ground to make. The SWMAS team are working hard to ensure that grant spend (which is a significant proportion of total budget) is defrayed by the end of the project.

- It has significantly over-achieved expectations in terms of new product innovation and job creation. Both of these aspects should be viewed as significant achievement by the project. It is on target to meet its target for private investment leverage. The leveraging of circa £3.74 for every £1 of Dorset HVMAP support in the grant programme is a good outcome.
- It is our view that the project faces some challenges to meet its C1 output target. We understand that it is currently working on delivery against this output for the remainder of the project period, but a risk remains.

- There was a good spread of delivery coverage across the Dorset HVMAP programme area – including both the Dorset and Bournemouth, Christchurch and Poole local authority areas. This is a good outcome considering the relatively limited resource available to the project i.e. one dedicated manufacturing specialist. In our view, the achievement of the project against its objectives, and largely against its output targets, means that SWMAS resourced the project appropriately. The close working between the team of manufacturing specialists has been important and it has been managed well by SWMAS.

Project delivery and management:

- The overall view from the stakeholders and partners we spoke to was that SWMAS continues to be seen as a highly skilled, experienced and reliable partner. The phrase 'trusted partner' was used in many of our interviews. They were seen to continue to deliver a quality service.
- The SWMAS management team (by partners) and the Dorset HVMAP manufacturing specialist (by businesses) were held in high regard. The project management information held and used was of a high quality. Importantly, the management information was used by SWMAS to monitor progress and, if required, to flex resources to ensure targets were met. We consider the project to represent good practice in this respect.
- The ERDF programmes (including Dorset HVMAP) were delivered in a relatively 'light-touch' manner, with one dedicated manufacturing specialist in each LEP region supported by the SWMAS programme management team – with this resource shared across five programme areas. As stated above, the project appears to have been appropriately resourced to meet its own objectives, as well as being delivered in a relatively cost-effective manner.
- The setting of a realistic set of output targets at programme design stage has been important for several factors. Firstly, it has allowed SWMAS to assist businesses in a slightly more intensive manner, particularly when compared to the previous ERDF programmes that they had delivered. It has not had to 'chase output targets', although it has certainly had to maintain momentum to ensure that contractual targets are met. Secondly, it was beneficial when Covid-19 occurred. Having an achievable set of targets was helpful when the Dorset HVMAP had to adjust to the 'new normal'.
- SWMAS reacted very swiftly to the outbreak of Covid-19 and the ensuing restrictions. The Covid-19 lockdown undermined the face-to-face model of support that Dorset HVMAP had intended to deliver, and the programme team have had to be agile, innovative and flexible to deliver support largely online. Initially this involved providing support on a one-to-many basis through a series of webinars and online events which aimed to help manufacturing businesses navigate through the difficulties of Covid-19. In terms of the core aspect of the programme, one-to-one support to individual businesses, the manufacturing specialists have used a range of online tools to help businesses.
- Compliance and eligibility of delivery against ERDF requirements continues to be well managed and robust – as evidenced by the results of audit activity. Manufacturing specialists were given clear guidance by the programme management team and used their experience and judgement well. Appropriate 'checks and balances' - including internal audits - were put in place by the programme management team, with strong oversight provided by the core team.
- Overall, the feedback we have received across the SWMAS team is that there is an excellent balance between the manufacturing specialists (who are all experienced individuals) having sufficient discretion and flexibility to organise their own workload and decide how best to support their respective businesses against programme oversight by the core SWMAS team.
- The overall consensus from the evidence we have collated through this evaluation has been that the support provided through the Dorset HVMAP has exceeded the expectations of supported businesses. The feedback we have received has been overwhelmingly positive, although recognising this was based on a sample of beneficiaries. However, the number of responses we

received to the online survey across the four programme areas included in this evaluation activity does provide some confidence in our overall conclusion.

- We continue to feel there are important lessons to be learnt from how SWMAS have managed and delivered the grant process. The discretion and responsibility given to the manufacturing specialists has resulted in a relatively 'lean' process which has been well received by businesses. Many of those businesses we spoke to compared it favourably to other public grant schemes they have encountered. We feel that this approach – backed-up by robust 'checks and balances' in the programme management team – could be considered elsewhere if appropriate. There is not always the need for decision-making by committee.
- Marketing activity for the ERDF funded programmes was kept focused by SWMAS for a variety of reasons, not least the crowded business support landscape that exists in several LEP areas. In many respects, the Dorset HVMAP 'brand' continues to be promoted within the overall SWMAS brand. In some cases the support is also closely associated with the respective manufacturing specialist. Businesses and stakeholders have associated the support provided as SWMAS. In our view, this has been a sensible and practical approach, utilising the already established and respected SWMAS brand.
- Evidence shows that the Dorset HVMAP has been based on providing support to businesses that had had a previous relationship with SWMAS – 'repeat clients'. In many respects, this illustrates the satisfaction and value that many businesses see in their engagement with SWMAS. Alongside this it has also been able to support a new group of businesses through this latest programme, extending the reach of SWMAS support.
- The project monitoring data shows that the Dorset HVMAP has been successful in supporting a wide range of business types, both in terms of scale as well as market/sector. We have spoken to several early-stage businesses where the Dorset HVMAP support has played quite a transformational role.

Project outcomes and impact:

- The majority of businesses that responded to the online survey felt that the Dorset HVMAP support had been 'very important' to their subsequent development. This view was corroborated by feedback received through our telephone consultations, with support being provided at an important stage of development for many businesses.
- The evidence suggests that the support has led to commercial impact, with 36% of those responding to the survey stating that it had positively influenced turnover, 29% experiencing a growth in employment, 29% reducing operational costs and 36% improving their environmental performance. This latter outcome appears a particularly strong aspect in the Dorset HVMAP, also illustrated by good links with other programmes such as Low Carbon Dorset. Overall, there is good evidence that support had both a top-line and bottom-line impact for many supported businesses.
- Very few businesses who responded to the online survey indicated that no positive commercial impact had been experienced as a result of the service.
- Our objective view is that the project has fully met the objectives as defined in the original ERDF project logic model. In that sense, it has fully achieved what it set out to do – and for what the ERDF funding was provided.

- The survey suggests that the deadweight that can be associated with the support is relatively low – many businesses would not have progressed with planned improvements or done so more slowly and/or at a lower quality. It also suggests that market displacement is low – many businesses serving target markets beyond the Dorset HVMAP area. The businesses that were supported were also very diverse and often offering quite specific product offerings, again suggesting the potential for local displacement is low.
- The estimates that we have provided in terms of Gross Value Added indicate the ERDF support has generated a very positive return against that public investment. We have captured the turnover and cost impact of the project support and, assuming that the benefits of the support and advice are in place for a few years, the estimated measured impacts are significant. In our view it fully justifies that original investment.

Value for money:

- The Dorset HVMAP has been delivered in a cost-effective manner, delivering all its ERDF outputs below the available benchmark data, based itself on historical evaluation evidence.
- In particular it appears that it has supported new product development - new-to-the-firm products - in a relatively cost-effective manner. This is an important finding in the context of the overall project objective of aiming to stimulate innovation in the supported businesses.
- It has also supported new job creation in a relatively cost-effective manner, perhaps surprising given that much of the support provided focused on improving operational efficiency which could sometimes have resulted in a reduced need for labour input.
- The focus that SWMAS maintained on delivery against contracted output targets appears to have resulted in the project delivering good value for the ERDF investment. Value for Money has also been demonstrated by the private sector leverage.

Conclusions and lessons learned:

The Dorset HVMAP set out to address a clear market failure and, at a basic level, the associated activities were found to represent an effective project design. The feedback we have received from businesses supported by Dorset HVMAP is that it has been delivered professionally and has added value to their operations. The Dorset HVMAP manufacturing specialist has been seen as experienced and knowledgeable in his field, accessible and has maintained good ongoing relationships.

The online survey undertaken for this evaluation received almost universally positive responses, and the businesses were content to attribute subsequent positive impact in their business to the support received. Our consultations with a small number of businesses supported through the programme highlighted how Dorset HVMAP support has acted as an important element to their growth. We spoke to several progressive and innovative businesses (all had a manufacturing process integral to their business, sometimes alongside other activities i.e. direct selling) which had been assisted, all of which were now operating more efficiently than pre-support.

Several cited that the support provided by the programme – specifically financial assistance provided through the grant scheme – was transformational at an important stage of their development.

Overall, SWMAS was seen by stakeholders as a highly experienced and trusted partner, and the experience and continuity it has brought to the project delivery has been well regarded. In our view, continuity has been highly important.

The project has been delivered in a cost-effective manner. SWMAS has designed and delivered a project which has been appropriately resourced, but certainly should not be regarded as 'top-heavy'. The grant process is seen as a notable example of how a well-defined process can be managed in a relatively 'light-touch' way, whilst not compromising the compliance requirements of the accountable body.

Lessons for Policy Makers

- In our view, SWMAS has delivered a business-friendly grant process which has been commensurate to the needs of business (and the scale of financial assistance sought) whilst not compromising on compliance requirements. The discretion and trust afforded to the manufacturing specialists – guided by clear guidance from the programme management team – has utilised their experience. This has resulted in a relatively 'light touch' and, importantly, quick process which has allowed businesses to progress their plans without significant delay. This compares favourably against other grant programmes operated elsewhere, where approvals tend to be determined by committee. We feel the SWMAS model – in-the-field experience backed up by robust 'checks and balances' in the core team – should/could be considered elsewhere.
- We feel the evaluation evidence shows that the delivery of 5x ERDF programmes across four LEP areas has resulted in a cost-effective, consistent and high-quality programme of support. The level of geographical focus has been appropriate, whilst at the same time creating synergies and linkages across the whole area covered by these programmes (effectively the South West). Our independent view is that there is a significant risk that this model will be undermined by the fragmentation of UK economic development policy, namely the focus on delivery at small geographical level i.e. UKSPF. The risk is that delivery of similar programmes to the SWMAS ERDF programmes will themselves be more fragmented, difficult to manage and more costly to deliver. We would advocate that local authorities consider joint delivery of such strategic programmes across wider geographies than their own remit.
- As with all ERDF funded activities operating in England the projects managed by SWMAS operate on a cost and overhead recovery basis (nil profit). However, this creates a number of real business challenges and limitations for commercial (and non-commercial) organisations seeking to deliver projects. Whilst SWMAS has been able to deliver the projects successfully, the margins (between it being sustainable or a loss-making activity) have been extremely tight. The experience of SWMAS suggests that the 15% overhead recovery factor does not reflect the true costs of delivering ERDF projects.

Lessons for Those Designing and Implementing Similar Interventions

- The benefits on project delivery (in terms of quality and efficiency) of continuity and experience should not be underestimated. SWMAS is experienced in delivering ERDF projects and had in place a highly experienced team which was able to 'hit the ground' running. Despite the slightly protracted start to the project (which was then complicated by the pandemic), the experience of the team members meant that it was able to establish links with businesses quickly. As shown by evidence collected by SWMAS – the pre-existing relationships with many manufacturing businesses (as well as links into local manufacturing networks) has been an important source for developing a pipeline of potential beneficiary businesses. In funding programmes there is often the urge to

invest in new activities which require new systems/processes/teams to be put in place, impacting on how quickly momentum can build. We feel these projects conversely demonstrate the benefit of investing in 'what works' and allowing continuity in delivery.

- There has been frustration that the ERDF programmes – including Dorset HVMAP - have not allowed businesses to be supported more than once over the 3-year delivery period. Many businesses are on a journey and have stated in our consultations that they would actually benefit from SWMAS support again at some point in the near future. This has also been highlighted by the manufacturing specialists. However, the ERDF programme does not allow this to happen, particularly in terms of grant assistance. Whilst we do recognise that it is important to spread the programme of support as widely as possible i.e. to as many businesses as possible, it would also be beneficial if there were some flexibility to allow businesses to receive advice and guidance within a programme period. Given that EU Structural Funds are finishing, it would be useful for any future funding programme to build in some flexibility.
- If this (above) change was implemented, it would also be beneficial if a business could be 'counted' more than once if delivery was still defined by outputs. This constraint has led to the full extent of delivery through this programme being somewhat underplayed when viewed through the lens of output delivery only.
- The importance of robust management information has been demonstrated in the evaluation of these SWMAS projects. The way that the management information has been used by the SWMAS programme team to help direct and flex activities is, in our opinion, a good example of how information can be used as a tool, rather than just being seen for reporting purposes. SWMAS use management information well – reflecting the skillset within the team.

Lessons for the Grant Recipient

- When delivering projects in a multi-partner context (often determined by geography) it remains important for project progress to be as visible as possible. Many partners are principally concerned by delivery in their area, and it may be advantageous for SWMAS to consider how the geographical spread of supported businesses can be regularly and clearly demonstrated. In our view, the case studies developed by SWMAS have been useful demonstrations of the types of businesses supported and the impact of the support.

SECTION ONE: PROJECT CONTEXT

1.1 Introduction

This report provides an independent summative assessment of the Dorset High Value Manufacturing Advisory Programme (subsequently referred to as Dorset HVMAP) which is being funded through European Structural Investment Funds across the Dorset Local Enterprise Partnership area (encapsulating the Dorset and Bournemouth, Christchurch and Poole local authority areas).

The project is being delivered by the South West Manufacturing Advisory Service Ltd (SWMAS). The Summative Assessment took place between November 2021 and June 2022 and included both primary and secondary research methods. The Summative Assessment was undertaken by Moor Economics, in association with Hayley Sampson Research.

This Summative Assessment took place alongside the Summative Assessment of three other programmes delivered by SWMAS across the South West – Swindon and Wiltshire, the Heart of the South West and Gloucestershire LEP areas, although noting that the programme in Gloucestershire was based on a slightly different model of support. The advantage of undertaking these evaluations simultaneously is that the primary research activity has been extensive and the findings across the four programme areas can be both used on an aggregated basis, but also present a comparator for each respective programme area.

The evaluation methods and this report were designed in accordance with Department for Levelling Up, Housing and Communities (DLUHC) guidance on conducting summative assessments, alongside client requirements for specific insights in order to support on-going local delivery.

Much of the feedback received covering the four programme areas – particularly with regards to the management and quality of delivery – has been consistent. This broad feedback is reflected across the four Summative Assessment reports. Where specific issues regarding the Dorset HVMAP have been raised these are highlighted within this report. In several sections, there is consistency across the four summative assessments undertaken.

1.1.1 Methodological Note

The Dorset HVMAP summative assessment is underpinned by a theory-based approach, building on the project logic chain and questions identified by the client. It does not include use of a control group which is arguably most technically robust, or 'gold standard', approach to establishing the counterfactual because it would have required planning in advance of the evaluation being commissioned. Such an approach would not have been practical within the timeline of the study and would have raised several methodological challenges within the context. However, the assessment has endeavoured to focus on what might have happened in the absence of the intervention in a semi-quantitative and qualitative sense through the research consultations.

The summative assessment has involved several research techniques. An online survey was developed and circulated to all businesses that had received support from Dorset HVMAP, as well as the other programme areas. In total, 17 beneficiary businesses who had received support from Dorset HVMAP completed the survey, representing a response rate of c27.8%. Across the four programme areas (with the same survey

questions used in each area) there were 109 responses to the survey (a response rate of c31%[1]). Businesses were asked whether they were willing to take part in a further short telephone interview, and across the four programme areas 16 businesses were interviewed.

In addition, we undertook a stakeholder consultation exercise across the Dorset HVMAP and other programme areas. One-to-one interviews were conducted with 13 key stakeholders for the projects. This encapsulated feedback from Local Enterprise Partnerships (although noting we did not speak with a representative from the Dorset LEP), Growth Hubs and representatives from manufacturing associations if appropriate/relevant. In our view, much of the feedback provided through these stakeholder consultations is relevant to all programme areas.

We also undertook consultations with the SWMAS team, including the core SWMAS programme team and the manufacturing specialists in each of the four ERDF funded programmes covered in this evaluation activity.

The summative assessment has also involved a review of project documentation, alongside analysis of financial and output monitoring data provided by the project. This analysis focuses on data up to the end of Q1 2022 (end of March 2022). However, we have also reflected the projected outputs to be claimed by end Q2 2022 (end of June 2022) given the timing of this work – scheduled to be complete by June 22. We have also undertaken a review of the data held by the SWMAS programme team, including a profile of the supported beneficiary businesses. This has helped us understand what types of businesses have been supported through the Dorset HVMAP, and whether that beneficiary profile broadly matched the target audience.

Finally, it is important to highlight that the Dorset HVMAP was delivered during the Covid-19 pandemic, and this provides fundamental context to the overall evaluation. The intended delivery model – or certainly how that support was delivered – was significantly affected by Covid restrictions. In essence, the project had to quickly shift to an online model of support as the pandemic occurred. We comment on the effectiveness of this response throughout this report, given it has been an important element.

1.2 Aim of the project

1.2.1 Overall objectives

The general objective of the Dorset HVMAP is to improve the competitiveness of SME manufacturers across the Dorset LEP area (encapsulating the Dorset and Bournemouth, Christchurch and Poole local authority areas) through advice and grants. It had a value of £1,031,600 of which £515,800 was provided through ERDF support, with the remainder provided through matched private investment. It is important to note that this level of matched private investment is considerable – representing 50% of total project cost. The overall project cost was broadly evenly split between capital (£528,000) and revenue (£503,600) expenditure over the programme period.

It focused on supporting innovation and entrepreneurship, improving productivity and product development, working with a range of businesses. It did intend to have a slight shift from the previous ERDF

[1] The online survey was sent to all businesses that received a P13 IDB assist. The response rates are set against this total cohort.

funded programmes delivered by SWMAS such as the Local Manufacturing Advisory Programme, with an intended greater focus on higher value, growth-oriented businesses. It also represented a shift to a slightly more intensive and strategic form of support for businesses. Setting an achievable set of outputs – whilst ensuring value for money for the funder – was an important step in allowing that to happen. There was also the intention to provide a slightly higher level of grant support than previous ERDF programmes. Again, fitting in the higher value focus.

The Dorset HVMAP blended funded advice from a SWMAS employed manufacturing specialist with both revenue and capital grants for those businesses who sought financial assistance, who were able to provide matched funding and whose aims fitted the objectives of the Dorset HVMAP. The revenue grants could be used to procure external support from knowledgeable experts, whilst the capital grants allowed businesses to invest in capital equipment (matched by investment from the businesses themselves) to help their business develop. It also aimed to provide events to increase the awareness of the programme, and workshops which aimed to provide insight, knowledge and support on a one-to-many basis.

The Dorset HVMAP aimed to provide support that encapsulated aspects such as:

- Business strategy – developing new models and implementing clear growth plans
- Operational efficiency – identifying and overcoming obstacles that limit business performance, and helping improve firm-level productivity
- Innovation – introducing new products, materials and processes to drive growth
- Supply chains – supporting businesses to access new markets and to develop their supplier base

Given the advent of the Covid-19 pandemic, the need to support businesses through the dislocated marketplace arose, and therefore support also focused on helping businesses understand the potential implications, how to respond and survive in this evolving dynamic and volatile environment. For some, support focused on how the business could 'pivot' to take advantage of the market opportunities that arose.

The project's logic model details its high-level objectives:

- Support and enable SMEs to recognise the value of taking business support. To diagnose causes and support the implementation of a solution either through non-financial support or through the provision of a grant to enable the investment decision. It will provide specialist insight into potential improvements that would not otherwise be identified or available. It will connect SME businesses through managed introduction, brokerage and referral to the LEP, Gateway, Growth Hub and wider business support network in Dorset, and nationally, so that SME business can benefit fully from the full range of support available to maximise their growth potential.
- Provide simple, clear access to business support
- Create greater alignment with local economic priorities and national industrial strategy
- Deliver economic impact in funded areas as a result of the business support provided

The detailed logic model is shown overleaf in Figure 1.

Figure 1: Dorset HVMAP Logic Model

Context
To provide specialist support to SME manufacturing businesses in Dorset to retain and expand its high value manufacturing sector and, in line with national industrial strategy, to unlock unrealised productivity. Informed by delivering manufacturing programmes across the South West since 2002, unique knowledge of the manufacturing sector in Dorset, results of our Manufacturing Barometer surveys (what business leaders need) and best practice/learning from delivery of our Local Manufacturing Advisory Programme (LMAP). Influenced by current local & national industrial strategy, recognition that UK manufacturing needs to grow, provide higher value adding jobs; be more productive. It picks up after the LMAP programme to continue to provide essential, practical support to Dorset manufacturers in full collaboration with the Dorset LEP, Gateway, Growth Hub and expert networks.

Market Failure Assessment
SMEs often have difficulties obtaining capital or loans, given the risk averse nature of certain financial markets and limited collateral. Limited resources may also restrict access to information, notably new technology and potential markets. There is little demand from SMEs meaning that demand needs to be stimulated via public intervention. That was the foundation of the rationale for the Manufacturing Advisory Programme, Business Growth Service, LMAP and HVMIP and still true for this proposed programme. It is widely recognised SMEs regularly underestimate the benefits of external advice, due to limited or no knowledge and access to best practice and so do not seek such advice. A significant number of SMEs don't understand they are not competitive and unwilling to pay for support to address a problem they do not recognise.

Project Objectives
1. Support and enable SMEs to recognise the value of taking business support through diagnosing causes and support implementation of a solution (non-financial support or a grant). A catalyst for change, it will provide specialist insight into potential improvements that would not otherwise be identified or available. It will connect SME businesses through managed introduction, brokerage and referral to the LEP, Gateway, Growth Hub and wider business support network in Dorset, and nationally, so that SME business can benefit fully from the full range of support available to maximise their growth potential.
2. Provide simple, clear access to business support.
3. Create greater alignment with local economic priorities and national industrial strategy
4. Deliver economic impact in funded areas, as a result of the business support provided.

Rationale
1. The programme has been designed to deliver the best possible outcomes for SME manufacturers and best address the project objectives and market failure. Designed to pick-up after the LMAP programme concludes as an enhanced, higher value, offer providing continuity of specialist support to Dorset manufacturers in full collaboration with the LEP, Gateway, Growth Hub and the expert networks. It will provide both revenue & capital grants, alongside advice and workshops, to support Dorset SME manufacturers.
2. No evidence that market failures identified will resolve themselves if no action is taken. There is ample evidence that uncertainty harms business investment. The UK economy has recently entered a period of prolonged uncertainty, following the Brexit negotiation. Therefore, it is our judgement that the market failures are likely to intensify and that continuity of support is needed at this time.

High Value Manufacturing Advisory Programme (Dorset)

Inputs

What	Value
Private Sector match	£515,800
Public sector (ERDF) investment	£515,800
Recruitment/transfer of manufacturing specialists to progr	1 FTE
Recruitment/transfer of programme manager to programme	0.25 FTE
Recruitment/transfer of compliance or support specialists	0.25 FTE
Additional time resources from SWMAS staff	As appropriate to support success
SWMAS IT systems & specialist software	As appropriate to support success
SWMAS knowledge and expertise	As appropriate to support success

Activities

What
Provision of specialist advice to manufacturing SMEs by SWMAS manufacturing specialists
Provision of non-financial support to manufacturing SMEs to support productivity and growth
Provision of capital grants to manufacturing SMEs to support the purchase of capital equipment
Provision of revenue grants to manufacturing SMEs to support business improvement projects
Provision of awareness events to market the programme and provide masterclass workshops to provide insight, knowledge & support to SME manufacturers

Outputs

What	Value
Dedicated time from manufacturing specialists	1 FTE
Dedicated time from programme manager	0.25 FTE
Dedicated time from ERDF compliance/support specialists	0.25 FTE
Well designed, compliant, grant scheme for SMEs to benefit from	

Outcomes

ID	Intended Outcome	Actual
1	(C1) Number of enterprises receiving support	53
2	(P13) Number of enterprises receiving Information, Diagnostic & Brokerage	66
3	(C2) Number of enterprises receiving grants	33
4	(C4) Number of enterprises receiving non-financial support	20
5	(C6) Private investment matching public support to enterprises	£515,800
6	(C8) Employment increase in supported enterprises	25
7	(C29) Number of enterprises support to introduce new to firm products, processes, or services	11

Intended impacts

What
Increased awareness and knowledge of the benefits of specialist external manufacturing advice amongst businesses assisted
Increased employment amongst assisted firms
Increased productivity amongst assisted firms
Increased adoption of new processes and technology amongst assisted firms
Greater connectivity with the LEP, Growth Hub and other business support programmes amongst assisted firms

1.3 Addressing Market Failure and Project Design

1.3.1 Market Failure

The ERDF application and project logic model sets out the argument of how the intervention aimed to address market failures. There were two broad strands to the argument:

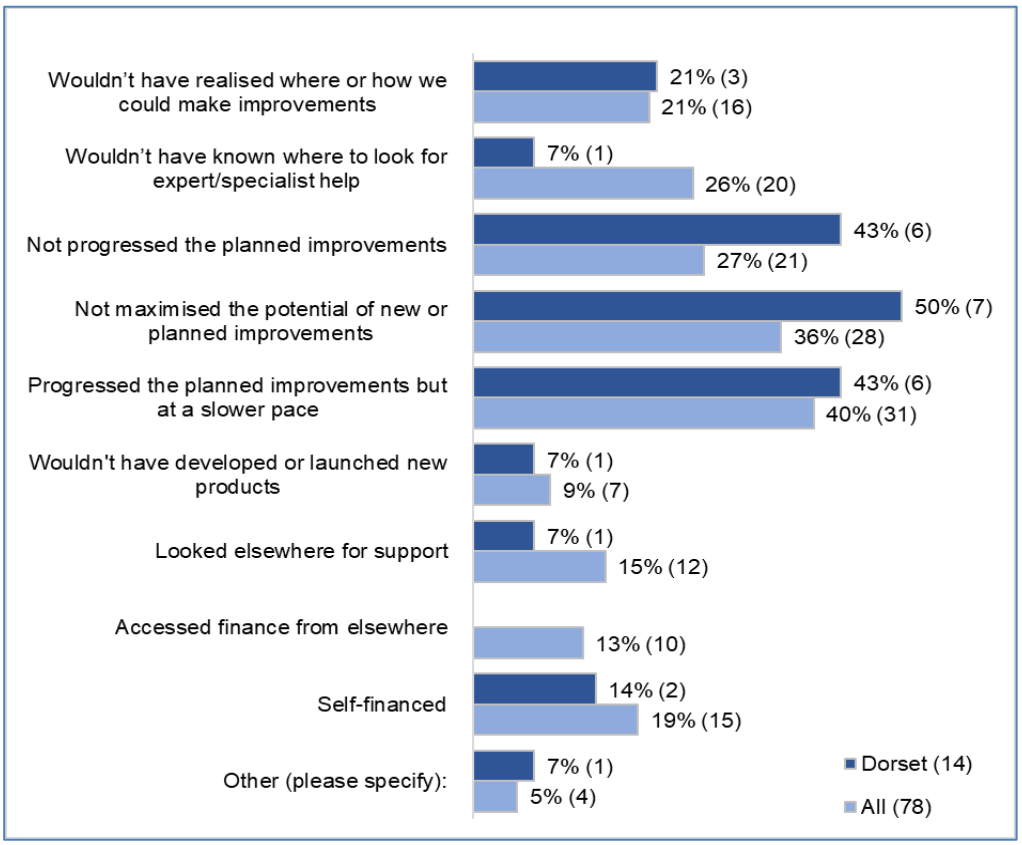
1. SMEs often have difficulties in obtaining capital or loans, given the risk averse nature of certain financial markets and limited collateral that they may be able to offer. Their limited resources may also restrict their access to information, notably regarding new technology and potential markets.
2. At a strategic level it is widely recognised that SMEs regularly underestimate the benefits of external advice, because they have limited or no knowledge and access to best practice and do not therefore seek such advice. This includes the so-called 'asymmetric information' problem where a significant number of SMEs do not understand they are not competitive and are therefore unwilling to pay for support to address a problem they don't recognise.

Certainly, among SME manufacturers it is broadly recognised that there is a general lack of investment in research and development and the returns risk associated with any investment is uncertain to those businesses. This often results in under-investment, both at a firm-level and within the wider sector as a whole. The aim of the ERDF projects delivered by SWMAS is to effectively improve the business' understanding of the potential returns to improvements that can be made, and to reduce the risk of investment through the financial support provided through the grant programme. These risks are somewhat heightened in SMEs, where available resources or investment tend to be more limited.

As part of this evaluation, business beneficiaries were asked in an online survey what would have happened without the support delivered through Dorset HVMAP. The responses indicated that, for many, they would not have progressed their planned improvements, not developed or launched new products and/or simply not realised where or how improvements could be made. This is shown in Chart 1.

Through this Summative Assessment report we set out the responses received from the online survey. This is presented through a series of charts and associated commentary. For each key question we have set out the responses received across the specific project – here the Dorset HVMAP – as well as the aggregated responses across the four programme areas. We feel including these aggregated responses adds confidence and robustness to the survey findings, given the programme areas were all managed consistently and based on the same broad delivery model.

Chart 1: Without the support from SWMAS (Dorset HVMAP), what do you think would have happened?



(Source: Dorset HVMAP online survey)

Whilst based only on a sample of businesses supported through Dorset HVMAP (and across the four programme areas on an aggregated basis), this feedback appears to partly corroborate the market failure arguments laid out in the original ERDF application. It suggests that there is a lack of awareness in manufacturing SMEs regarding just what support would be useful to help achieve its plans, and where to access this support.

This view was reinforced in the interviews we held with business beneficiaries. Whilst several had an already held idea/concept of the planned improvement they wished to make, for others the engagement with the manufacturing specialist was valuable because it identified several proposed improvements (or often referred to by the businesses as 'easy wins') which they simply had not previously considered. On some occasions the original issue that the business had identified – and for which it engaged with SWMAS – did not necessarily result in the grant application. Through the wider discussion with the SWMAS manufacturing specialist, further priorities were identified and progressed instead. The consulted businesses valued the wider 'whole business' review undertaken. On other instances, the original issue identified by the business remained the focus.

SMEs, and particularly early-stage businesses, simply do not have the time to consider their business at a strategic level, they are often 'fighting fire' in terms of building the business and meeting customer demands. In many senses, this 'fire-fighting' has been heightened by the impact of Covid. The benefit of external advice is often that it provides an external view of the business, identifying improvements which may not be obvious to the business.

In addition to this, the grant support provided by the programme also appears important in addressing factors such as risk, which tend to act as a barrier to investment amongst SMEs. The risk of fully funding a capital item, or for consultancy support is sometimes not palatable/possible for small businesses with constraints on available cash resources or not with sufficient cashflow. The small level of financial assistance (as commented later in the report – around 20% of total project cost) is enough to reduce the level of risk, and to act as an incentive to make that investment, or certainly sooner than it may have been done.

1.4 Project Timetable

An application for ERDF funding support was submitted by SWMAS in June 2019. As shown in Table 1, and reflected in the Grant Funding Agreement, the Dorset HVMAP was intended to originally start in contractual terms on the 1st October 2019, with a financial completion date of the 30th September 2022 – a delivery period of 36 months. It had been intended to have a seamless transition from the previous LMAP programme which had been delivered in Dorset and finished in September 2019.

However, there were delays in signing the Grant Funding Agreement. Consequently, SWMAS decided to proceed with the project at risk from 1st October 2019 (due to the aim of wanting to provide a continual service to businesses) and committed staff time to allow this to happen. However, it did not commit any grant offers until the GFA was signed on the 2nd January 2020.

Again, it is important to highlight the context. The GFA was signed 2-3 months prior to the outbreak of Covid-19. Therefore, there was very little delivery time prior to the pandemic.

Table 1: Dorset HVMAP Project Timeline

	Milestone	2019 Funding Application	Grant Funding Agreement - timeline	Outturn
a)	Commencement date/contract with Managing Authority	1st October 2019	1st October 2019	2nd January 2020
b)	Agreed Financial Completion Date	30th September 2022	30th September 2022	
c)	Agreed Activity End Date	30th September 2022	30th September 2022	
d)	Agreed Project Practical Completion Date	30th September 2022	31st March 2023	
e)	Date of submission of first grant claim	January 2020	January 2020	January 2020
f)	Date of submission of final grant claim	30th September 2022	20th October 2022	

Given that a foundation has been put in place by the LMAP being delivered across Dorset, there was an expectation that the Dorset HVMAP would be able to maintain momentum. However, in terms of output delivery there was also an expectation that there would be some gradual build-up, with the majority of ERDF outputs being delivered in 2021 and 2022. During 2020 there was an expectation that there would be some further focus on raising awareness and stimulating demand.

SWMAS had a signed Service Level Agreement in place with the Dorset Gateway in October 2019. This set out the broad agreement over the Dorset Gateway agreeing to refer businesses to the Dorset HVMAP where it felt the referral would add value. Conversely, and if appropriate, SWMAS would signpost businesses to the Dorset Gateway if further alternative support was required.

1.5 Project Design

The project was funded by the ERDF on an overall intervention rate of 50%, providing £515,800 of support against a total project cost of £1,031,600. The private match funding was expected to be provided through the SME beneficiaries themselves, as matched investment. This was expected to leverage £515,800 over the project period. This reflects the financial breakdown as in the Grant Funding Agreement – January 2020. The breakdown is shown in Table 2.

Table 2: Financial profile – Dorset HVMAP

LEP Area	Total project value	ERDF funding	Private matched investment
Dorset HVMAP	£1,031,600	£515,800	£515,800

ERDF funding was a combination of revenue and capital support. Revenue funding was available for two purposes:

- To support the ongoing costs of managing and delivering the project (SWMAS direct and indirect costs)
- To offer revenue grant support for eligible SME businesses to apply for as part of the project offer, allowing them to access consultancy support

1.6 Delivery alongside other programme areas

Alongside the Dorset HVMAP, SWMAS conterminously delivered similar programmes in other areas. This has included Swindon and Wiltshire, the Heart of the South West (encapsulating Devon, Somerset, Plymouth, and Torbay), and Cornwall (although the timelines for the latter do not align with the other programme areas and therefore not reflected in this evaluation). It has also delivered a similar programme in Gloucestershire (GMAP), although the model of support differed slightly.

Given that the core SWMAS team have been managing and delivering all of these ERDF funded programmes, direct project costs have been allocated across staff members and programme areas. Project costs contribute directly to the employment of an Operations Director (funding 12% of time spent on Dorset HVMAP), ERDF Team Leader (17% of time for Dorset HVMAP), Compliance Lead (12% of time for Dorset HVMAP), Programme Support (4% of time for Dorset HVMAP), and Finance (6% of time for Dorset HVMAP) and Marketing resource (treated as part of the 15% indirect cost). SWMAS core staff are required to evidence their time spent on each respective programme area.

The overall time allocation to the ERDF funded projects reflects the focus for each of the roles. For example, the Operations Director, Compliance Lead, and ERDF Team Leader devoted all of their time to the ERDF programmes (although for the former two roles, this was intended to decrease near the end of the programme period). For other roles, the time spent on the ERDF funded programmes formed only a part of their overall time allocation – performing other functions within SWMAS.

In each area, there was a manufacturing specialist that provided the on-the-ground support to businesses. The role (and the expertise and experience held) of the manufacturing specialist was fundamental to the

delivery of the whole programme. In Dorset HVMAP there was one manufacturing specialist in place, and they wholly devoted their time to delivering the Dorset HVMAP.

1.7 Continued Relevancy and Consistency

1.7.1 Policy Context

At the application stage there was a strong degree of fit between the aims of this project and:

- The England Operational Programme:

  The Dorset HVMAP fitted within investment priorities 3c and 3d of Priority Axis 3 with the ERDF Operational Programme.

In broad terms, under priority 3c the project aimed to:

- To deliver intensive and in-depth interventions to support the creation and extension of advanced capacities for products, services and development.

In broad terms, under priority 3d the project aimed to:

- Support the capacity of SMEs to grow in regional, national and international markets and engage in innovation processes through a focus on increasing the growth capability of firms.

As part of the programme SWMAS stated that it intended to measure productivity gains realised by SME manufacturing businesses as a result of the support delivered. These productivity gains will be measured using industry standard measurements of 'Quality', 'Cost' and 'Delivery' (QCD) and are a gauge of manufacturing efficiency, which can be used to improve competitiveness and increase profitability. The programme also intended to measure 'Gross Value Add' improvements within the QCD information (we comment and analyse this data later in this report). The aim was for these measures to capture the business position at the start of the intervention and again at the end to obtain a tangible measure of improvement. The analysis of this data has informed this summative assessment - providing useful information about the performance of the supported businesses.

- Local Enterprise Partnership and Local Authority strategic priorities:

There was a close alignment with the objectives of the Dorset HVMAP against the local strategic priorities across Dorset. This was detailed in the ERDF application. These objectives were identified in the Strategic Economic Vision for Dorset and the emerging (at that time) Dorset Local Industrial Strategy[2]. For example, in the Strategic Economic Vision for Dorset it was identified that advanced manufacturing was an already important part of the local economy and there was an intention to further nurture the sector to support their growth and increase their competitiveness. Specialist manufacturing support was seen as an important part of the overall support package. Manufacturing was seen in the Dorset Local Industrial Strategy as an important part of the overall objective of creating new high-skill jobs.

[2] Although its useful to note that the Dorset Industrial Strategy was never formally adopted by UK Government because of a shift in policy focus, partially caused by the pandemic.

Within Dorset Council's Economic Growth Strategy advanced engineering and manufacturing is identified as a key sector, with it being seen as providing scope for strong local growth. As one of its actions, it aimed to ensure that local businesses would have access to high quality business support services. The Economic Development Strategy for BCP Council (formed just prior to the Dorset HVMAP being approved) outlines an objective to 'encourage growth in the city region's (BCP) priority sectors to act as catalysts for success – impacting on local supply chains, employment and overall prosperity…'. Again, it identifies advanced engineering and manufacturing as 'exemplar' sectors.

1.7.2 Economic Context

The key messages (in broad terms) in terms of the economic context:

- Economic data for Dorset continues to present a mixed picture. On the positive side pre-Covid there was robust strong output (GVA) growth, and continuing success with the increasing rate of business start-ups. However, average earnings still tend to be lower compared to the UK national average and there is a continuing downward trend in relative productivity (in fact, absolute productivity has continued to grow at very muted levels – 'the productivity puzzle');
- Whilst both overall GVA and GVA per head has grown marginally more strongly when compared to the UK average as a whole over the past 15 years, the marginal differences in growth rate (given the difference in absolute levels for both measures) means that the differentials have grown wider over this period;
- The number of manufacturing businesses and the numbers employed has been on a long-term decline for a number of decades, although the latter partly reflects increasing automation and there had been signs of stabilisation over the past few years. Nevertheless, UK manufacturing businesses continue to be placed under significant competitive pressures by international low-cost economies;
- The withdrawal of the UK from the European Union has altered the terms of trade (import and export) for UK manufacturers' main market. Many UK manufacturers have reported difficulties in previously secure supply chains, with additional costs and time associated with international trade;
- The survival rates of manufacturing businesses tend to fall away as they get older. Within the UK, only 40%-45% of manufacturing businesses survive more than 5 years from the year of inception[3], with a particular drop in survival rates tending to occur between Year 2 and Year 3[4].

Much of the overriding economic and policy context has been associated with two major factors:

- Brexit - the impact of new trade arrangements and relationship with the EU, which for many manufacturing businesses represented the main trading partner (imports and exports)
- Covid-19 – the impact of the pandemic for c2 years was a seismic event for the whole (global and UK) economy

Prior to the pandemic – and one of the principal pillars of the UK's post-Brexit economic strategy – the UK Government was trying to position and prepare the economy by improving its competitive position – as

[3] For businesses that started in trading in 2012, only 44% were still actively trading in 2017

[4] 'Business Demography UK' - ONS

highlighted in the UK Industrial Strategy[5]. The Industrial Strategy had a heavy emphasis on manufacturing being a key sector to drive the future economy. The focus of the UK Industrial Strategy was greatly placed on high growth potential businesses.

There is now a specific focus on the Levelling Up agenda within UK Government. The Levelling Up White Paper published in early 2022 recognises that the UK suffers from significant and striking regional inequality. While there are world-leading and enterprising businesses and innovators right across the UK, economic growth and the higher productivity which drives it has been over-concentrated in specific areas, particularly the South East of England. A long tail of low-productivity businesses and places explain why UK productivity growth is too low compared to competitors. It states that one of the primary tools to achieve the objective of levelling up economic performance and outcomes across the UK is to 'begin by improving economic dynamism and innovation to drive growth across the whole country, unleashing the power of the private sector to unlock jobs and opportunity for all'.

Our view is that the broad economic and policy environment continues to support the need for a Dorset HVMAP service. Continued muted productivity growth, the uncertainty presented by the impact of Brexit on the UK's trading relationships, rising global prices and the significant impact of Covid has meant that manufacturing businesses have still required support. The dislocating and transformational impact of both Brexit and Covid-19 should not be underestimated. Indeed, the impact of both events was cited in several of the interviews held with stakeholders and businesses. From a policy context, the emphasis in UK national policy on growth potential of businesses has remained. The Industrial Strategy does set out an expectation that advancing innovation within manufacturing businesses - across differing markets - will play a key role. The Leveling Up policy focus views that promoting enterprise growth and innovation remains one of the most potent tools to try to drive opportunity for all.

The expected loss of EU structural funds post-2022 – and those programmes that are currently ERDF funded – provides another contextual layer.

From both a national and a local perspective, a service such as that provided through Dorset HVMAP is likely to remain important and relevant. In our opinion there is benefit from a project which focuses specifically on the needs of manufacturing businesses, given their specific requirements and the ability to match these requirements with specialist expertise. Again, one of the key benefits cited in the interviews with beneficiary businesses has been the specific manufacturing expertise provided - contrasting this against some of the other generic business support available. We comment on this further, but the availability of specific expertise and knowledge (benefiting from the manufacturing specialists own applied experience) has been fundamental to the value provided.

[5] 'Industrial Strategy – Building a Britain fit for the future' – UK Government (2017)

SUMMARY:

- The Dorset HVMAP had a close strategic fit with the objectives and priorities of the ERDF Operational Programme and the local Dorset economic priorities and objectives as expressed in the local strategic documents. It was clearly designed to deliver against several of the objectives contained within Priority 3 of the programme.

- The need to provide advice and support to help stimulate manufacturers to invest and improve production processes remains in place. Manufacturing, particularly high-tech manufacturing, had a core focus in the UK's Industrial Strategy – recognising that it has a potentially important role to play in driving greater levels of productivity. The Dorset HVMAP's role in improving the operational and production efficiency of businesses directly feeds through to improved productivity – cited as a benefit through the evidence received in this evaluation. Promoting economic dynamism and supporting innovation and competitiveness is also a central tenet of the UK Government's Levelling Up agenda.

- There have not been any significant changes to the economic context which questions the original rationale for the project. In fact, our view is that the continuing evolving post-Brexit picture and the significant occurrence of the pandemic strengthened the need for support for the manufacturing sector through difficult times. Manufacturers tend to be exposed to international markets, either as importers of materials/components or as exporters. Uncertainty over the UK's trading relationship with other international markets and the impact of Covid on global supply chains has directly flowed through to individual businesses. Support to improve the competitiveness of those businesses can only help.

SECTION TWO: PROJECT PROGRESS

2.1 Introduction

This section of the report provides an independent assessment of Dorset HVMAP's progress to date. It focuses on progress against milestones and horizontal principles as well as progress against contracted targets for outputs and spend.

2.2 Progress against Milestones and Horizontal Principles

Table 3 presents the Dorset HVMAP's key milestones compared to actual/anticipated completion dates. It should be noted that there was a delay at the outset due to the issues highlighted previously. This effectively meant that activity started in January 2020, rather than in October 2019 – although some activity did proceed 'at risk' from October 2019 onwards. Importantly, the project was only operational for a few months before the pandemic hit. The milestones shown below have been updated since the project application to reflect this. This largely repeats the information contained in Table 1, given that the project milestones set out in the original applications largely related to the overall project timetable.

In summary:

Table 3: Dorset HVMAP Project Milestones

Milestone	Start Date	Completion Date
Project start date	1st October 2019	Complete
Date of first financial claim	January 2020	Complete
Financial completion date	30th September 2022	tbc
Activity end date/practical completion	30th September 2022	tbc
Submission of final grant claim	September 2022	tbc

2.2.1 Horizontal Principles

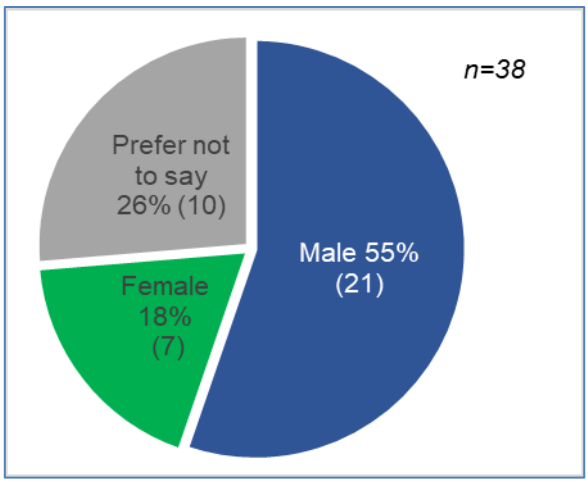
As part of the original Dorset HVMAP ERDF application, it was stated that SWMAS was committed to minimising the environmental impact of the project through internal processes as well as external delivery of the support. It also stated that the project would track beneficiary data and the delivery of services to target groups that may be under-represented, working to ensure that business owners from disadvantaged areas, women, disabled and BAME[6] led business needs are addressed.

The programme team have done this through information relating to the job outputs claimed (up to the end Q1 2022). Sociodemographic information has been captured that reflects characteristics such as gender, age, ethnicity and whether an individual has a disability. This allows a useful insight into the profile

[6] Black and Minority Ethnic

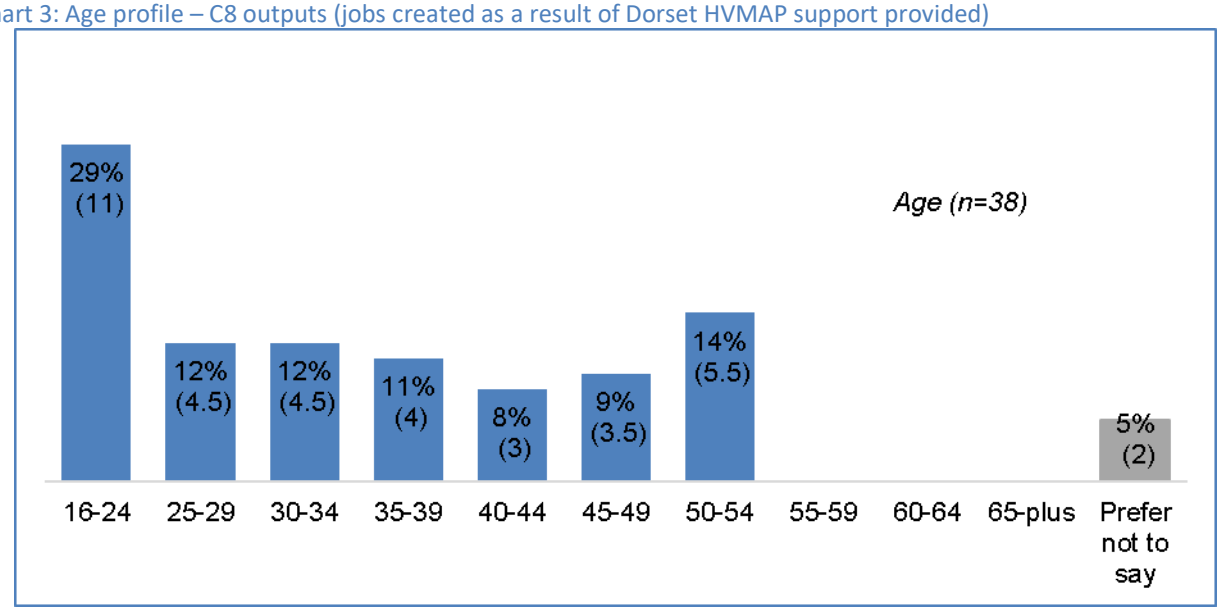
of those jobs that have been supported through Dorset HVMAP. The gender and age splits are shown in the below charts. In terms of gender, the analysis is slightly distorted by a quarter of beneficiaries preferring not to provide the information.

Chart 2: Gender profile – C8 outputs (jobs created as a result of Dorset HVMAP support provided)



(Source: Dorset HVMAP programme monitoring data)

Chart 3: Age profile – C8 outputs (jobs created as a result of Dorset HVMAP support provided)



(Source: Dorset HVMAP programme monitoring data)

It is important to note that several of the businesses that we spoke to through our consultations were owned and run by women. These had been established by female owners and were being developed with drive and energy. By providing advice and support around issues such as greater automation and efficiency of the production process, the Dorset HVMAP (and the other programmes) are helping to benefit several examples of successful female-owned businesses within the region.

Chart 3 shows that a good proportion of those jobs created following the support received have been for younger people – approximately 30% aged 16-24. Given the difficulties of young people to find an entry into the labour market this should be seen as a good outcome. In addition to this, manufacturing is recognised as one of the sectors that has had an ageing workforce, with the need to replace those more experienced (and often more skilled) members of the workforce in coming years. The fact that those

businesses that have been supported by Dorset HVMAP have created several jobs which have been filled by younger people is again a good outcome in that wider context.

In terms of ethnicity and disability, the majority of those individuals filling new roles created have been white and not suffering from a disability (although several preferred not to disclose).

In terms of sustainable development, responses to the online survey also indicated that for some businesses (18% of those who responded across the four surveys) one of the positive impacts of the support provided was that it allowed them to improve their energy efficiency, maximise resources and reduce waste.

It is also useful to note that SWMAS also provide its 'Make it Net Zero Programme' across the South West, and there are links between the programmes. This programme offers specific support to manufacturing businesses to help them reach their net zero goals.

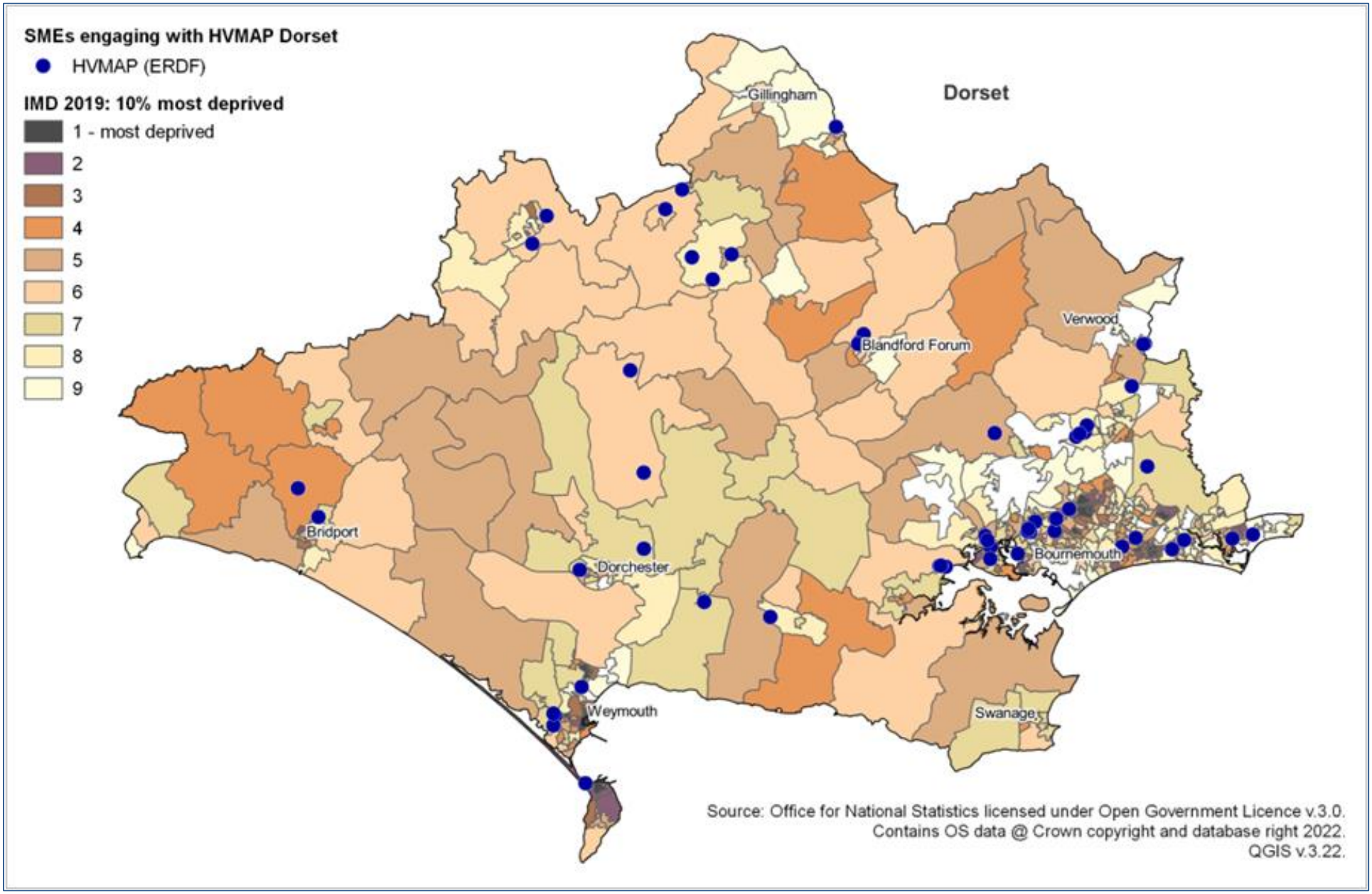
2.2.2 IMD 2019

According to the 2019 Indices of Multiple Deprivation (IMD)[7], the proportion of neighbourhoods across the Dorset LEP area that are in the most deprived 20% of areas nationally, ranges from 4.1% in the Dorset Council area to 9.1% in the Bournemouth, Christchurch and Poole Council area.

Map 1, on the following page, shows that these areas were well represented in terms of businesses supported under Dorset HVMAP, albeit this might be expected given that many of these deprived areas are in BCP where several manufacturing businesses are located.

[7] The English Indices of Deprivation 2015 Statistical Release

Map 1: SMEs engaging with HVMAP in relation to the areas of deprivation



2.3 Spend and Output Performance

Table 5 (on p.31) presents the overall targets and progress to date against Dorset HVMAP's outputs and spend as at the end of March 2022 (Q1 2022) which can be summarised as follows:

- Spend – the target of £1,031,600 made up of £515,800 ERDF and £515,800 private match. To date (Q1 2022) £723,088 has been spent against the ERDF expenditure profile. The breakdown of expenditure to date is shown in the below table; and,
- Outputs – the target for 53 enterprises receiving support (C1), of which 30 have been achieved. Other notable outputs include 23 enterprises receiving grants (C2), against a target of 33; and 61 enterprises receiving IDB support (P13) against a target of 66.

Table 4: Spend progress Dorset HVMAP

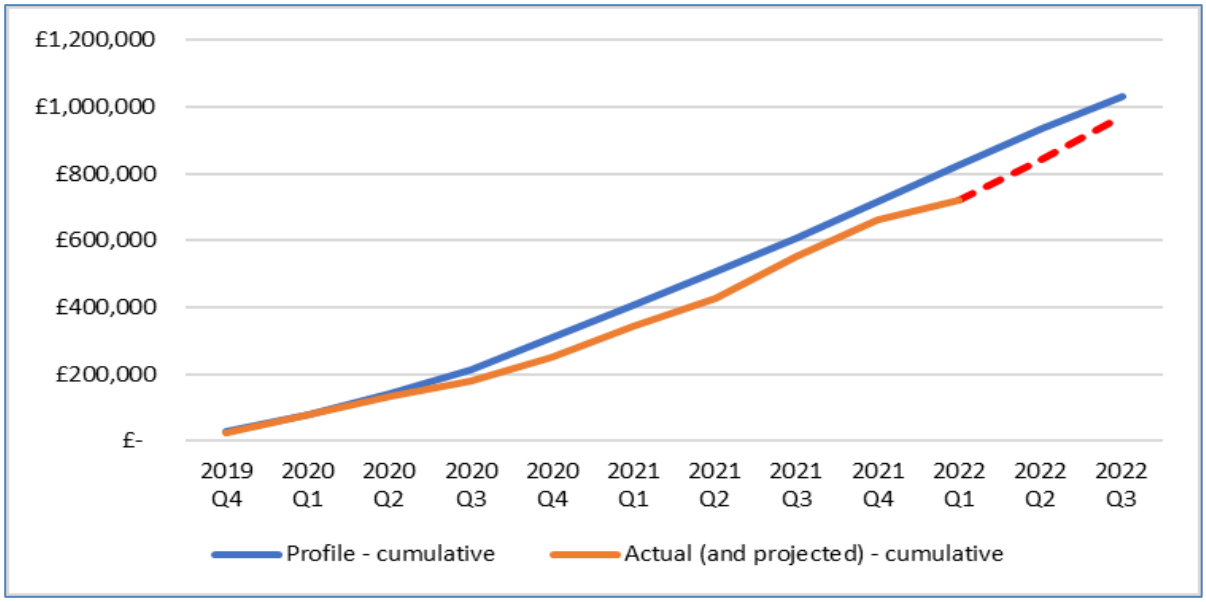
	Dorset HVMAP	Q1 2022			
		forecast	actual	Target	Remaining
a	Direct SWMAS staff costs	£246,250	£234,235	£295,500	£61,265
b	Indirect costs	£36,940	£35,135	£44,325	£9,190
c	Other direct costs	£18,980	£8,423	£31,775	£23,352
d	Total grant-project spend	£523,334	£445,295	£660,000	£214,705
	a + b + c + d	£825,503	£723,088	£1,031,600	£308,512

As it currently stands (end of March 2022) the project has spent 70.1% of its original ERDF expenditure profile (as shown in Table 4). It is lagging in terms of projected revenue spend - only c56% of its revenue budget has been spent with two final quarterly claims to be submitted (as shown later in this section).

Chart 4 highlights the impact of Covid on project expenditure, with it beginning to lag behind profile from the early part of 2020, when the pandemic hit and expenditure on activities such as travel for the manufacturing specialists were obviously curtailed. Each of the below charts also indicate the projected spend over the remainder of the last two quarters of delivery. These figures have been provided by the SWMAS programme team. As with the output projections (as discussed later in this report) there is a good level of confidence in the Q2 2022 figures, given that quarter will be largely delivered at the time of completion of this summative assessment report. There is some more uncertainty over the Q3 2022 projections at this stage.

If these projected expenditure figures are taking into account, the programme team expect c94% of total budget to be spent by the financial closure of the programme (end Sept 22). Within this total figure, 90% of the capital grant budget is expected to be spent, with 90% of the revenue budget spent. This underspend on the revenue budget is expected to reflect some lower spend on direct and indirect costs of running the programme, and an underspend (c£16,000) against the revenue grant allocation.

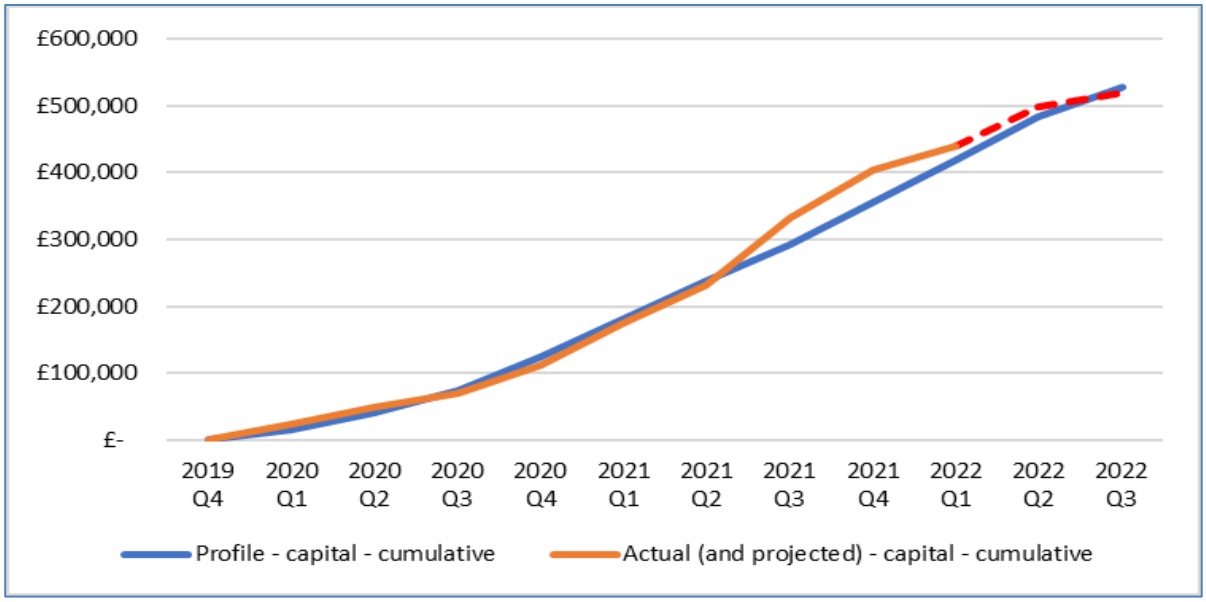
Chart 4: Dorset HVMAP project expenditure against profiled expenditure (GFA)



(Source: Dorset HVMAP programme monitoring data)

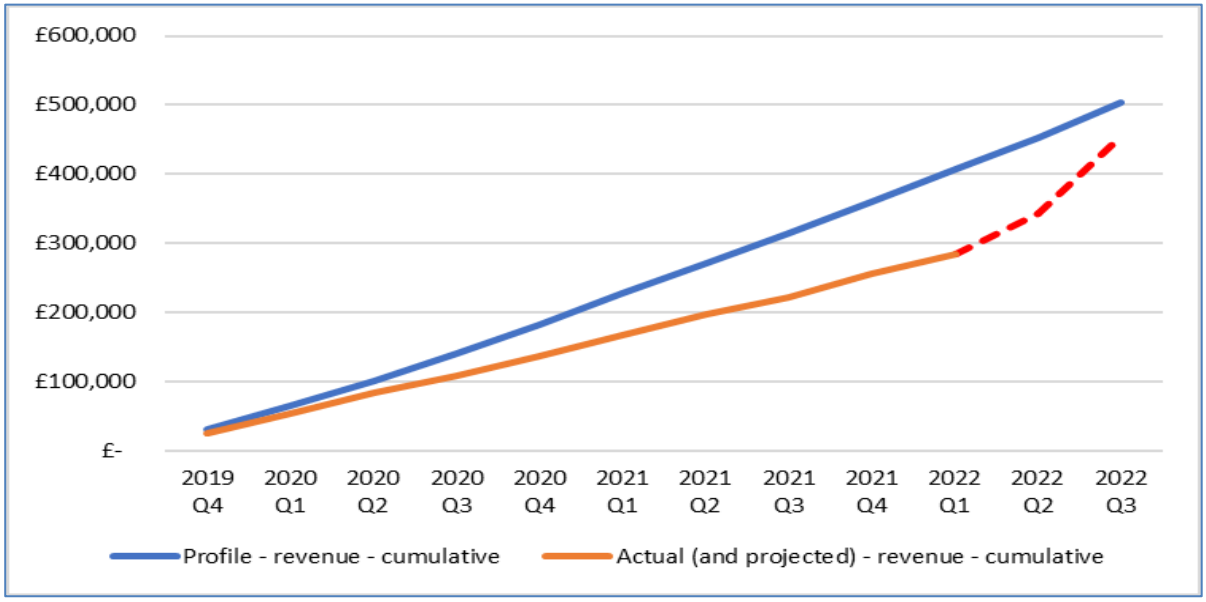
Charts 4 and 5 illustrate that the underspend against profile can wholly be explained by underspend in terms of revenue spend. As stated above, revenue spend stands at only 70% of expected profile at this stage (Q1 2022) and 56% of total programme revenue expenditure. Again, noting the above – the projections provided by the SWMAS team suggest that revenue spend against profile could reach c90% by programme close.

Chart 5: Dorset HVMAP project capital expenditure against profiled expenditure (GFA)



(Source: Dorset HVMAP programme monitoring data)

Chart 6: Dorset HVMAP project revenue expenditure against profiled expenditure (GFA)



(Source: Dorset HVMAP programme monitoring data)

It has delivered c57% of its C1 output target. On current projections it will deliver 94.4% of project expenditure and 98.3% of its C1 output targets.

Table 5: Dorset HVMAP spend and output performance

Indicator		Performance at time of Evaluation (March 22)		Projected Performance at Project Closure		Overall Assessment (near term projection – end of programme)
	GFA target	No.	% of target	No.	% of target	
Capital Expenditure (£) (Capital grants)	£528,000	£439,389	83.2%	£519,091	98.3%	
Total Revenue Expenditure (£) (Revenue Grants)	£503,600 (£132,000)	£283,699 (£5,906)	56.3% 4.5%	£454,797 (£116,131)	90.3%	
C1: Enterprises assisted	53	30	56.6%	52	98.1%	
P13: Enterprises receiving IDB support	66	61	92.4%	67	109%	
C2: Enterprises receiving financial assistance	33	23	69.7%	33	100%	
C4: Enterprises receiving non-financial support	20	15	75.0%	27	180%	

C6: Private investment matching public support to enterprises (grants)	£515,800	£351,259	68.1%	£492,837	95.5%	
C8: new jobs in high-value manufacturing	25	39	156.0%	70	280%	
C29: new to firm products	11	13	118.2%	14	127%	

(Source: Dorset HVMAP programme monitoring data)

The different elements in the above table have been given a RAG (Red, Amber, Green) rating. We have classified any projected delivery below 95% of project end target as amber at this stage. Given that Q2 2022 is near completion then there is good confidence in those quarterly projections. There is slightly more uncertainty in the profiled delivery in Q3 2022. However, we understand the project is now focusing on gathering evidence during the last two quarters of delivery and reporting and this is expected to increase markedly (as shown in early Charts 4-6). Based on discussions with the project there is a degree of confidence that these outputs will be achieved – hence being reflected in the projections in Table 5. However, it is important to understand there is still some uncertainty regarding full delivery at this stage and can only be confirmed when the final claims are submitted.

2.3.1 IDB Support

As at Q1 2022, a total of 61 face-to-face IDBs had been delivered under the Dorset HVMAP programme. Of these, 2 companies received 2 IDBs (see Table 6). This puts achievement of P13 IDBs (as claimed) at the time of this report at 1 below the Q1 2022 target, and 5 below the programme target of 66. Over the course of the programme the number of P13s claimed per quarter averages out at 6.3.

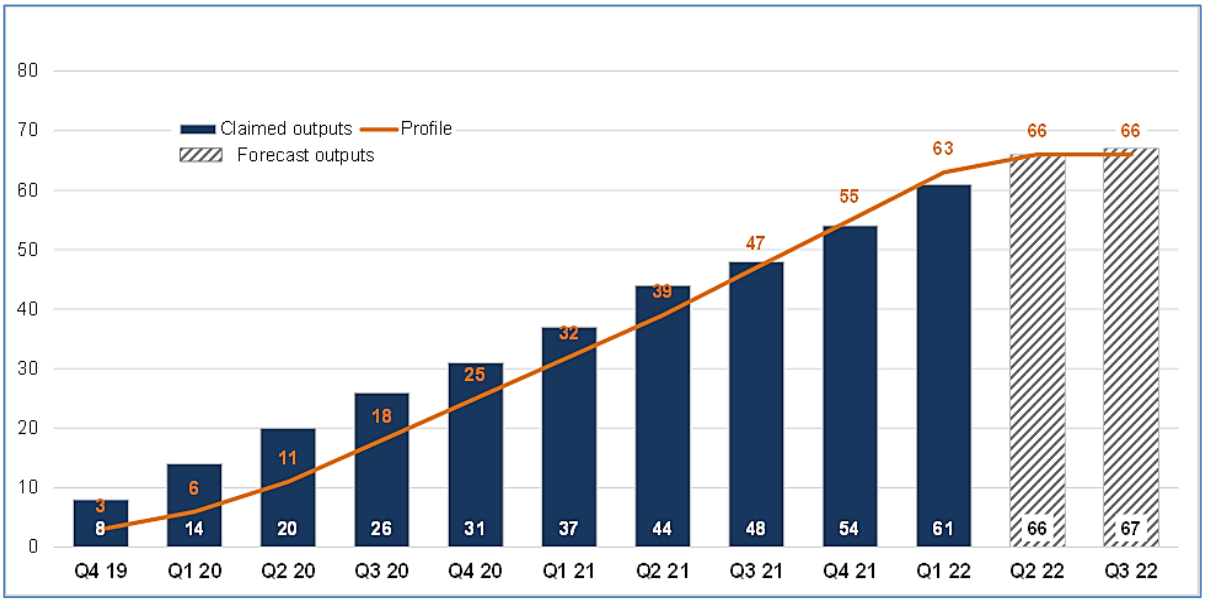
Table 6: Dorset HVMAP IDB delivery - number of projects per company supported

IDBs received	SMEs
1 IDB	59
2 IDBs	2
Total SMEs	**61**

As shown in Chart 7, the project is currently marginally behind its profiled output delivery against the P13 ERDF output target.

The following chart shows ERDF outputs claimed to the last submitted quarterly claim (Q1 2022 – in bold blue). They also contain the projections provided by the SWMAS programme team with regards to the final two quarters of delivery. As with the previous analysis of the financial projections provided, it is useful to note that there is a good level of confidence in the Q2 2022 figures, given that quarter will be largely delivered at the time of completion of this summative assessment report. There is some more uncertainty over the Q3 2022 projections at this stage.

Chart 7: Dorset HVMAP IDB supports (P13) delivery against profiled targets



(Source: Dorset HVMAP programme monitoring data)

As previously shown, Dorset HVMAP aimed to provide support specifically focused around four themes:

- Business strategy – developing new models and implementing clear growth plans
- Operational efficiency – identifying and overcoming obstacles that limit business performance
- Innovation – introducing new products, materials and processes to drive growth
- Supply chains – supporting businesses to access new markets and to develop their supplier base

As shown in the table below, just over two-thirds of the Dorset HVMAP IDBs delivered (69.9%) were for help with Capital Expenditure, followed by help with Operational Improvement (17.3%), Strategy (4.9%), Innovation (4.9%) and Supply Chains (3.0%).

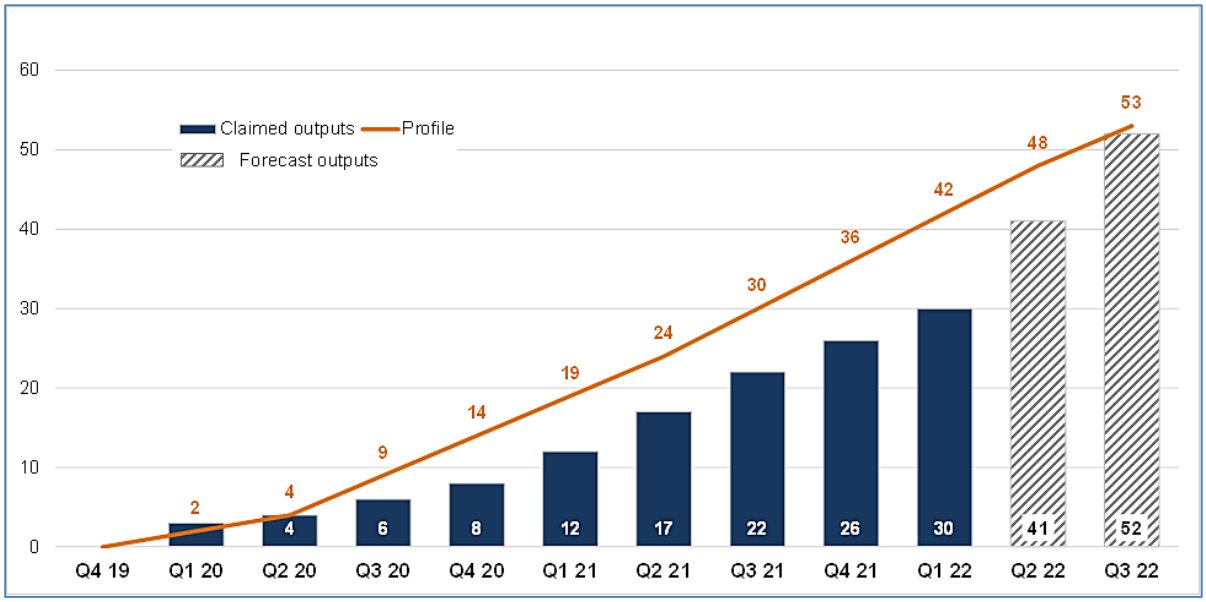
Table 7: Dorset HVMAP Support type at IDB stage

Support type	Dorset
Capital Expenditure	44 (69.9%)
Innovation	3 (4.9%)
Operational Improvement	11 (17.3%)
Strategy	3 (4.9%)
Supply Chain	2 (3.0%)

2.3.2 Project Support

As at Q1 2022, a total of 38 projects had been opened in support of 38 SMEs, and 30 C1 projects were subsequently claimed under Dorset HVMAP. A project in this context could either be grant support (C2) or free support and advice up to a minimum of 12 hours (C4). This puts the total for C1 outputs at 12 below the Q1 2022 profiled target and 23 below the programme target at this stage. There is a reasonable amount of ground to make regarding full delivery over the last two quarters of the programme.

Chart 8: Project supports (C1) delivery against profiled targets



(Source: Dorset HVMAP programme monitoring data)

As can be seen in Table 8, 8 companies received support for more than one project (described here in output terms as a C1 output). This highlights that SWMAS has supported more projects than it has been able to claim (an eligible business only being able to be claimed once as a C1 output).

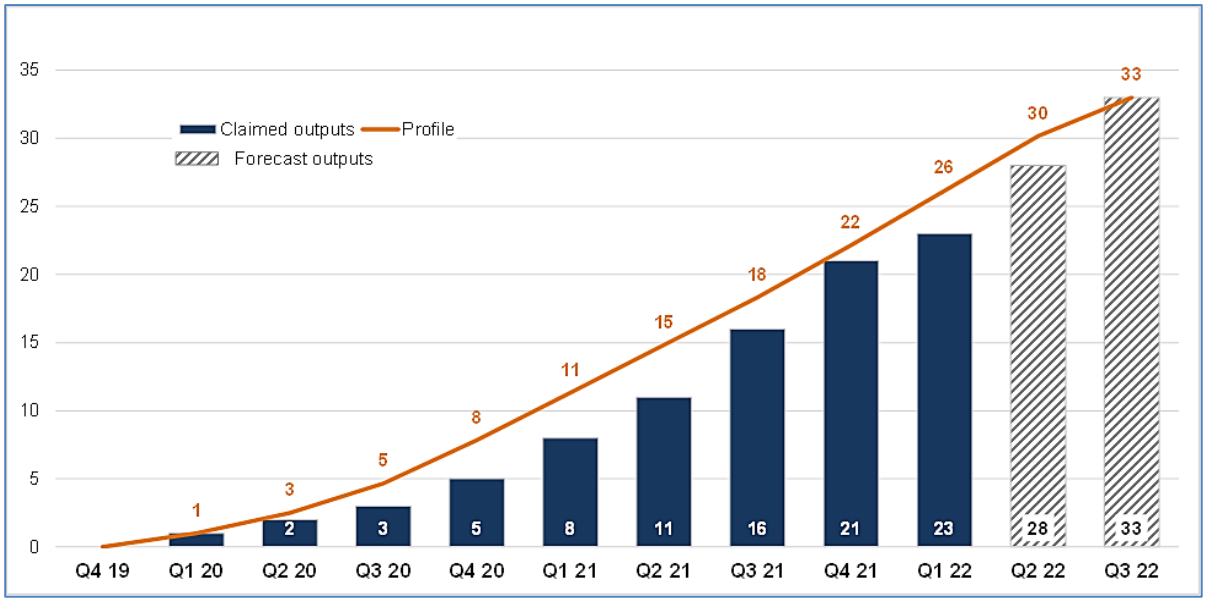
Table 8: Dorset HVMAP project delivery - number of projects per company

C1s	Dorset
1 project	30
More than 1 project	8
Total SMEs	**38**

2.3.3 Grant Support

As at the end of Q1 2022, 23 Dorset HVMAP grant projects had been claimed, against an in-quarter target of c26, therefore 3 below the profiled programme target.

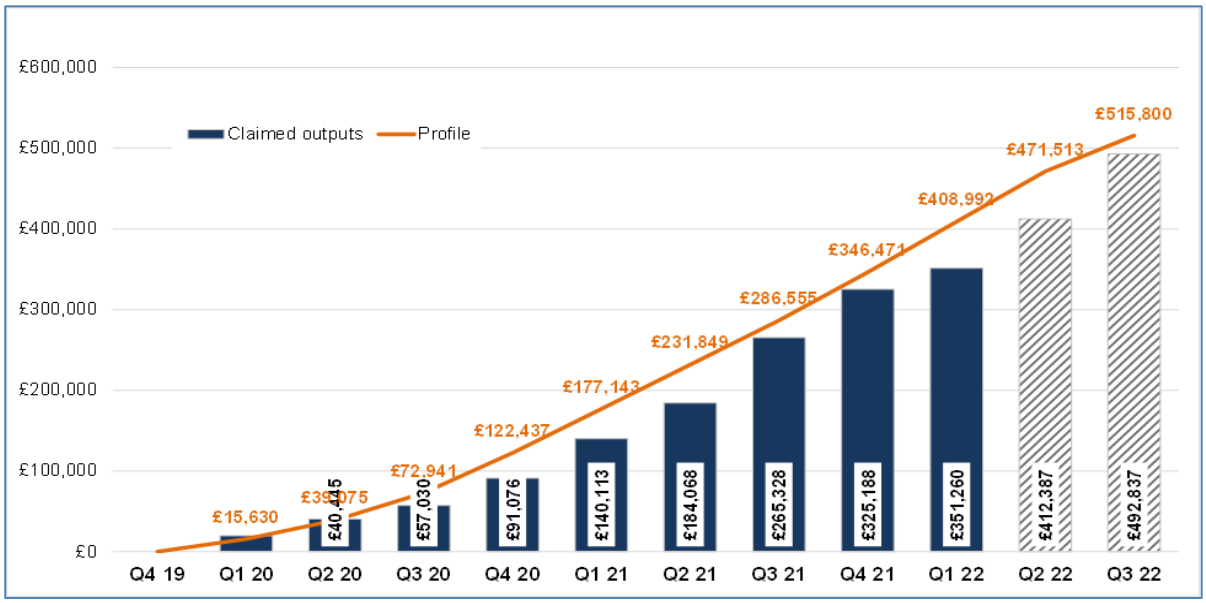
Chart 9: Grant projects (C2) delivery against profiled targets



(Source: Dorset HVMAP programme monitoring data)

As at Q1 2022, the total value of projects supported came to £445,297 and total grant funding paid out was £94,035. As Chart 10 indicates below, the value of SME private sector match funding (C6) was £351,260. As it stands, this is currently below both the profiled and end-of-project target. At an overall project level, grant funding has been awarded at an intervention rate of 21.1%, with every £1 of Dorset HVMAP funding helping to leverage £3.74 of private investment match. In our view this is a significantly positive outcome from the activities of the project and directly meets one of the intended impacts (as demonstrated in the project logic model) of leveraging/stimulating private investment.

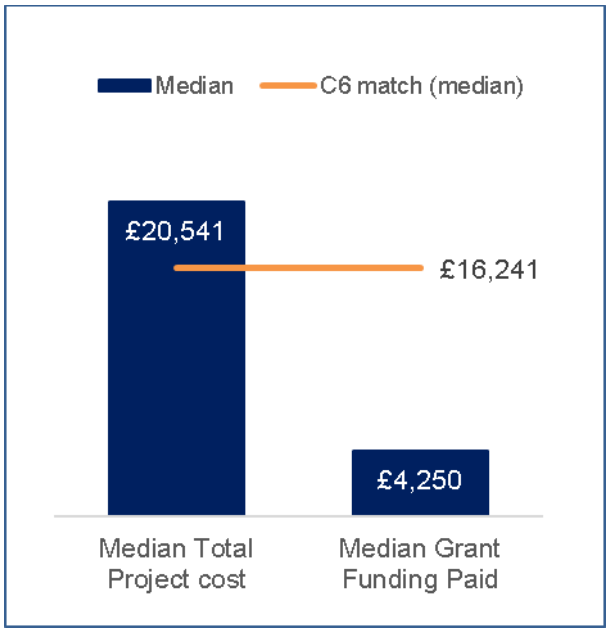
Chart 10: Private investment matching public support to enterprises (C6) delivery against profiled targets



(Source: Dorset HVMAP programme monitoring data)

The median total project cost per project was £20,541 with median grant funding paid out of £4,250. The median value of match contributed by SMEs was £16,241 per project (Chart 11).

Chart 11: Dorset HVMAP median project values



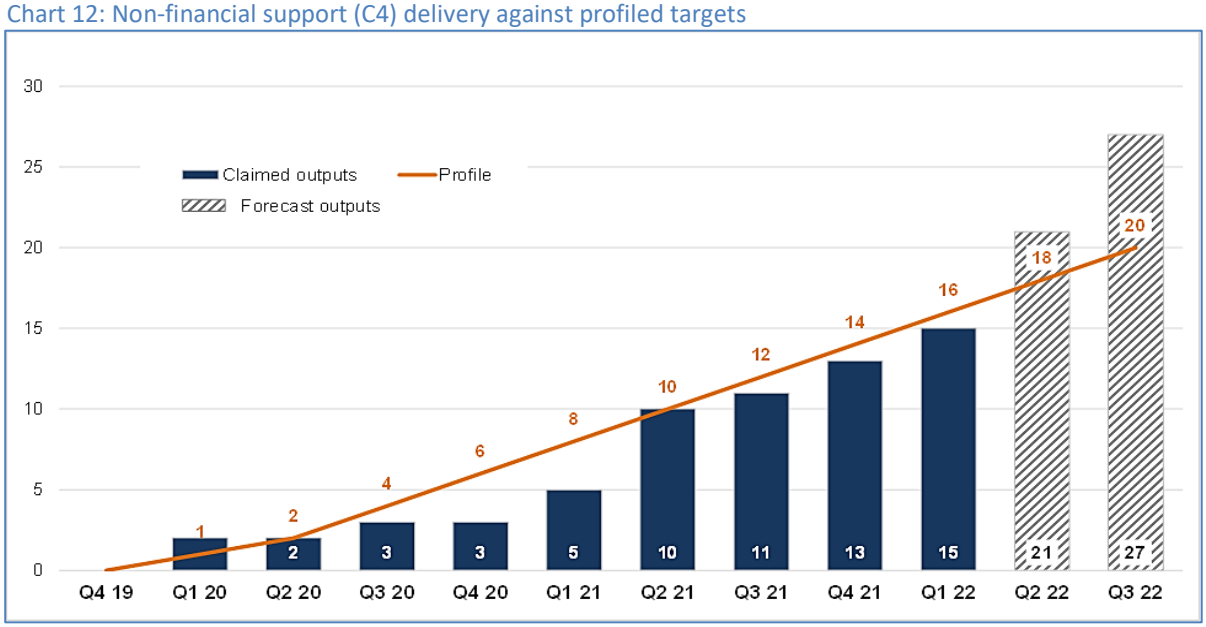
(Source: Dorset HVMAP programme monitoring data)

The payment of invoices tended to be relatively prompt, once sufficient evidence was submitted. Businesses were paid at the end of the quarter in which they had provided all the necessary evidence. Therefore, this could be 3 months or shorter – dependent when the above was completed. It is our understanding that the manufacturing specialists worked with businesses to try to time this process, dependent on the need of the business. In fact, this is reflected in the programme data shows that there was actually an average of c21 days between 'actual completion date' and payment of invoice across the four programme areas. In our interviews with businesses, the majority expressed satisfaction that grants were paid in a relatively timely manner (comparing it very favourably to other grant programmes they had previously engaged with), although recognising that they had to answer several queries regarding eligible costs, proof of expenditure etc.

2.3.4 Non-financial support

As well as the grant programme, Dorset HVMAP also provided the opportunity for businesses to access specialist support from the manufacturing specialists. This was for 12 hours or more of support, which could include the initial 3-hour IDB. A total of 15 SMEs have received non-financial support (to end Q1 2022) across the Dorset HVMAP project area. As Chart 12 shows this is currently slightly below the in-quarter target and 5 below the end-of-project target of 20.

Chart 12: Non-financial support (C4) delivery against profiled targets



(Source: Dorset HVMAP programme monitoring data)

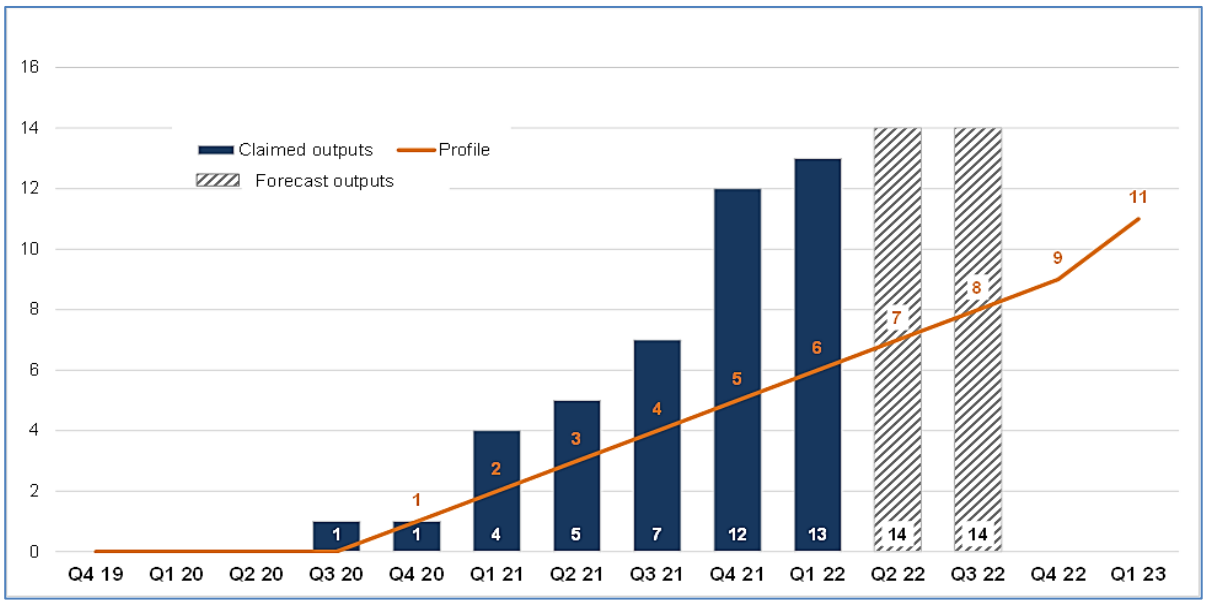
2.3.5 New products

As previously indicated, a further focus of Dorset HVMAP was to assist manufacturing businesses to develop new products and services. In comparison to the previous LMAP, the Dorset HVMAP only had one 'new product focused' ERDF output to deliver against – C29[8] (Number of enterprises supported to introduce new-to-firm products).

The total number of C29 outputs (support to introduce new to the firm products) claimed by Q1 2022 was 13, significantly above the in-quarter cumulative target of 6, and already above the end-of-project target of 11. As Chart 13 shows, the expectation was that this would be evenly split across the project period. This differed from previous programmes where the new product development tended to be evidenced near the end of the programme period. Therefore, it appears that the delivery of this ERDF output has been more evenly managed through this current programme period, and that the overall targets were set at a realistic level. It is important to note that this ERDF output is effectively a proxy for 'externally focused' product innovation only. The project also supported 'internally focused' innovation e.g. introducing new processes and techniques. The feedback we received through the evaluation (the online survey and follow-up telephone interviews) suggests that this was an important element.

[8] It is useful to note that although the Dorset HVMAP did not have a contractual target for C28 (new-to-market products) they have been logging these for all ERDF programmes given it is useful information to capture. For Dorset HVMAP one business has been captured as also delivering a C28 output.

Chart 13: New-to-firm products (C29) delivery against profiled targets



(Source: Dorset HVMAP programme monitoring data)

The over-achievement of this product-focused output should be seen as a good outcome for the project, particularly in the context of the overall objectives of the programme. Our experience from other ERDF funded projects has shown that the new product focused outputs have tended to be quite difficult to achieve and evidence from a business perspective. Therefore, the fact that the Dorset HVMAP is on track to exceed this output target represents a key achievement for the project.

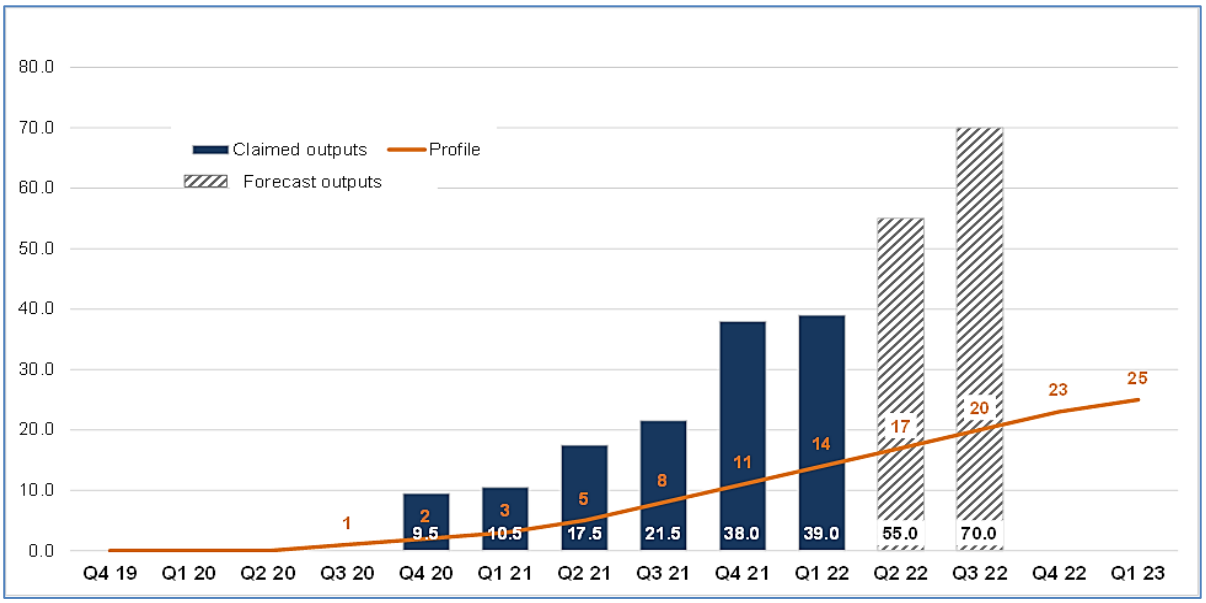
2.3.6 Job creation

Chart 14 shows job creation against delivery profile. As shown the number of jobs claimed has already significantly exceeded the end-of-project target. There has been a consistent delivery of job creation though the project which has been associated with the Dorset HVMAP provided. To date (Q1 2022) the project has claimed 39 jobs, compared to a target of 25 – with further jobs outputs expected to be claimed in the coming two quarters before the project end.

This is a considerable achievement, particularly as it could be argued that job creation is not necessarily a specific fit with the wider objectives of the programme – with its focus on improving processes and efficiency which may not necessarily directly result in new jobs being created. Indeed, improving the efficiency of manufacturing processes – often moving from labour-intensive processes to greater automation – may actually result in a reduction of employment in the short-to-medium term.

Of course, the expectation is that by helping to facilitate growth in the longer-term, Dorset HVMAP could play an important indirect role in helping to support the creation of new employment opportunities in supported businesses. We recognise that the focus on improving factors such as operational efficiency and the longer-term objective of creating employment in the supported businesses is not necessarily mutually exclusive. However, these impacts may operate on different 'timelines'. For the project to claim a C8 job output the supported business needs to evidence that the new job has been created as a result of the support.

Chart 14: New jobs created (C8) delivery against profiled targets



(Source: Dorset HVMAP programme monitoring data)

In addition to the C8 ERDF outputs that are reported by the project, as a result of Covid the managing authority requested all ERDF funded projects to also capture evidence against additional 'Beneficiary Outcome Indicators – Covid-19'. This focused on understanding the role of projects in safeguarding jobs. ERDF projects were requested to capture jobs that were 'forecast at risk prior to ERDF support' (baseline), and then whether those 'at risk' jobs were still in existence 6 months post ERDF support. SWMAS have captured this information across its programme areas – as shown in Table 9 below – highlighting that there are several safeguarded jobs in addition to the claimed C8 output.

Table 9: Covid-19 Beneficiary Outcome Indicators

	Jobs at risk pre support	**'At risk' jobs still in place post support i.e. safeguarded**
Dorset	1	1
HotSW	10	10
Gloucestershire	6	6
Swindon &Wiltshire	3	3

SUMMARY:

- The Dorset HVMAP project has performed well against its output targets - as defined in the Grant Funding Agreement. In some cases, it has already exceeded targets with two quarters of delivery still remaining, with an expectation that some output targets will be exceeded by some margin. There is confidence that it will largely meet its end-of-project targets for most outputs, with a possibility that C1 and C6 targets marginally falling short.
- It has significantly over-achieved expectations in terms of new product innovation and job creation. It has leveraged in significant private investment through its grant scheme. The leveraging of circa £3.74 for every £1 of Dorset HVMAP support in the grant programme is a good outcome.
- The levels of job creation associated with the project should also be seen as a good outcome, even though we would continue to query the 'relevance' of this indicator to the overall objectives of the project. Much of the Dorset HVMAP support provided focuses on improving the efficiency of manufacturing processes. In fact, it often involved a deepening of capital. However, the level of job creation has been associated with the subsequent growth of those businesses supported, with the support playing a role in enabling that growth. Our consultations with several businesses highlighted that the support had been 'transformational' to their growth aspirations, particularly for small businesses.
- There was a good spread of delivery coverage across the Dorset LEP area, encapsulating both local authority areas. This is a good outcome considering the relatively limited resource available to the project i.e. one dedicated manufacturing specialist.
- Our analysis has also shown that the project has supported several businesses within disadvantaged areas, indicating that wider social positive outcomes may have been delivered by the project. This may be important in the context of the Levelling Up agenda.

SECTION THREE: PROJECT DELIVERY AND MANAGEMENT

3.1 Introduction

This section of the report provides a qualitative analysis of the implementation of the project. It covers the governance and management arrangements as well as day-to-day project delivery. It also specifically comments on beneficiary engagement and the quality of support received as well as compliance issues.

3.2 Governance and Management Arrangements

The Dorset HVMAP project is managed and delivered by SWMAS Ltd. It has an Operations Director to oversee the management and delivery of the programmes across the ERDF funded areas, and this role has been supported by an ERDF Team Leader who has had responsibility for managing the team of manufacturing specialists. Both roles have been supported by a small programme management team who are also responsible for all the projects. The Compliance Lead plays an important role in ensuring that all aspects of the programmes are run according to ERDF requirements. The programme management team are supported by further resources from within the core corporate SWMAS team – including the Finance Manager and marketing support.

One point worth highlighting is that the project has been directed and delivered almost 'unilaterally' through SWMAS. This follows the approach undertaken in the previous ERDF funded projects delivered by SWMAS. There has not been any further steering/management group which has helped provide oversight or input into project delivery, often in place for other ERDF funded projects. However, it is our view that project delivery has not suffered due to its absence and, in fact, represents a practical and pragmatic decision due to several factors:

- SWMAS maintains a working relationship with local partners such as LEPs and Growth Hubs (in Dorset this also includes the Dorset Gateway), updating them on project progress through one-to-one relationships. For Dorset HVMAP this has been done through a combination of the manufacturing specialist, the Operations Director and ERDF Team Leader, although it is important to note that the relationship and contact with the Dorset LEP has tended to be quite sporadic. The relevant members of the SWMAS team (manufacturing specialist, ERDF Team Leader and Operations Director) have aimed to maintain visibility in Dorset across the programme period. Our stakeholder consultations with organisations such as Dorset Gateway have indicated that the level of communication and updates on project progress have been good.
- A member of the SWMAS team has tended to attend delivery partner meetings in each of the LEP areas when they were held. These meetings were established for all ERDF funded business support projects to attend and share information. Therefore, they were intended to act as a forum through which all relevant partners were made aware of project activities. Again, the feedback we received through our consultations has been that SWMAS has been an active partner in these forums.
- There is an element of 'meeting fatigue' in several areas given the wide range of ERDF funded projects in place. Through other summative assessments we have undertaken, some partners have previously questioned the effectiveness in the large number of steering groups in place
- The HVMAP programmes are a relatively 'targeted' intervention which did not necessarily require input from a wide range of people. By maintaining contact with relevant groups such as local Manufacturing Groups, the projects are able to get sufficient insight into the needs of the

manufacturing sector. Again, in the context of Dorset HVMAP, this has tended to be a bit patchy, with contact with the Advanced Manufacturing Cluster being quite sporadic – primarily due to the make-up of the cluster itself. Covid also had an impact in this respect, with physical networking events not possible.

- SWMAS is a commercial organisation which, whilst needing to deliver the project against the targets as defined in the GFA, also needed the ERDF funded projects to be delivered in a commercially viable manner. For such commercial operators, the input of wider interested parties may have been contrary to the commercial interests of SWMAS itself.

However, it is important to note that there was nothing highlighted in our stakeholder consultations that indicated that partners were frustrated with the absence of a steering/management group. In fact, our consultations have strongly indicated that SWMAS were seen as a skilled and experienced delivery partner and were trusted to deliver the project as developed and designed. Stakeholders felt that it was in the best position to understand the needs and requirements of manufacturing businesses i.e. Dorset HVMAP's target beneficiaries. This experience had been built over many years, and through delivering similar programmes. We would conform to that view and feel that an additional oversight group would have been an unnecessary complication.

This view was previously expressed in the evaluations of the previous ERDF funded projects, and the consultations for Dorset HVMAP have confirmed that any wider governance/oversight structure would have been an unnecessary complication.

3.3 Delivery Structures and Team

As indicated earlier, Dorset HVMAP was delivered through a combination of shared and dedicated staffing resource. Core SWMAS functions such as project management and programme support are split across the ERDF funded projects currently being delivered. This encapsulates the four programmes that are being covered through this evaluation process (Dorset, HotSW, Gloucestershire and Swindon & Wilts), as well as another programme being delivered to slightly different timelines in Cornwall (and not covered in the evaluation activity).

In the Dorset HVMAP, delivery by the manufacturing specialist was captured on timesheets and charged against the project. The resources dedicated to the delivery of the programmes in each area is shown in the table below. It shows that the equivalent of one 0.4 full-time roles within the core programme support was dedicated to the management of Dorset HVMAP. This was supplemented by the client-facing (delivery) support provided by the manufacturing specialists within each LEP area – equivalent to 1 FTE.

Alongside this, SWMAS received a management fee to cover other management costs such as accommodation, IT costs etc. This was set at 15% of the total project budget – standard (the maximum allowable) under ERDF rules.

Our view is that this structure has allowed Dorset HVMAP (and other programmes) to be delivered in a relatively efficient and effective manner. Project management support of approximately 1.4 FTEs against a circa £1m project should be considered as an effective support model. The fact that many of the project's output targets have already largely been achieved demonstrates that the resource allocation was

appropriate for the delivery of the project. The sharing of core resources between the other ERDF funded programmes – alongside applying consistent processes where appropriate/possible – has created synergies in terms of project management. This has been honed and developed over several years through the experience that SWMAS have built in delivering ERDF funded activities.

As indicated in the following sections, this relatively 'light' project management – as measured by dedicated resource – has not adversely affected the quality of the management of the project. In fact, having clear and consistent points of contact – for partners and supported businesses – has been cited as a key strength of the project. The fact that many of the team – including the manufacturing specialists themselves – are highly experienced is beneficial to the quality of the management and delivery of the projects.

Table 10: Dorset HVMAP role profile

Role	Dorset HVMAP (% FTE)
Operations Director	12%
ERDF Team Leader	12%
Compliance Lead	12%
Finance Lead	6%
Programme Support	4%
Manufacturing specialist	Timesheet – 1 FTE

Indirect costs	15%

As with all ERDF funded activities operating in England the project managed by SWMAS operate on a cost and overhead recovery basis ('nil profit'). However, this creates a number of business challenges and limitations for the organisation.

3.3.1 Management Team

In our consultations, stakeholders and partners were asked their opinions of how well the Dorset HVMAP (and the other programmes) had been delivered and managed. The overwhelming consensus was that the projects had been very well managed by SWMAS and that its approach to project management and the processes it applied were of a high quality. It was felt beneficial that SWMAS had been delivering support to manufacturing businesses in the region for several years and that the ERDF-funded projects had benefited from that experience.

The overriding feedback that we received through our consultations was that partners felt that SWMAS were regarded as a 'trusted partner' and there was a high level of confidence that the quality of subsequent support would meet requirements. This came through strongly in our consultations with the Growth Hubs in each of the areas and is certainly the case within Dorset in terms of the relationship with the Dorset Gateway. For those other business support programmes we consulted – principally DiT, there was a confidence that any referral would be acted upon quickly and that any subsequent advice and support from SWMAS would be professional and delivered in a competent manner.

"I have always enjoyed working with SWMAS and when I say that the service was 'as expected' I was expecting great service and as usual that was what was delivered. Thanks for everything."
(Dorset HVMAP business beneficiary)

In our review of the project management processes that SWMAS have developed to deliver Dorset HVMAP it is clear the management team have effectively used programme management information to understand whether delivery is on target (against programme profile) in terms of both expenditure and output performance. As with previous programmes delivered, SWMAS have developed a project which is relatively 'data rich', benefiting the management of HVMAP in respect of the Operations Director knowing when the project needs to 'flex' or react to ensure it remains on course to meet its objectives. The quality of the management information should be considered a real strength of the project, illustrating SWMAS' capability in developing appropriate processes to manage projects effectively. The projects have benefited from having well-established organisational capabilities in place.

The manufacturing specialist team meet on a regular and scheduled basis where the programme management information is used as a basis for discussion on performance against contracted targets. Project delivery has been tightly monitored on that basis. Our consultations with the manufacturing specialist team have indicated that they have valued these meetings and the tight focus on contract delivery provided by the SWMAS management team. The quality of the programme management has been appreciated by the manufacturing specialists themselves. Programme management information has also been used in update meetings with DLUHC case officers.

All the stakeholders and partners we consulted as part of this evaluation felt that the SWMAS team (including the manufacturing specialists themselves) were accessible and approachable and responded to queries when raised. Some of the businesses that we spoke to also commented on the professional manner they had been dealt with when dealing with the central programme management team, primarily when they were dealing with the administrative aspects of grant application, approval and payment. The team were seen as efficient in all aspects of programme management.

Our consultations with LEP representatives in each of the programme areas (noting that we interviewed the Dorset LEP Business Engagement and Dorset Gateway Manager) highlighted that whilst they may not have had detailed knowledge of delivery in their respective areas, they knew that SWMAS would respond to any enquiries they had. The engagement between SWMAS and individual LEPs tended to be on a one-to-one basis, or through the business support forums cited above. The feedback from the SWMAS team have indicated that the form and regularity of contact with the LEPs has differed across each of the ERDF programme areas.

The consultations with the LEPs highlighted concerns over the potential fragmentation of the economic development landscape in the coming years. With the primary funding programme – the UK Shared Prosperity Fund – now managed and administered at individual local authority level, then there is the potential that programmes such as those previously delivered by SWMAS will need to be delivered over smaller geographies. This opens the risk around higher administration and delivery costs for delivery bodies, as well as those programmes not being as strategic as previous.

This potential risk around fragmentation was also highlighted in our consultations with the SWMAS team. SWMAS has viewed the delivery of five ERDF programmes across the South West as 'local delivery for regional benefit', with synergies around project design, delivery and the pooling of expertise across the manufacturing specialist team being clear benefits for a joined-up approach. The potential fragmentation of delivery at smaller geographical levels risks undermining the ability of SWMAS to deliver an efficient and cost-effective support programme.

As always, as the Dorset HVMAP project draws to a close, it will be important to 'celebrate the success' of the project in terms of the breadth of support provided, as well as the impact of the support. The geographic delivery maps contained in the evaluation reports may prove useful in that respect, as well as evidence and feedback provided by the beneficiary businesses.

SWMAS have developed several case studies on its website which illustrates how the support provided has helped businesses. These are displayed across three 'themes' on the SWMAS website – Productivity & Growth, R&D Digital Transformation and Supply Chain.

3.3.2 Manufacturing Specialist team

As previously stated, a core part of the delivery of the SWMAS ERDF programmes was the manufacturing specialist who delivered the support to businesses on the ground. Many of these manufacturing specialists have been with SWMAS for many years, and prior to that they had worked in the manufacturing environment. Therefore, they are all highly experienced. In Dorset HVMAP, the manufacturing specialist joined SWMAS just after the programme commenced.

As discussed elsewhere, the views received from the businesses supported regarding the support and advice provided by the manufacturing specialists has been overwhelmingly positive.

One aspect to highlight here are the strong links and close working across the manufacturing specialist team. Although they were responsible for delivery in their own respective programme area, they did also work together in two key aspects:

- On some occasions some businesses had requirements that the manufacturing specialists were able to help with, for example supply chain needs where the SWMAS team were able to identify a potential supplier from its wide network of contacts across the region i.e. they made connections/introductions across the beneficiary cohort. This was done on several occasions, and this linking role heightened during Covid-19 when the situation became dynamic and businesses needed to shift from existing supply chain relationships.
- Each of the manufacturing specialists tended to have their own strengths/areas of expertise. Therefore, when the occasion arose, if the respective manufacturing specialists didn't know the answer to a particular question, then they could go back to the wider team and someone could be able to respond to that need. In essence, businesses in a particular programme area did have access to a pool of expertise beyond its specific allocated manufacturing specialist.

3.3.2 Compliance

SWMAS have a rigorous and robust process in place in terms of ensuring that support (financial and non-financial) meets ERDF eligibility criteria. The claims process and related compliance checks are fully set out in Annex B.

The programme management team developed an ERDF Programme Delivery Manual which was provided to the manufacturing specialists to ensure that they understood what activities were eligible under ERDF rules. The manual is a comprehensive resource, covering a wide range of issues that needed to be considered when delivering the project. This included (although not exclusively) SME eligibility, non-eligible sectors, supplier selection, ERDF publicity and branding, and audit and compliance requirements. The programme management team continued to act as a reference for the manufacturing specialists if they needed further clarification over either eligibility, or the appropriate processes to follow to ensure compliance. The feedback from the programme management team is that the manufacturing specialists are experienced in delivering projects and were well educated and knowledgeable in terms of eligibility, therefore they have needed little guidance in practice.

Key activities for ensuring compliance and eligibility included:

- The programme management team directly sent out the grant offer letter to business beneficiaries after eligibility check had been completed e.g. check that the support is State Aid compliant, the business is classified as an SME, operates in an ERDF eligible sector and that the grant-supported investment is eligible.

- For the procurement of goods or services for business beneficiaries – as a consequence of Dorset HVMAP grant support – they are required to obtain 3 quotes and provide this evidence to SWMAS.

- For the payment of grants, the business beneficiary needed to provide evidence of:
    - The invoice from the supplier
    - Confirmation of total project cost
    - Copies of bank statement to evidence payment

- Alongside this – for capital grants – SWMAS collect photographic evidence of the asset(s) in situ, with photos of serial numbers where applicable. This is then saved on the client's record. All the asset information is completed and signed by the business as part of the project completion process.

- The programme management team hold a capital asset register. The asset must be retained and used by the business for a minimum of 3 years and the business must inform SWMAS immediately, if the whole or any part of the asset is sold or ceases to be used for any reason.

- The programme management team complete the compliance checklist to ensure that all steps have been completed adequately. This is then checked by the SWMAS Finance Manager who holds responsibility for financial sign-off. Therefore, there are effectively two tiers of compliance checks in place within SWMAS. Once the sign-off has been completed the payment of the grant can be authorised and the project can be closed.

In terms of ensuring compliance our consultations with the SWMAS team have also highlighted two other processes put in place to ensure that a good level of compliance knowledge is held across the whole team.

- Internal audit activity was spread across the team. On a rolling basis, one of the manufacturing specialist team would undertake a review of the paperwork/processes adopted by another member of the manufacturing specialist team. This peer review was seen as a useful exercise.
- When a new manufacturing specialist joined the team (when the Dorset HVMAP manufacturing specialist joined the programme) as part of the onboarding process they were asked to undertake a review of the grant application paperwork of other team members. This helped build their understanding of the processes adopted, and particularly checks around eligibility and strategic fit of the grant projects.

The SWMAS team have also undertaken internal audits of the paperwork and it is our understanding that the Dorset HVMAP was subject to a Project Inception Visit (PIV). The purpose of the PIV is to test the preparedness of the grant recipient (SWMAS) to manage the project in a way that is compliant with ERDF requirements. As a result of the PIV, the recommendation from DLUHC was that the project did not need to be subject to any external audit. In addition, it also received an 'on-the-spot-visit-audit' which also identified no issues.

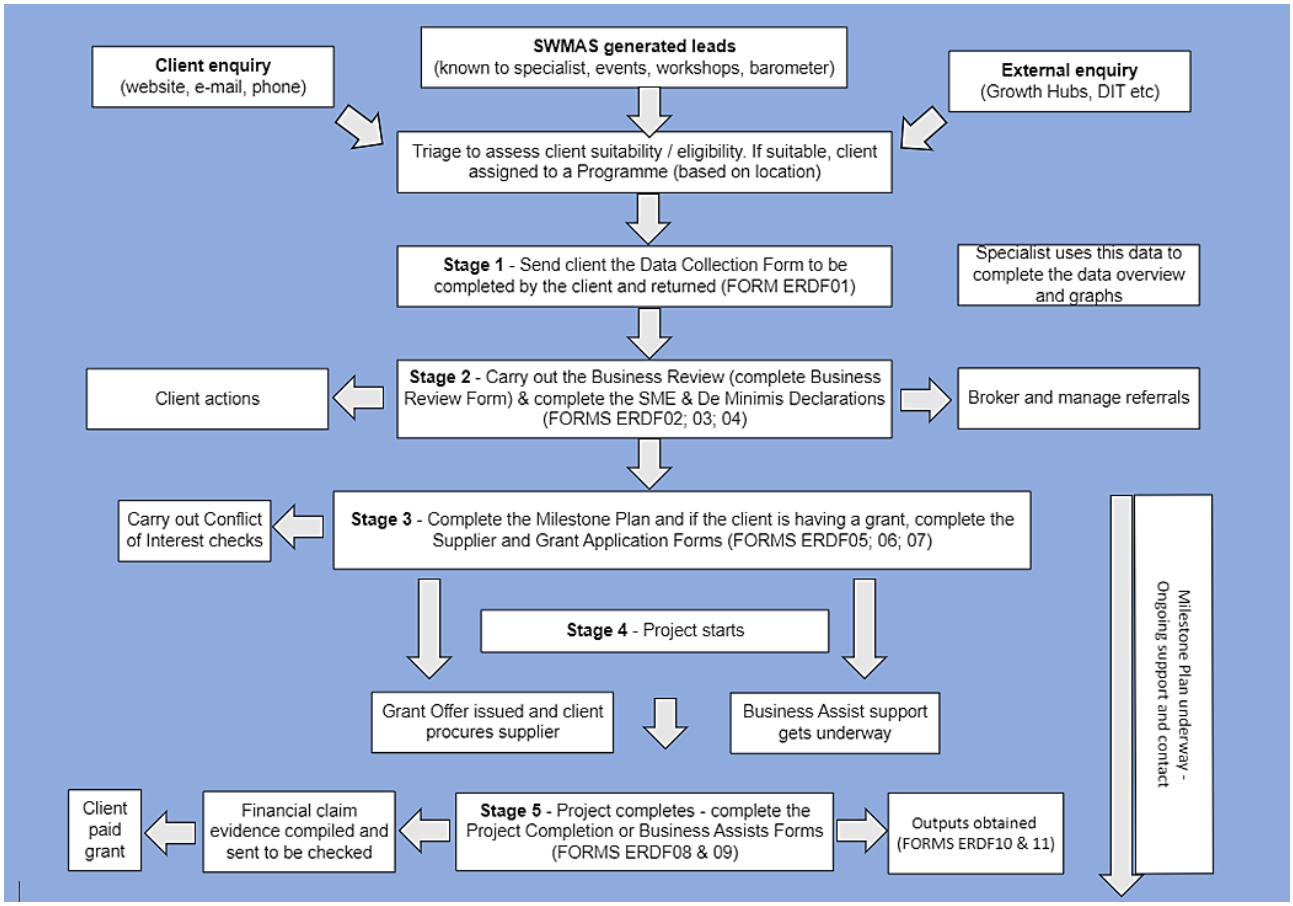
Overall, our view (confirmed by independent audits) is that the structures that SWMAS have put in place to ensure eligibility and compliance are robust and well-managed. In fact, it is a key strength of the programme team, with stringent processes and checks in place, augmented by a good element of peer review and challenge across the team.

3.3.3 Customer Journey

SWMAS have developed a clear customer journey which has directed the process through which beneficiary businesses have been supported. This is illustrated in the diagram in Figure 2 below. This is a clearly defined staged process, covering the different support types that the Dorset HVMAP offered. The forms needed to be completed for ERDF compliance/reporting requirements are specific at each stage. This customer journey formed part of the delivery manual made available to all manufacturing specialists.

The verbal procedural support provided to the beneficiary business was also complemented by explanatory documentation. An example is the SWMAS Grant Process information sheet which sets out the stages of a grant funded project and includes an example claim form showing which areas of the form require completion.

Figure 2: Beneficiary customer journey



3.3.4 Business Facing Activities - Initial IDB

The feedback that we have received during this summative assessment has highlighted that the Dorset HVMAP has delivered a high quality and valued service to those businesses which have received support. As the results of the online survey show (discussed in more detail later in this section) the majority of businesses who have received support felt it was delivered in a highly professional and competent manner, with the manufacturing specialist providing an excellent level of expertise. This view has been confirmed by the comments received from those businesses we have directly spoken to through our business consultation exercise.

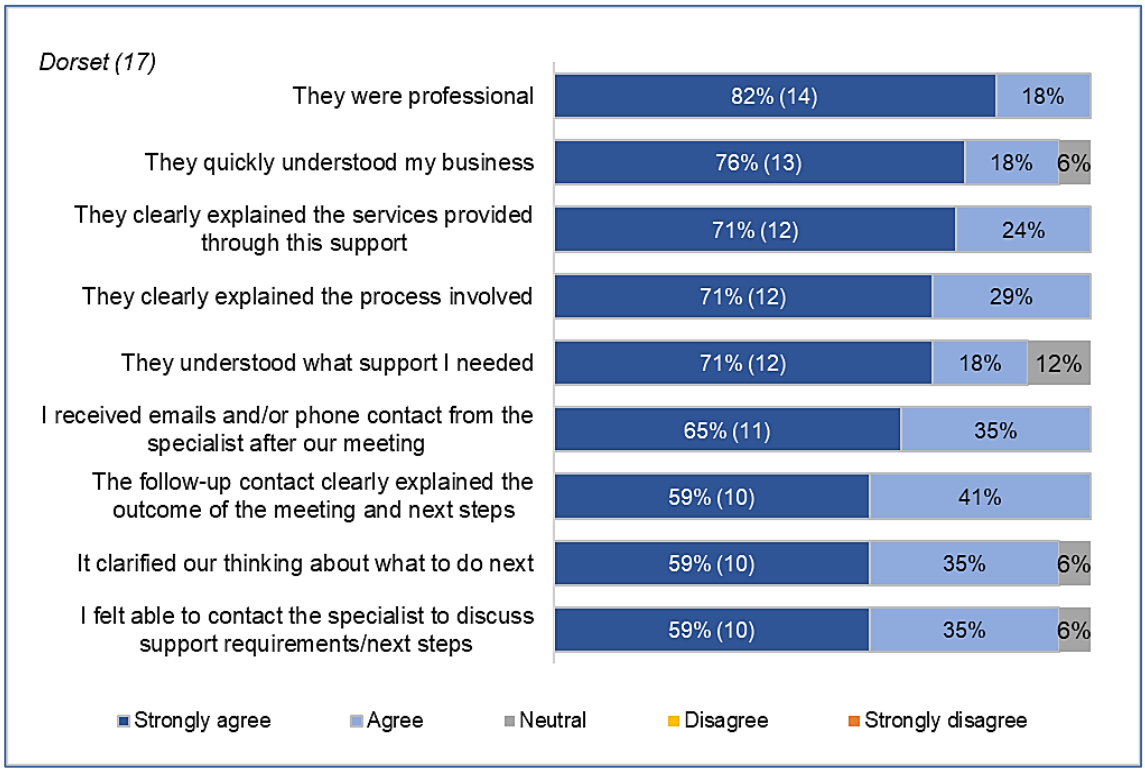
"We couldn't have been happier with our contact with the SWMAS manufacturing specialist who responded quickly and was always clear and helpful"
(HVMAP business beneficiary)

"SWMAS are above average, hence saying 'better than expected'."
(HVMAP business beneficiary)

Chart 15 shows the feedback received from those businesses which completed the online survey. On every measurement, c90% of those who responded either 'strongly agreed' or 'agreed' that the Dorset HVMAP manufacturing specialist delivered a professional service, quickly understanding the business' support needs and clearly explaining what services could be provided and next steps.

All felt that the next steps of the process were clearly explained and that, importantly, the manufacturing specialist was accessible to discuss further issues. The broad emphasis of this feedback corresponds to the feedback received in the other programme areas.

Chart 15: Thinking about your initial face-to-face business review ('IDB') meeting with the SWMAS manufacturing specialist – how strongly do you agree/disagree with the following statements



(Source: Dorset HVMAP business beneficiaries online survey)

Baboo Gelato (https://baboogelato.com/) is an award-winning gelato maker that was established in 2015 in Dorset. It has a strong ethos of using locally sourced suppliers to help make its products – leading to several awards. It also has several of its own outlets across Dorset, as well as selling through other outlets across Dorset, Devon and Somerset. In recent years demand for its products has increased strongly.

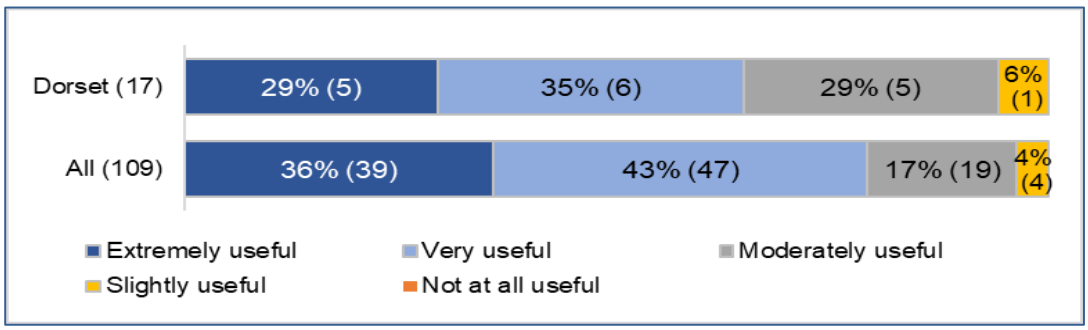
However, this strong growth presented some questions around ensuring that its production processes were able to keep up with growing demand. The business felt that it was not working at an optimal pace.

Consequently, it contacted SWMAS for support to address one particular bottleneck in its process – the need for a new blast freezing machine, taking the ice cream down to -35C. The SWMAS adviser came in to speak with the business to understand this need and resulted in an application for financial support to purchase a new machine. This was successfully approved and now installed at the company's manufacturing unit at Bridport. It felt that the process of securing funding support compared favourably to other previous funding experiences.

This has allowed the business to scale-up production significantly this year and directly led to improvements in productivity – helping to achieve its growth ambitions. Whilst the business contacted SWMAS with a specific production obstacle it needed to address, it would like to remain in contact given its continuing growth. There may be a need for future conversations and support if production needs to keep pace with growing demand for the Baboo Gelato's products.

In overall terms, the initial IDB appeared to fully meet expectations. Of those businesses that responded to the survey, 29% (5) said they found the initial face-to-face business review (IDB) meeting with SWMAS 'extremely useful'. The remainder (29% - 5) found it 'very useful', 6 business found it 'moderately or slightly useful'- as shown in Chart 16.

Chart 16: As part of the support delivered through the programme, you will have received an initial business review (online or face-to-face) with a SWMAS manufacturing specialist.



(Source: Dorset HVMAP business beneficiaries online survey)

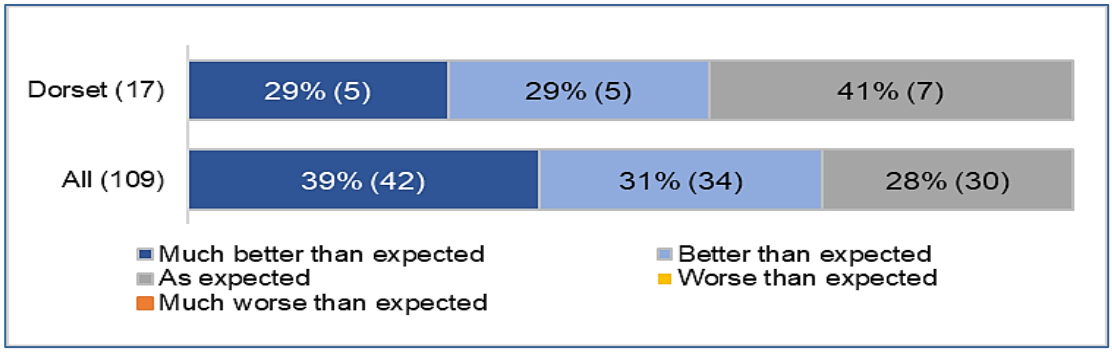
3.3.5 Business Facing Activities – Overall support

It is clear, through the feedback that we have received for this evaluation, that the support provided by the Dorset HVMAP has been well received by business beneficiaries. On almost every question asked in the online survey, the responses were on balance positive regarding the support received. This view was corroborated by those businesses we directly spoke to[9].

> *"We had proactive support, opportunities are often missed in a small business."*
> (Dorset HVMAP business beneficiary)

Table 15 (on p.77) sets out the overall view of support received through the Dorset HVMAP. The majority of businesses rated the support provided as either 'much better than expected' or 'better than expected'. As the quotes contained in this report highlight, for some businesses that responded 'as expected' that was due to them having previously experienced SWMAS support and the level of service (which was high) was as they would expect.

Chart 17: Overall, how would you rate the support you received from SWMAS



(Source: Dorset HVMAP business beneficiaries online survey)

[9] It is always useful to be aware of any potential 'positive bias' in the responses received. There is a possibility that those who either responded to the online survey or the opportunity to speak with us via a telephone interview were more inclined to hold positive views about the support they received. This possibility is useful to recognise when interpreting the results of the evaluation, particularly taking account of the response rate of circa 20% to the online survey

Bay Engineering (https://www.bayengineering.co.uk/), based in Dorset, is a precision engineering company providing high quality CNC machined metal components predominantly for industrial machinery to electrical and pharmaceutical companies, as well as some motorcycle parts, all in the local area. Bay Engineering was established in 2001 following a management buy-out by Darren and his business partner of a previously loss-making business.

In their first year of trading the business went into profit and last year achieved a record turnover of just under £2m.

The business has had a long-term relationship with SWMAS of over 10 years. They contacted SWMAS direct as they were considering buying a new 5-axis machine which would be more efficient than their existing 3-axis machines. This aims to save on labour time and be more accurate than existing manual processes - thereby maintaining their dedication to supply products of consistent quality. Without the grant funding provided through Dorset HVMAP the decision to buy the new machine would not have been as easy, and the business would have had to wait longer to raise the funds for purchase.

Investment in the new machine has led to the creation of a new job for a skilled highly paid machinist and the safeguarding of an administration role. As their turnover continues to grow through getting more value from the machine, it will lead to more ancillary job roles in, for example, order processing and component cleaning and finishing. They envisage that in 3-4 years' time they will invest in more of these machines. Improving techniques and processes further will enable them to produce more advanced components to meet customers' increasingly complex requirements.

"SWMAS are a very good resource, they know what resources or funding is available. We've had training and grants previously which have helped us. They are always in the front of our minds."
(Dorset HVMAP business beneficiary)

3.3.6 Business Facing Activities – grant support

Integral to the grant application and approval process developed by SWMAS for the Dorset HVMAP was the central role that the manufacturing specialists played in:

i. first, working with the business to identify projects that could potentially be eligible for support from Dorset HVMAP
ii. second, again working alongside the business - helping to develop the project application, ensuring that it fully described the potential impact it may have (demonstration of need) and would be fully compliant
iii. third, recommending the approval of the grant application to the programme management team.

The manufacturing specialists would not progress with stages i) and ii) if they did not feel that the project was appropriate for support. Assessment of the grant proposal against the strategic objectives of the Dorset HVMAP was an important factor in that initial consideration. In addition, the team have indicated that there has been a greater focus within the current grant programme on ensuring that it would lead to financial benefits for the grant recipient. As part of the application process, businesses had to show the manufacturing specialists a clear pathway to commercial impact as a result of the financial assistance. In that sense, the manufacturing specialists held a great deal of responsibility and discretion to the whole grant application process. This level of 'on-the-ground' discretion sets it apart from many other grant schemes operated through other ERDF funded support programmes.

Often the approval of grant applications is done through specific sub-groups/boards which have been established to challenge/appraise and approve applications. The drawback of this structure is that the process can be relatively lengthy. In comparison, the grant application and approval process developed by SWMAS was relatively 'lean'. The compliance duties undertaken by the programme management team serving as 'checks and balances' to the discretionary powers given to the manufacturing specialists.

> *"The process wasn't painful at all. The support from the SWMAS guys helped with ensuring that it was relatively quick and easy – especially compared to other experiences we have had."*
> (Dorset HVMAP business beneficiary)

Therefore, it was important for the evaluation to understand whether this process worked well from a business beneficiary perspective, whilst also fully meeting compliance requirements (as previously discussed in Section 3.3.2). We sought views from those businesses that received grant support with regards to how the grant scheme was specifically administered. Again, the feedback received from those who responded to the survey and those businesses we spoke to was overwhelmingly positive.

> *"All the help was swift and concise. Very much appreciated."*
> (Dorset HVMAP business beneficiary)

Chart 18 highlights that the majority of businesses who responded to the survey expressed high levels of satisfaction regarding all aspects of the process, from application stage through to payment. The majority of businesses were either 'very satisfied' or 'satisfied' with the application process, guidance and support to complete the application, the timeliness of the decision-making, support making claims, and the processing of claims. One business was neutral (scoring 3 out of 5) on the timeliness of payments but very satisfied with all the other aspects.

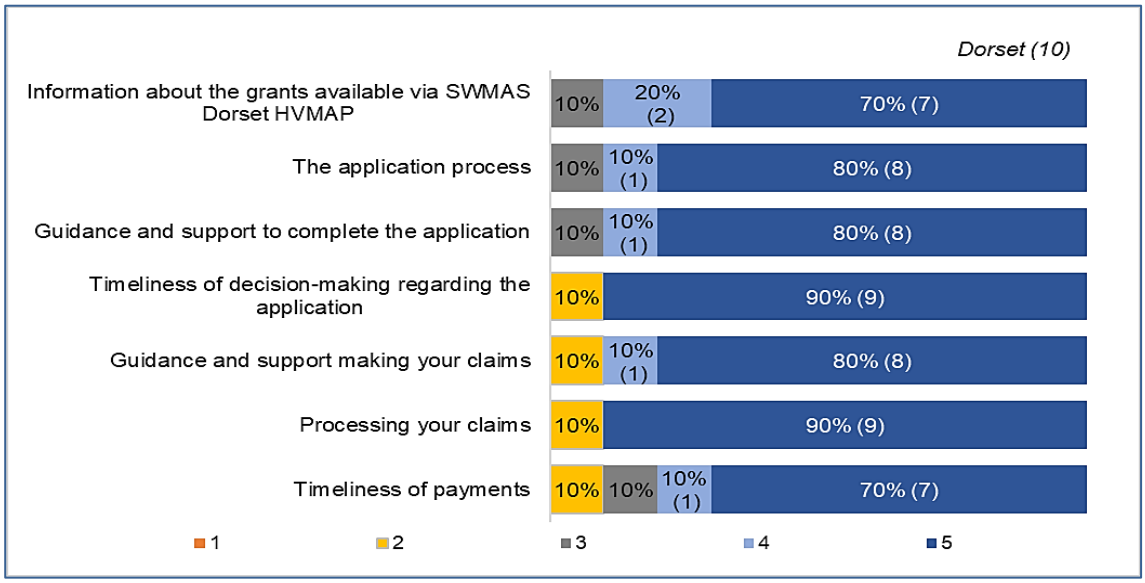
It is worthwhile noting that the positive feedback regarding the grant process was not necessarily universal across the four programme areas evaluated, with some comments particularly relating to payment on arrears. Whilst these comments were certainly not extensive, our business consultations highlighted a view

on more than one occasion that businesses felt that payment should have been made on proof of purchase rather than proof of installation. This situation appears to have been complicated by Covid-related delays.

However, whilst recognising these concerns it is important to highlight that payment in arrears is a requirement of the ERDF process and is made clear to potential applicants when the manufacturing specialist outlines the process. Equally, we understand SWMAS' stance (as shown in Annex B and the compliance process it put in place) that this approach cuts down on any potential fraudulent activity.

Another business was neutral with regard to information about the grants available through this support, the application process, and guidance and support to complete the application. However, this same business was dissatisfied with the timeliness of decision-making regarding the application, guidance and support making their claim, claim processing, and timeliness of payments. They did not elaborate on why they were less than satisfied with some elements of the grants process, when invited to do so. Our view is that this could be regarded somewhat as an outlier (although noting earlier point about the natural positive bias you will tend to get in survey responses). As shown previously, in our view the evidence around the speed of approval of applications is impressive. It is difficult to see how this part of the process could have been quickened. The scale below ranged from 'very dissatisfied' (1) to 'very satisfied' (5).

Chart 18: Using the scale below, how satisfied were you with the grant funding process?



(Source: Dorset HVMAP business beneficiaries online survey)

The general level of satisfaction with regards to the grant funding process from a business perspective is an important finding of this evaluation (and shown across the four areas evaluated). Combined with our commentary on the compliance processes put in place, we feel this may be a key lesson for the administration of similar grant schemes. The responsibility and discretion provided to the manufacturing specialists has resulted in a relatively (with reference to other grant schemes) light and quick process which has been viewed positively by businesses. By ensuring that the appropriate compliance checks are reinforced by the core SWMAS programme management team, this has not been at the expense of appropriate audit and compliance checks. The right balance has been struck.

There were some comments from businesses around the scale of funding that was available – as demonstrated by one comment received from a supported business.

"SWMAS are very professional but unfortunately the grant money they have at their disposal is very small….. filling in the paperwork and the SWMAS involvement would be more cost effective for all concerned if the grants were more substantial even if match funded or similar solution."
(Dorset HVMAP business beneficiary)

3.4 Marketing and Communications

Historically SWMAS' focus on building awareness of the support that was available through the project was on the SWMAS 'brand' rather than the Dorset HVMAP project per se. This very much relates to building trust in SWMAS as an organisation and the skills and experience it has developed over many years. Whilst all project and marketing materials made it clear that the project support was provided through the ERDF funded activities, the day-to-day contact with the businesses focused on the services provided through SWMAS. It appears there were two principal reasons for this:

1. The SWMAS 'brand' has been established and developed for several years, and through several iterations of the EU Structural fund programmes. It is a recognisable and trusted brand (as further demonstrated through the findings of this evaluation) within the manufacturing community. As a result, SWMAS took the strategic decision to utilise that already established awareness to encourage the take-up of the support available through each of the individual programmes. In several instances, many manufacturing businesses made that connection on an individual basis – with the relevant SWMAS manufacturing specialist who may have operated on-the-ground for several years, although some were newer team members.

2. There is a wide-range of business support projects that are available to businesses across the South West (including Dorset) – many of which are funded through the ERDF programme. Consequently, there is often a proliferation of marketing campaigns targeted at the business community through a variety of media. This is often confusing for businesses. Whilst the establishment of the Growth Hubs have sought to simplify the business support journey for businesses – with some good success – this confusion often remains.

Consequently, SWMAS took the strategic decision to not complicate the landscape further. This position was informed by its knowledge of its client base. SWMAS felt that SME manufacturers would not necessarily engage with an extensive marketing campaign, instead tending to more positively respond to a more personal touch. It also meant that the marketing budget for the project was used in a focused manner, rather than necessarily through a 'scattergun' approach. As a result, the support that was available was promoted by the SWMAS specialist through a variety of means:

- A focused marketing approach, targeting manufacturers who may not have previously engaged with SWMAS (including a 'Would you like to speak with one of our manufacturing specialists?' question in the national SWMAS Barometer survey)
- Attending events where SME manufacturers would be present and highlighting the availability of support e.g. Manufacturers Groups
- Using already established contacts with businesses to promote the project (as illustrated in the referrals data shown elsewhere in this report and the below table and commentary)

- By simply using 'boots on the ground' to approach SME manufacturers who may be interested in receiving support e.g. business-to-business referrals, although physical limitations applied due to Covid

In terms of the importance of using the existing relationships and networks that the manufacturing specialists have within their respective manufacturing communities (effectively the last two bullet points above), the role that this played in developing a pipeline can be illustrated by the proportion of businesses that were assisted in the current Dorset HVMP that had previously been supported by SWMAS. Table 11 shows the proportion of businesses (as at end of February 22) that the programme had engaged with – at least through the provision of an IDB – that they had previously supported. For Dorset HVMAP – nearly three-quarters of businesses had previously been supported by SWMAS – demonstrating the importance of existing relationships in developing a pipeline of potential beneficiary businesses.

Table 11: Repeat client list

Repeat Clients	Total IDBs	Repeat Business	% Repeat	% New
Dorset	56	41	73.2%	26.8%
GMAP	95	54	56.8%	43.2%
Swindon & Wiltshire	66	49	74.2%	25.8%
HotSW	117	81	69.2%	30.8%
Total	409	269	65.8%	34.2%

(Source: SWMAS ERDF programme monitoring data)

In addition to this, the advent of Covid resulted in SWMAS acting proactively and swiftly to deliver a range of webinars and online workshops. The primary aim of these online sessions were to support businesses in a unique and volatile business environment. It could be argued that a secondary benefit was that it helped increase the visibility of SWMAS, and the support offered though programmes such as Dorset HVMAP. We comment on this 'Covid response' elsewhere in this report, but the online workshops did help improve the knowledge and awareness of the programmes, with several businesses engaging with subsequent support through first attending an online webinar/workshop.

The feedback that we have received through our consultations with stakeholders is that almost all felt that this was the right approach. All recognised that the business support landscape remains confusing to the business community and is often confused more by the proliferation of marketing campaigns. By spreading the word and engaging with SME manufacturers in a much more personal way, the stakeholders and wider felt that the project has been more successful in reaching out to its target audience. The fact that many of the manufacturing specialists have been on-the-ground in their respective patches has helped with visibility and awareness of SWMAS.

SWMAS were seen as being successful in being able to uncover SME businesses which could be regarded as 'hard-to-reach' e.g. had not previously engaged in any business support programmes. This was commented on particularly through consultations with the DiT, with SWMAS first engaging with a business and then referring onto DiT. It was also felt that this approach represented a cost-effective solution e.g. SWMAS did not waste a lot of money on expensive marketing campaigns, the returns against which are always unclear.

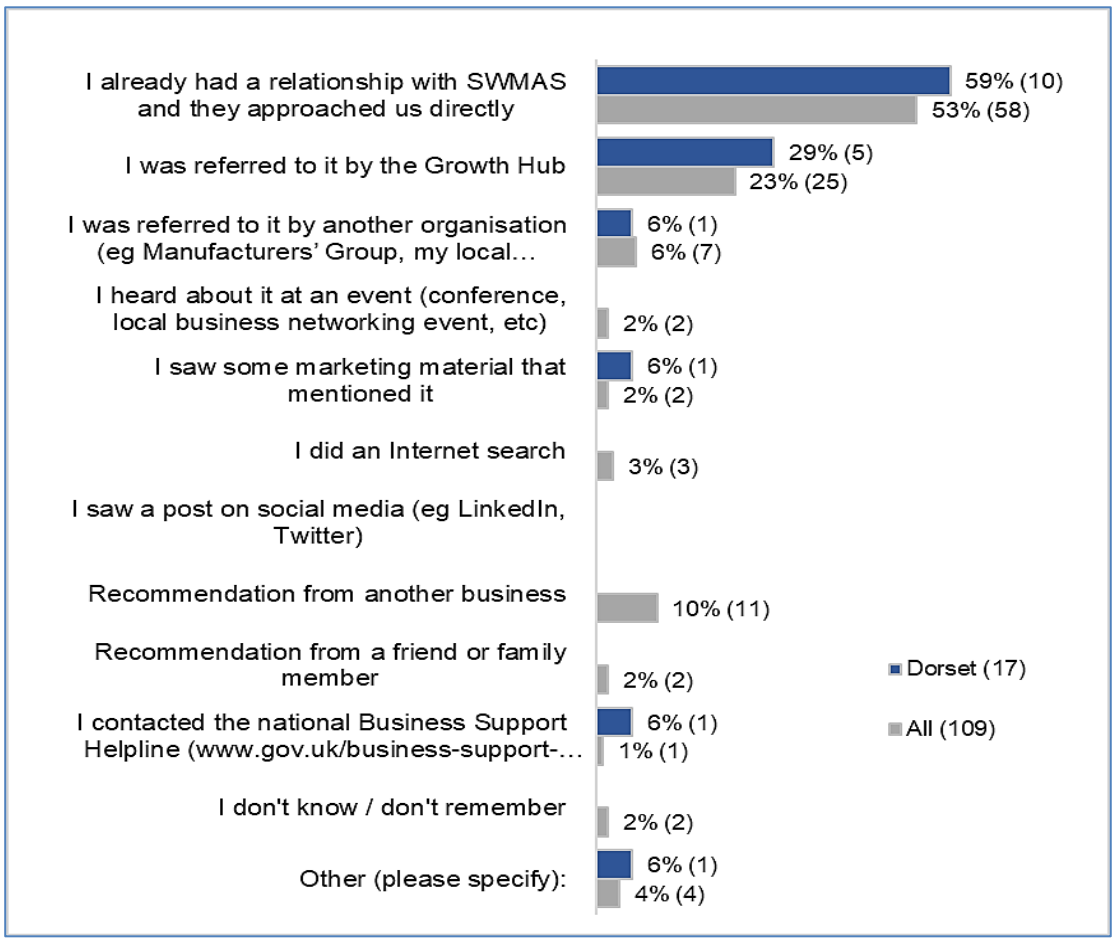
In the evaluation of the previous ERDF funded programmes delivered by SWMAS (LMAP and HVMIP) we had recommended that:

- ‘SWMAS to reconnect to each of the Growth Hubs moving into the next phase of delivery to ensure that the support available gets sufficiently high visibility and that the Growth Hub themselves are fully aware of what the programme offers.’

The consultations with the Growth Hubs through the evaluation of these current programmes (including Dorset Gateway) was that the relationship with those Growth Hubs has been strong. The visibility of SWMAS is good, and they have worked hard to keep Growth Hub advisors updated on programme progress i.e. as the availability of grants have reduced near the end of the programme they have communicated this to respective Growth hub advisors – helping to manage demand and expectations. SWMAS have also engaged with the Growth Hubs at a strategic level. Therefore, we feel this recommendation has been acted upon.

As shown in Chart 19 below, the majority of Dorset HVMAP businesses who responded to the online survey already had an established relationship with SWMAS or they had been approached directly or been referred by another organisation such as the relevant Growth Hub. Several businesses had been recommended by another business or had heard about it at an event – presumably one attended by the manufacturing specialist. Very few businesses that responded to the survey had done so in reaction to marketing material but the survey did not delve further as to the type of marketing they had seen. However, the overall response level indicates that marketing material has not been that influential in terms of driving businesses towards the project.

Chart 19: How did you first hear about the support available through SWMAS?

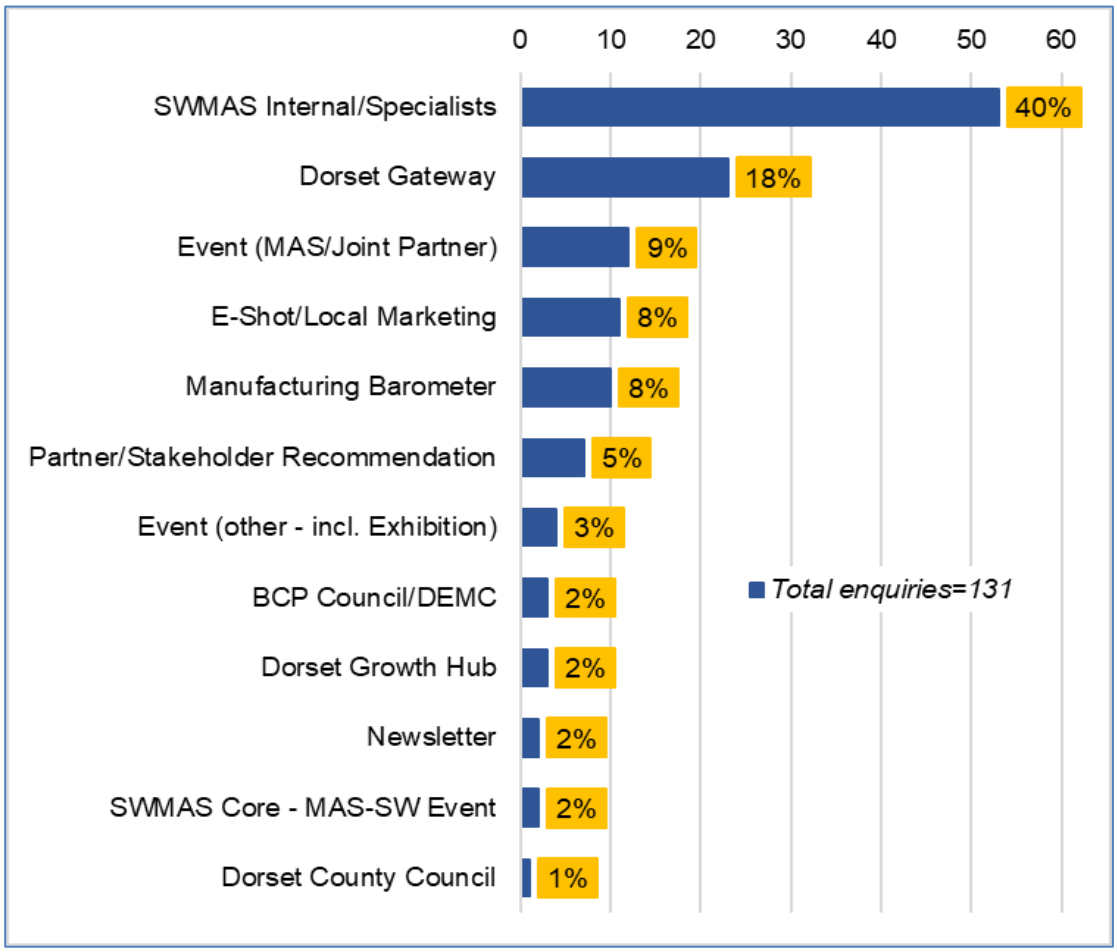


(Source: Dorset HVMAP business beneficiaries online survey)

The findings from the online survey are also complemented by referrals data held by the project – provided by the business beneficiaries when the initial engagement took place. This confirms the above picture that the main contact route was directly through SWMAS itself. In 40% of cases enquiries into the project were either received direct from the client, either directly as an enquiry or as a result of SWMAS notifying an existing client of the availability of the support. SWMAS notification could have been in the form of direct contact by one of the SWMAS manufacturing specialists.

However, it is useful to note that there is a reasonable spread of referral sources within the data held by Dorset HVMAP itself. Of note is that 1-in-5 were from the Dorset Gateway (predominantly) or the Dorset Growth Hub. c9% came from events provided by SWMAS itself.

Chart 20: Referrals into Dorset HVMAP programme by broad source



(Source: Dorset HVMAP programme monitoring data)

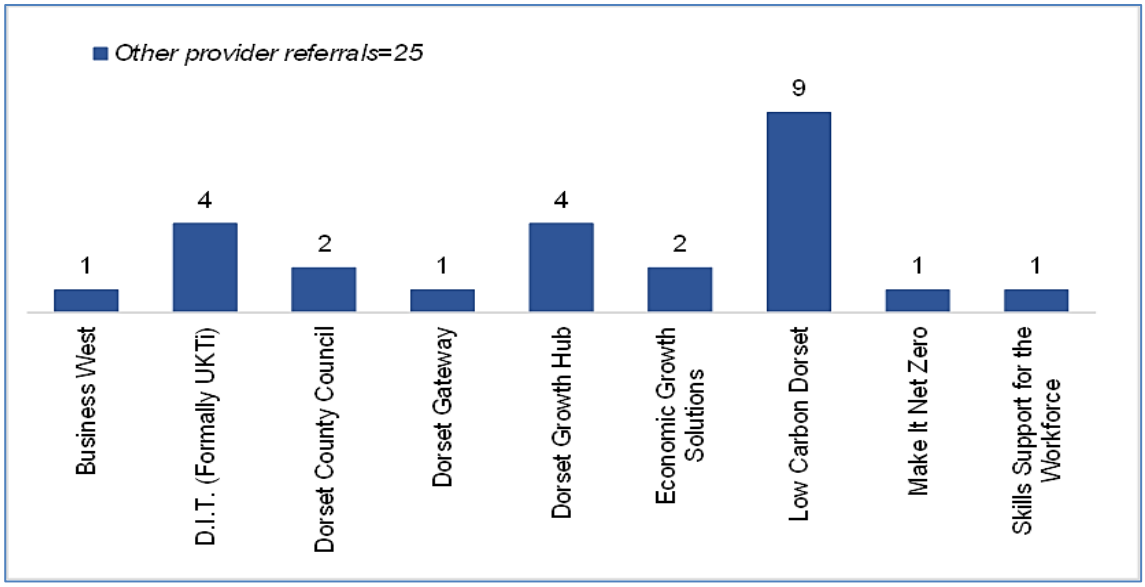
Overall, the referrals data shows the important role that the networks and existing relationships that SWMAS have developed within the region's manufacturing community. These existing relationships have been important in raising awareness of the support potentially available through the Dorset HVMAP and driving subsequent demand for that support. Our view remains that this has been an effective method in developing the pipeline of interest in the project and, importantly, the method that was most appropriate for the SME manufacturing community.

SWMAS, specifically the manufacturing specialists, should also refer supported businesses onto other forms of support if appropriate for their needs. Our consultations with some key other support providers such as DiT and Low Carbon Dorset (as shown in Chart 21) suggest that this has worked well.

SWMAS have often been the initial support provider on the ground and then refer to another support provider when appropriate. For example, at an appropriate juncture SWMAS may then contact DiT if the business is interested in exploring international trade links. DiT feel this is an important relationship, and actually view a business as receiving wider SWMAS support as a good indicator of 'trade readiness' in that business. The knowledge that SWMAS work at a holistic level across the business provides some reassurance that the business has begun to look at all the different operational aspects that increased trade exposure may bring.

Our consultations have highlighted that referrals back to the respective Growth Hubs have been more limited. This can partly be explained by the relationships that may exist between the direct SWMAS manufacturing specialist and other support providers. In those instances, the referral may have been made directly rather than through the Growth Hubs.

Chart 21: Referrals from Dorset HVMAP to other business support providers



(Source: Dorset HVMAP programme monitoring data)

3.5 Beneficiary engagement

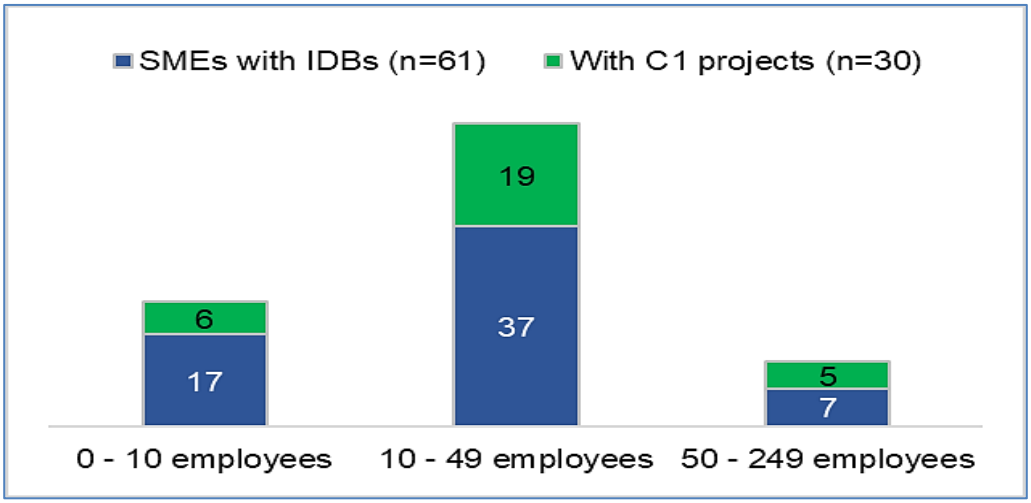
At the end of March 2022[10], a total of 61 manufacturing SMEs had received an IDB through Dorset HVMAP, with 30 (49.2%) going on to develop a project through Dorset HVMAP.

At the point of IDB or engagement, these SMEs had a median of 23 employees and a median turnover of £2.04mn. The lowest number of employees and turnover for an individual business was 1 employee and £20,000, and the largest represented employees and turnover was 160 employees and £15mn.

Therefore, this illustrates the diverse set of businesses that the project has supported. Small businesses (0–10 employees) accounted for 20% of all SMEs supported under Dorset HVMAP (P13 output). However, the largest number of businesses were in the 10-49 employee bracket – as shown in the below charts.

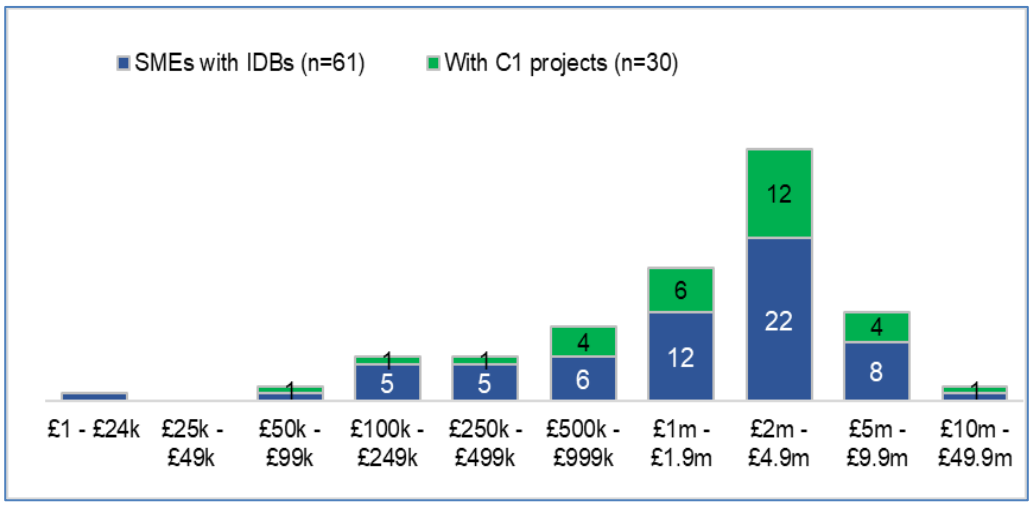
[10] All data that has been analysed for this summative assessment covers the period Q4 2019 to Q1 2022 inclusive

Chart 22: Dorset HVMAP Businesses by Employee Size Band



(Source: Dorset HVMAP programme monitoring data)

Chart 23: Dorset HVMAP Businesses by Turnover Size Band



(Source: Dorset HVMAP programme monitoring data)

Given one of the objectives and focus of the Dorset HVMAP was to promote investment in new technology and manufacturing techniques it is useful to understand the typical levels of R&D expenditure by supported businesses (prior to receiving support through Dorset HVMAP). This is shown in Table 12. This shows that approximately 56% of beneficiary businesses had not previously invested in any R&D activity prior to their engagement with the project. Overall, over 68% of beneficiaries had invested less than £25,000 in R&D activities previously (although the figure is lower for those C1 projects – 59%).

Table 12: Dorset HVMAP – R&D spend at IDB

R&D Spend	SMEs with IDBs		With C1 projects	
	34	56%	16	53%
£1 - £9k	3	5%	1	3%
£10k - £24k	4	7%	1	3%
£25k - £49k	4	7%	2	7%
£50k - £99k	4	7%	3	10%
£100k - £499k	9	15%	5	17%

£500k - £999k	3	5%	2	7%
£1m - £1.9m	0	0%	0	0%
£2m - £5m	0	0%	0	0%
Total	**61**	**100%**	**30**	**100%**

(Source: Dorset HVMAP programme monitoring data)

Businesses were also asked how many products they delivered to the market. Table 13 shows that approximately one-third of Dorset HVMAP businesses had not yet developed or commercialised a product offering. It is important to note that a lot of businesses manufacture products to demand, for example building to a CAD drawing, and then ship it on. In other words, they do not manufacture products they've designed or developed themselves.

Table 13: Dorset HVMAP products at IDB stage

No' Products at IDB	SMEs with IDBs		With C1 projects	
	20	33%	9	30%
1 - 24	36	59%	18	60%
25 - 49	3	5%	2	7%
50 - 99	0	0%	0	0%
100 - 199	0	0%	0	0%
200 - 299	0	0%	0	0%
300 - 399	1	2%	0	0%
400 - 499	0	0%	0	0%
500 - 599	0	0%	0	0%
600 - 699	0	0%	0	0%
700 - 799	0	0%	0	0%
800 - 899	0	0%	0	0%
900 - 999	0	0%	0	0%
1000 or more	1	2%	1	3%
Total	**61**	**100%**	**30**	**100%**

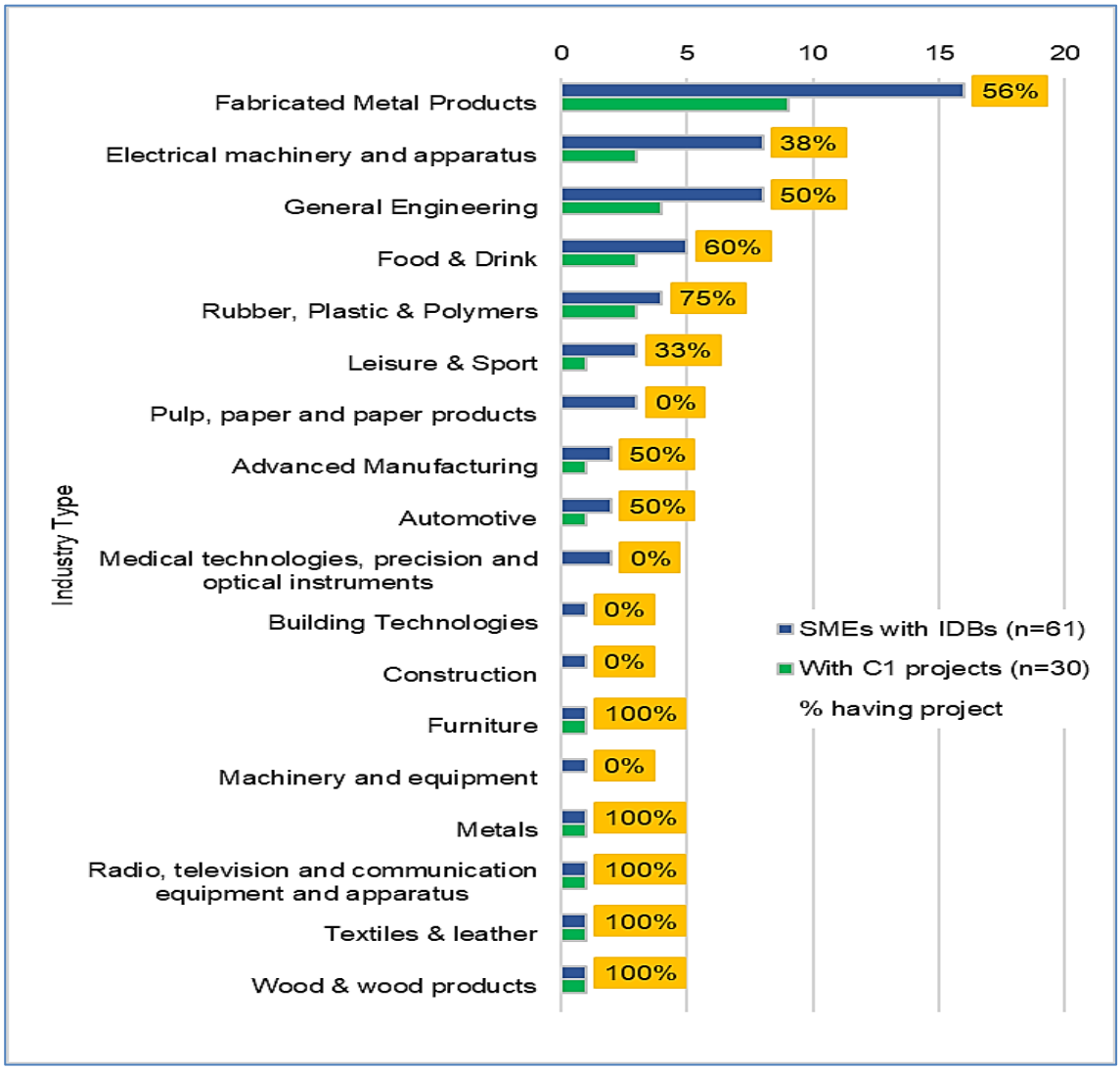
(Source: Dorset HVMAP programme monitoring data)

This profile data is important in the context of the objectives of the project. It appears that the businesses engaged through Dorset HVMAP were well targeted in the context of its overall objective of stimulating investment and product development.

In terms of the industrial/sector profile of business receiving IDB support, the 'fabricated metal products' represented the biggest grouping of businesses – approximately 26% of businesses receiving IDB – followed by 13% in both 'electrical machinery and apparatus' and 'general engineering'.

Chart 24 shows, for each industry type, the percentage of businesses who received IDB support which subsequently then received project support.

Chart 24: Dorset HVMAP business beneficiaries by broad sector



(Source: Dorset HVMAP programme monitoring data)

3.6 Covid Response

As previously highlighted, the Dorset HVMAP largely commenced at the start of 2020 – 2-3 months prior to the Covid-19 pandemic and the significant impact that had on all aspects of social and economic life. Included in this was the dynamic and volatile situation suddenly facing businesses, as well as the need to quickly understand how the ERDF funded programmes needed to react to the restrictions that were put in place – primarily periods of lockdown and the inability to have any physical contact.

In terms of the overall impact of Covid-19 on the manufacturing community, there were broadly two sides of the equation, although in reality the dynamics of how it impacted on the business community were multi-faceted and complex. Negatively, some businesses simply shutdown as the restrictions were put in place. In other instances, some businesses quickened their focus on reducing sub-contractors and shortening supply chains. In other instances, other businesses were able to pivot to exploit opportunities that occurred as a result of the pandemic, but then needed to address issues such as capacity, reorienting manufacturing processes/facilities and delivery times - at the same time as managing unavailability of staff.

The consensus from the SWMAS team was that they generally saw evidence of a delay in investment plans in manufacturing businesses, with those investment plans only beginning to return in the last 6-9 months.

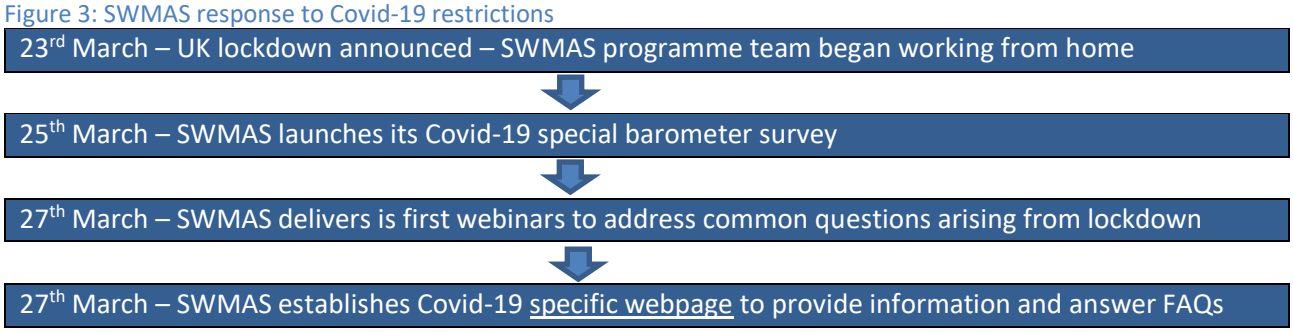
As described previously, the model of support provided by SWMAS is very much based on the manufacturing specialists meeting businesses face-to-face onsite. The onsite element is seen by the manufacturing specialists as fundamental to building an understanding of the business. The initial 'walk around' a manufacturing site can highlight several issues such as whether the business is struggling to meet commitments, waste management, staff usage etc. This then forms the basis of the subsequent discussions and very much fits with the SWMAS model of providing a review of the whole organisation. The SWMAS manufacturing specialists strongly feel that they are often able to identify issues by being on-site that the businesses haven't necessarily already recognised. The Covid lockdown immediately ended the ability to make these on-site visits. Consequently, SWMAS had to consider how it could continue delivering the ERDF programmes – including Dorset HVMAP.

Our consultations with the team highlighted that the response to the restrictions was quick. In effect, it developed a programme of online webinars and workshops and began to deliver by the end of March – within 1-2 weeks of the initial lockdown period. It used several new platforms and online tools to provide interactive and engaging sessions for workshop attendees e.g. Mural online whiteboard, ShowTime training platform etc. For example, it used polling type questions in sessions to help SWMAS understand business needs at that time.

The content of the webinars and online workshops covered a range of topics (as shown in Annex D) and broadly focused on helping manufacturing businesses navigate through the pandemic, either by addressing some of the difficulties that arose or helping understand and investigate some of the evolving opportunities. Various members of the SWMAS team – including the manufacturing specialists – had a central role in designing the event content and also had roles in delivering these online webinars/workshops.

In broad terms a timetable of how the programme responded is set out below.

Figure 3: SWMAS response to Covid-19 restrictions



The specific extent of the online delivery provided by SWMAS during 2020/2021 when the lockdown restrictions were largely in place are set out fully in Annex D – highlighting that the offer was extensive and represented a regular flow of provision. Overall, there were 40 webinars provided, with 1,747 registrations and 1,236 people eventually attending. This represented 296 individual companies attending across the 40 events – a considerable achievement.

In terms of attendance by businesses within the Dorset HVMAP area, over 2020/2021 131 businesses attended an online event/webinar, although several businesses attended more than one (44 unique companies attending).

The event feedback that was provided indicate that these sessions were well received and valued at a delicate time for many businesses – sample shown below:

"The 20 rules is very helpful for the standard manufacturing process – and was very informative."

"Some really nice clear information to help us develop. I like the level of interaction that was encouraged."

"I found it a useful overview and great to have a recap on best practice design principles."

"Great insight into how to apply improvements to a manufacturing environment without making it sound over complicated."
(SWMAS event attendees)

These sessions also played an important role in raising awareness of the SWMAS programmes (as discussed in Section 3.4 Marketing and Communications). In effect, they also acted as a shop window for the support that SWMAS could provide, as well as introducing SWMAS to a set of businesses they may not have previously worked with. SWMAS were able to follow-up directly with businesses who attended an online event, or a business who attended subsequently contacted SWMAS.

In terms of how the ongoing support was provided by the manufacturing specialists, this had to be largely online. Manufacturing specialists had to organise online discussions with businesses. Again, online tools were adopted by the manufacturing specialists to help them. For example, software to process map. In some cases businesses were sent GoPro cameras so that the business could provide a virtual tour of premises and operational systems. Whilst second-best to a physical site visit (the manufacturing specialists indicated that a 360° view of premises is invaluable) this was sometimes useful.

Overall, the response to Covid-19 and the ensuing restrictions by SWMAS was swift and responsive. Subsequently, it has managed to continue to deliver the Dorset HVMAP programme through nearly two years of lockdown – needing to somehow adjust to not being able to undertake site visits – a fundamental part of the support model. Our view is that it has reacted to the unusual circumstances in a highly commendable way. Whilst Covid has had an impact on the demand for the programme (and some of the associated expenditure – as discussed elsewhere) – meaning that SWMAS have had to work harder to develop a pipeline of interested businesses – it has faced these headwinds well.

There are some further issues to highlight with regards to the impact that the pandemic had on the ERDF programmes:

- It did have some impact on the strategic dimensions of the project and levels of engagement with partners such as LEPs, local authorities etc. Inevitably the focus for many organisations was on determining the best response to the pandemic and staff time and resources were shifted onto the response.
- Similarly, the Growth Hub response at the time tended to focus more on those sectors that were experiencing significant distress as a result of lockdown e.g. retail, pubs and restaurants etc. Consequently, SWMAS did notice a drop-off in referrals from Growth Hubs at that time.
- There was a slight shift in the target business for the programme. During that time there was an increase in demand from smaller businesses and the SWMAS ERDF programmes needed to respond to that demand. Consequently, the Dorset HVMAP has supported a profile of businesses that tended to be slightly smaller than intended at the outset.

SUMMARY:

- The overall view from the stakeholders and partners we consulted as part of this evaluation was that SWMAS was seen as an experienced and 'trusted partner' within the business support landscape. They continued to be seen to deliver a quality service.
- The SWMAS management team (by partners) and the Dorset HVMAP manufacturing specialist (by businesses) were held in high regard. In our view, the experience and continuity brought by SWMAS continues to be beneficial to delivery. Experience is key, and underpins the quality of support provided to businesses, as well as management of the programmes. Specifically, previous experience of delivering ERDF programmes has clearly helped.
- The programme management information held by SWMAS is of a high quality and is effectively used as management information by the core team to help direct activities and ensure that it remains on target to deliver against its contractual targets.
- The Dorset HVMAP has been delivered in a relatively light-touch manner, with one dedicated on-the-ground manufacturing specialist supported by the SWMAS programme management team (with their costs shared across the other ERDF funded programmes). The achievement of project objectives (although with some ground to make in terms of output delivery) indicates that it has been resourced appropriately. The feedback we have received from partners – as well as the manufacturing specialists themselves – have highlighted the importance of a relatively constant presence in the region, making the process of referrals easier.
- The ERDF output targets have been seen as 'stretching but realistic'. In part, this reflects that they were defined by SWMAS at the outset in a pragmatic and realistic manner.
- Compliance and eligibility of delivery against ERDF requirements was well managed and appeared robust. Manufacturing specialists were given clear guidance by the programme management team and used their experience and judgement well. We feel the internal audit process that was shared across the team was beneficial in deepening and broadening this knowledge.
- In the previous LMAP evaluation we highlighted the need to increase visibility of the programme across areas, including with the Growth Hubs given their intended central role in helping businesses navigate to the right support provider. We feel this has improved markedly in this current programme period. In Dorset, there has been good visibility and a good relationship with the Dorset Gateway. As with elsewhere, a Service Level Agreement has been in place between SWMAS and the Dorset gateway which has set out the expectations from both parties.
- The overall consensus from the evidence we have collated through this evaluation has been that the support provided through Dorset HVMAP has met and/or exceeded the expectations of supported businesses (noting that expectations from some businesses previously supported by SWMAS have been high). The feedback we have received has been overwhelmingly positive, although recognising this was based on a sample of beneficiaries.
- We continue to feel there are important lessons to be learnt from how SWMAS have managed and delivered the grant process. The discretion and responsibility given to the manufacturing specialists has resulted in a relatively 'lean' process which has been well received. Many of those businesses we spoke to compared it favourably to other public grant schemes they have encountered. We feel that this approach – backed-up by robust 'checks and balances' in the programme management team – could be considered elsewhere if appropriate. There is not always the need for decision-making by committee.

- Marketing activity for the SWMAS ERDF funded projects (including Dorset HVMAP) has, deliberately, continued to have been kept focused and targeted by SWMAS for a variety of reasons, not least the crowded business support landscape that exists for businesses in many areas. SWMAS has continued to focus on the SWMAS brand, rather than Dorset HVMAP per se. The businesses and stakeholders consulted for this evaluation have tended to associate the support provided as SWMAS. In our view, this has been a sensible and practical approach, utilising the already established and respected SWMAS brand which has been developed over several years. Importantly, it has built on the high regard of the experience and knowledge held by SWMAS as an organisation.
- The project monitoring data shows that the Dorset HVMAP has been successful in supporting a wide range of business types, both in terms of scale as well as market/sector. Importantly, the data highlights that the programme has supported many 'mid-sized' businesses e.g. employing more than 10 employees and/or have an annual turnover +£500k. This is despite the SWMAS programme team indicating that they did eventually support a typically smaller business profile than originally intended, given the need to respond to increased demand from smaller businesses as a result of the pandemic.
- The response by SWMAS to Covid-19 and the ensuing restrictions was quick and decisive. It quickly switched to an online model of support. Firstly, with a slight switch to a one-to-many approach through an extensive series of online webinars and events. Subsequently, it has had to adjust its processes - both in terms of ERDF compliance as well as the actual support provided to businesses.

SECTION FOUR: PROJECT OUTCOMES AND IMPACT

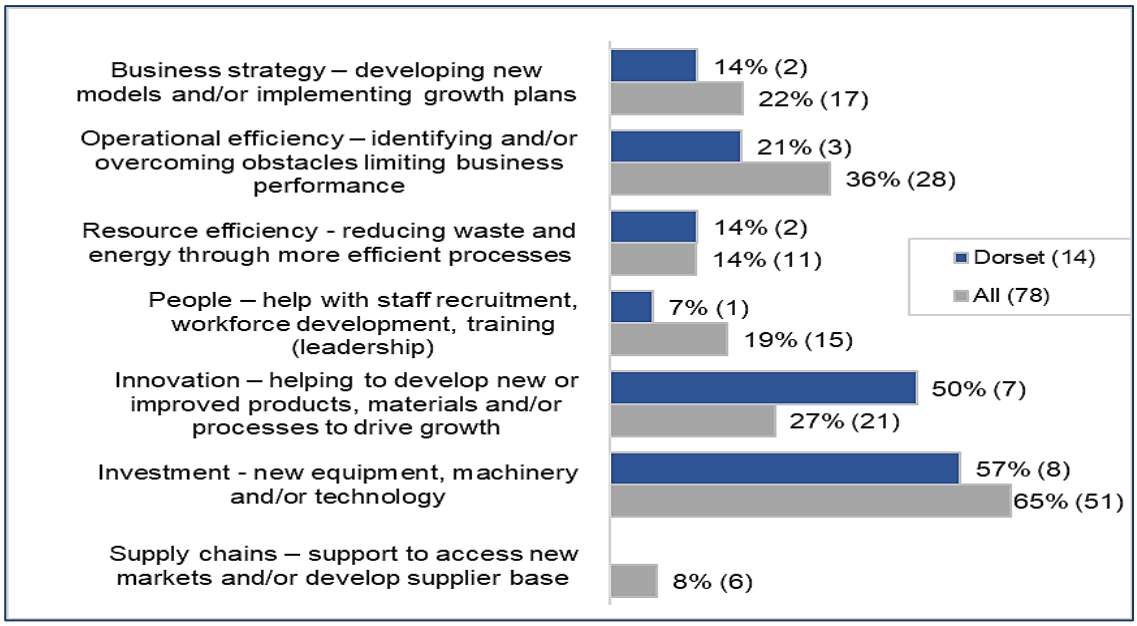
Having provided an overview of progress and outputs in Section Two, this section of the report focuses on wider outcomes and impacts arising from Dorset HVMAP's service with reference to the beneficiary experience and the project logic chain. This section also considers the project's additionality and Strategic Added Value, concluding with an assessment of whether it has made a difference.

4.1 Stimulating investment and innovation

One of the key objectives of the Dorset HVMAP was to stimulate investment in new product/service development. Indirectly an emphasis of the project was to promote innovation within the area's manufacturing sector. As previously indicated the promotion of innovation is central to the UK's Industrial Strategy, as well as being a core focus of local economic development policy across Dorset and Bournemouth, Christchurch and Poole.

The online survey asked businesses in which broad areas the SWMAS support helped with. This is shown in Chart 25, these findings complementing the monitoring data highlighted previously with regards to the focus of support. Respondents were able to choose more than one option. Whilst most focused on investment in new equipment, machinery and/or technology, there was also a strong focus on 'innovation' – with 50% of those responding feeling this was an important element.

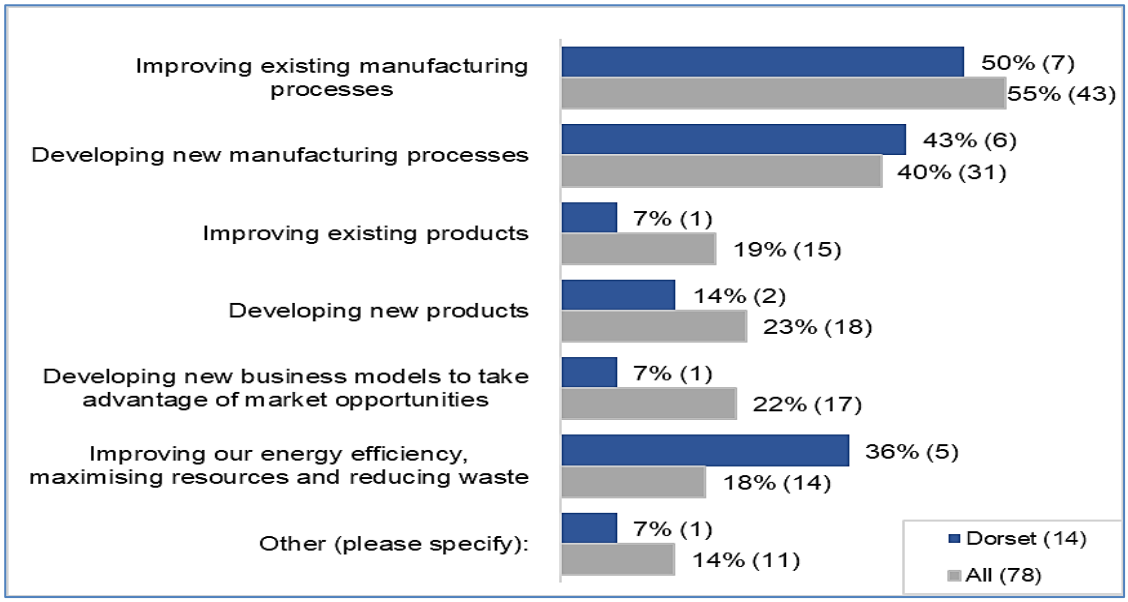
Chart 25: Which business areas did SWMAS help you with?



(Source: Dorset HVMAP business beneficiaries online survey)

In terms of the specific focus of the support within the businesses, many were focusing on improving existing manufacturing processes or developing new processes. Within Dorset there was also a focus on improving energy efficiency, maximising resources and reducing waste (noting the earlier reference to links established with Low Carbon Dorset). As expected, there was also a focus amongst beneficiary businesses of developing new, or improving existing, products. Whilst noting that this is based on a relatively small number of businesses, it does provide some indication that the project was relatively successful in supporting businesses to innovate – either in process or product terms.

Chart 26: Which of the following did the support help you with?

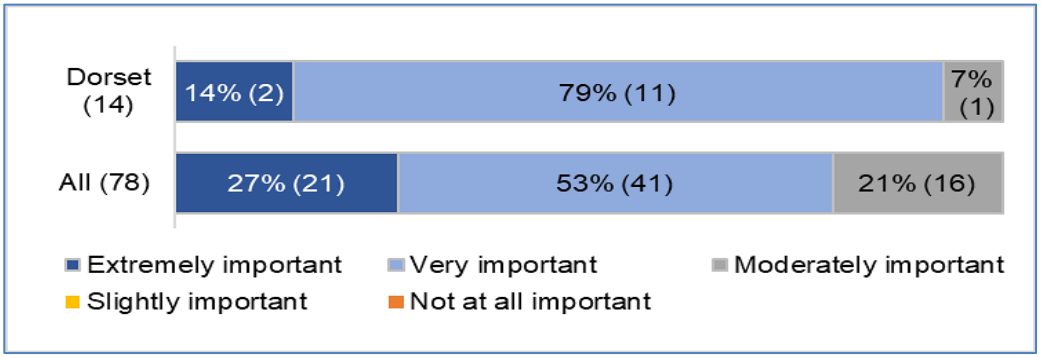


(Source: Dorset HVMAP business beneficiaries online survey)

4.2 Overall value of support

The overall value that beneficiary businesses have placed on the support received from the Dorset HVMAP can be illustrated through a key question in the online survey. Beneficiary businesses were asked how important the support has been to the subsequent development of their business. 93% of those who responded in Dorset (13) stated that it has either been 'extremely important' or 'very important' to the development of their business. Looking across the four programme areas in this evaluation activity, 79% of businesses across the whole cohort who responded to this question (78) also felt the support was either 'extremely important' or 'very important' to the subsequent development of their businesses. Again, this was corroborated by the sample of businesses we spoke to.

Chart 27: How important has the support received been to the subsequent development of your business?

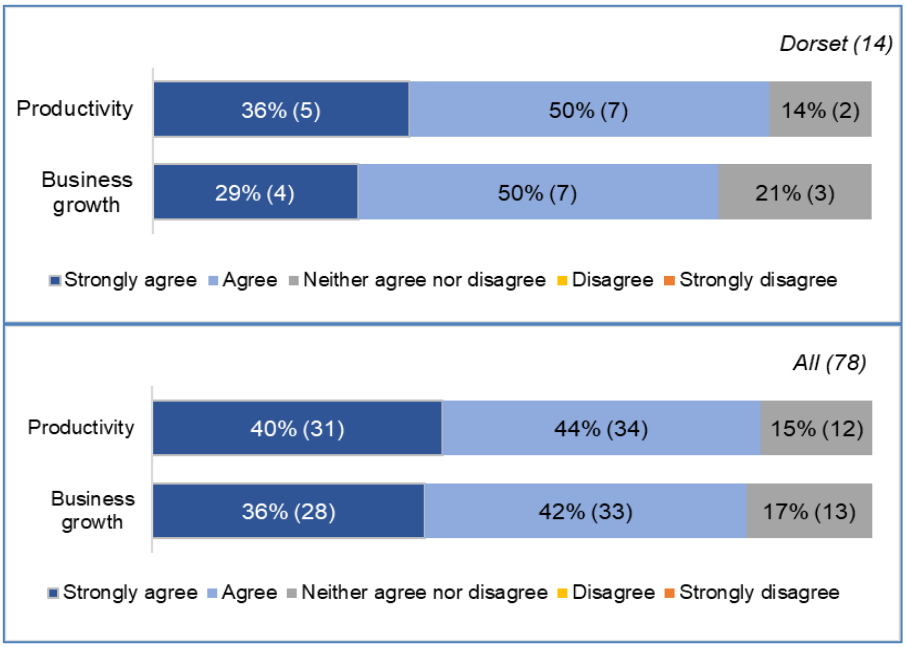


(Source: Dorset HVMAP business beneficiaries online survey)

Businesses were also asked a series of questions that focused on specific aspects of how the support from Dorset HVMAP may have helped them. These questions were linked to the overall objectives of the Dorset HVMAP programme (improving productivity and promoting innovation), as well understanding whether the programme had played a beneficial role in helping the business address difficulties and/or exploit opportunities presented by either the pandemic and/or Brexit.

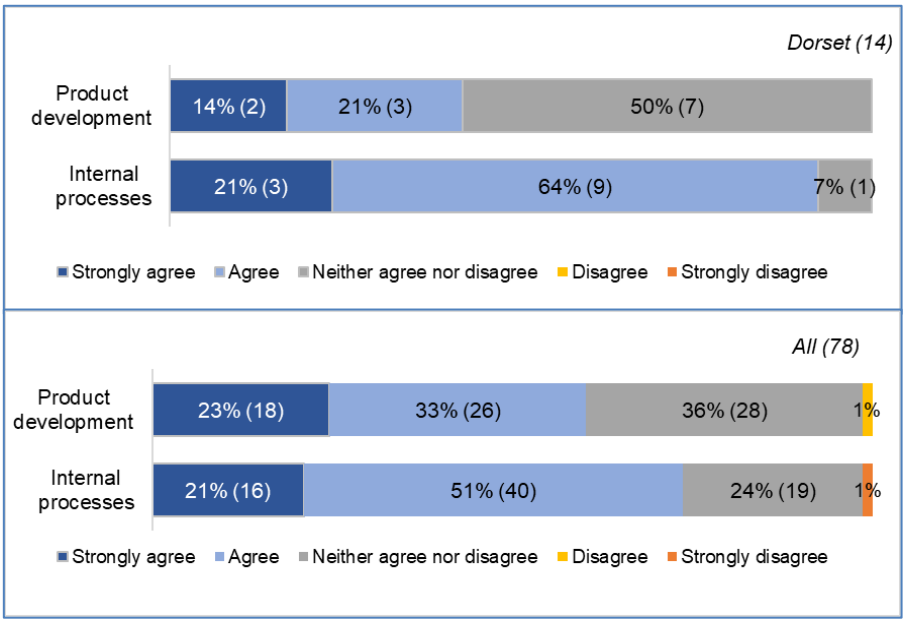
The results of this are shown in Charts 28-30. In terms of productivity, this very much remains a policy focus at both a national and local level. Therefore, the evidence that illustrates that the programme has helped businesses improve their productivity highlights the value of the Dorset HVMAP. Therefore, we feel confident that the project is playing a successful role in improving productivity in what remains an important sector.

Chart 28: To what extent do you agree this support has helped us improve our capacity to innovate in terms of productivity/business growth?



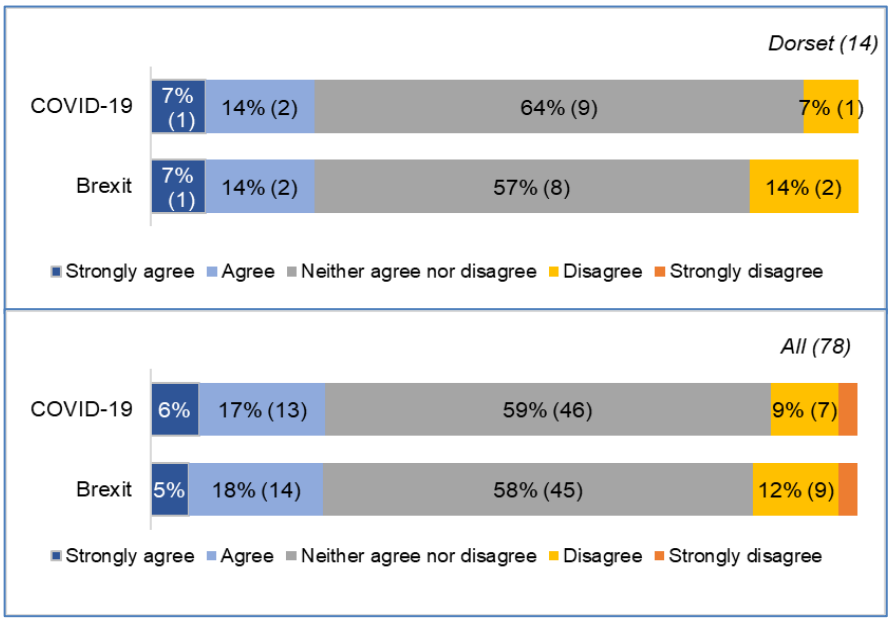
(Source: Dorset HVMAP business beneficiaries online survey)

Chart 29: To what extent do you agree this support has helped us improve our capacity to innovate in terms of product development/internal processes?



(Source: Dorset HVMAP business beneficiaries online survey)

Chart 30: To what extent do you agree this support helped us address some of the difficulties and/or opportunities presented by Covid-19 and/or Brexit?



(Source: Dorset HVMAP business beneficiaries online survey)

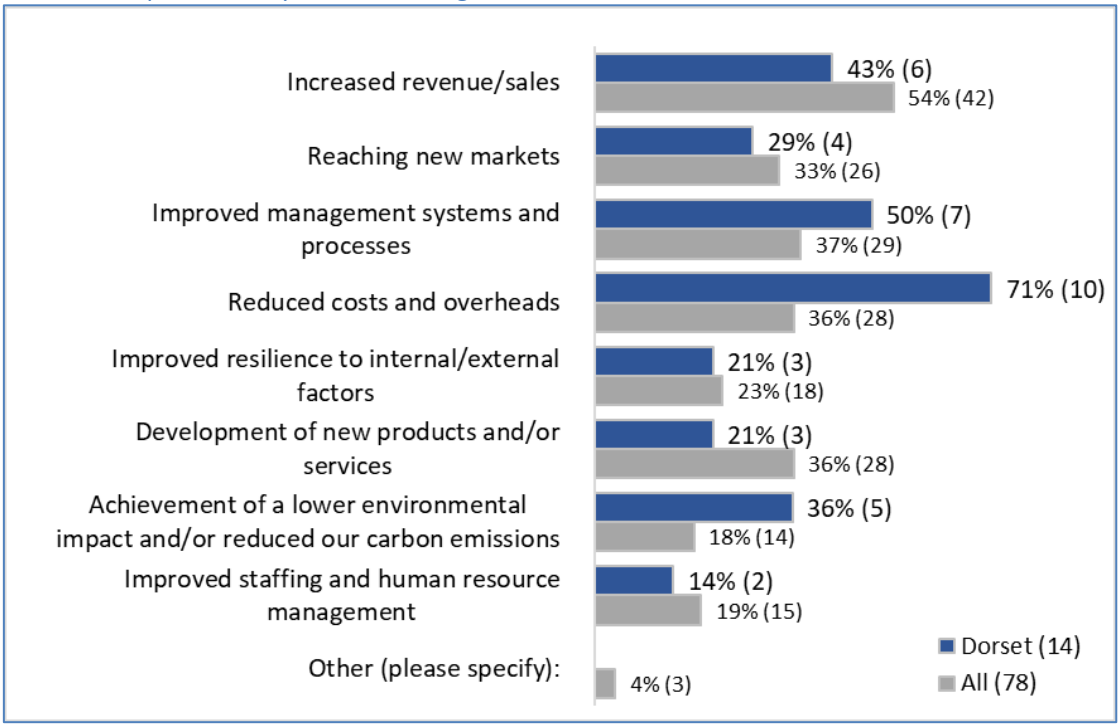
The responses to the question regarding whether the SWMAS programmes had a beneficial role to play in helping businesses withstand the worst impacts of the negative impacts (or exploiting the positive opportunities) of Covid and/or Brexit, potentially highlights it was never a primary focus. Most businesses that responded did not feel it played a significant role in these aspects, although around a quarter felt it was beneficial.

4.3 Business outcomes and impacts – to date

Businesses appear to have experienced a wide range of positive impacts as a result of the support provided. Chart 31 indicates that the support directly led to differing positive outcomes for business. Again, these positive outcomes were illustrated in our business consultations, with several businesses making it clear that the subsequent impacts would not have been achieved at the same scale, quality or timing (this is discussed more later in this section). In a sense, this represents a further key finding of this evaluation. Whilst recognising that the evidence is based on a sample of business beneficiaries, we feel there is reasonable confidence in the conclusion that the Dorset HVMAP had a positive influence (significant in many cases) on the successful outcomes/impacts for supported businesses.

Businesses were able to pick more than one option in response to the question, indicating that positive outcomes were multi-faceted. For Dorset it is useful to note that a high proportion highlighted that the support led to reduced costs and overheads – linking to the focus on operational efficiency provided by the manufacturing specialists.

Chart 31: As a result of the support received through SWMAS, has your business experienced or do you expect your business to experience, any of the following benefits?



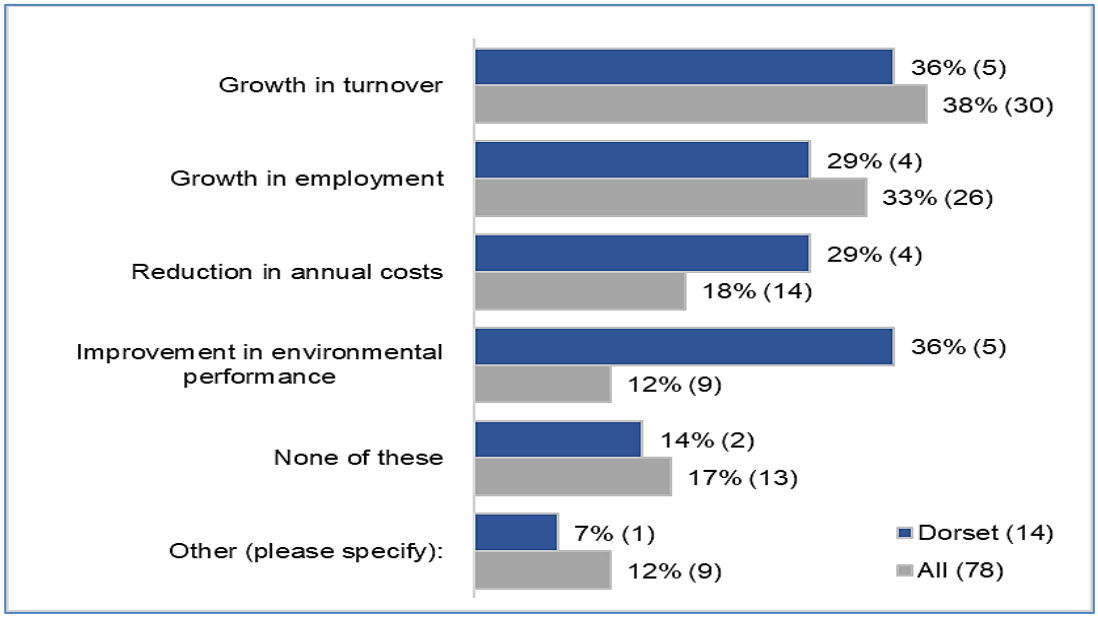
(Source: Dorset HVMAP business beneficiaries online survey)

These positive outcomes already appear to be feeding through to positive commercial impact for many supported businesses. As Chart 32 illustrates, positive commercial impacts include growth in turnover, employment and reduction in costs. Again, survey respondents were able to choose more than one option if the positive impact had been multi-faceted. It is encouraging that across the ERDF funded SWMAS programmes around a third of all businesses (26 out of the 78 businesses who responded to this question) felt that the support had a positive employment impact. It is useful to reiterate that job creation would not necessarily be expected as a *direct* result of the support provided through the project.

As shown in Chart 25 earlier, the primary area of support provided was on improving operational efficiency. You would not necessarily expect employment to increase as a result of improving the operational efficiency, indeed it is feasible that the outcome would be a reduction in labour input. However, the positive impact of the project support on employment is expected to be *indirectly* associated – driven by the subsequent growth of the business which has been partly facilitated by the support.

It is also useful to highlight that there appears to have been a stronger focus in Dorset – when compared to the other programme areas – on improvement of environmental performance.

Chart 32: In terms of impact as a result of the support received through the programme – has your business experienced any of the following?

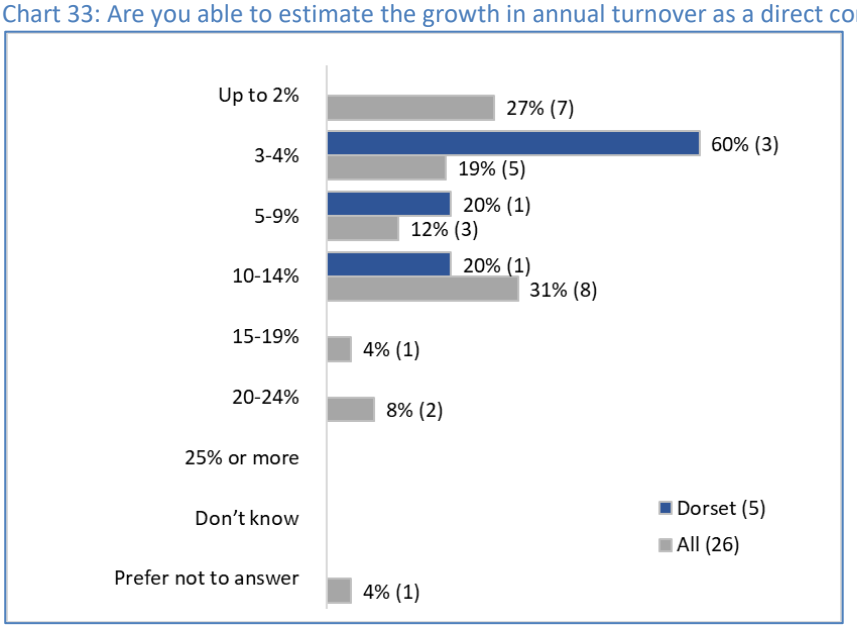


(Source: Dorset HVMAP business beneficiaries online survey)

For those businesses which responded positively to the impact of support on turnover and/or employment, they were asked a further question to understand the scale of impact experienced to date. In terms of turnover impact, the (26 across the four programme areas) survey responses indicate that for several businesses the impact on their 'top-line' had been fairly significant.

As Chart 33 illustrates, across the four programme areas a number of firms (c40% of those who responded) feel that their annual turnover has been boosted by over 10% (from pre-support levels). The majority experienced an annual turnover uplift up to 10% - still a considerable achievement for the scale of support provided.

Chart 33: Are you able to estimate the growth in annual turnover as a direct consequence of this support?



(Source: Dorset HVMAP business beneficiaries online survey)

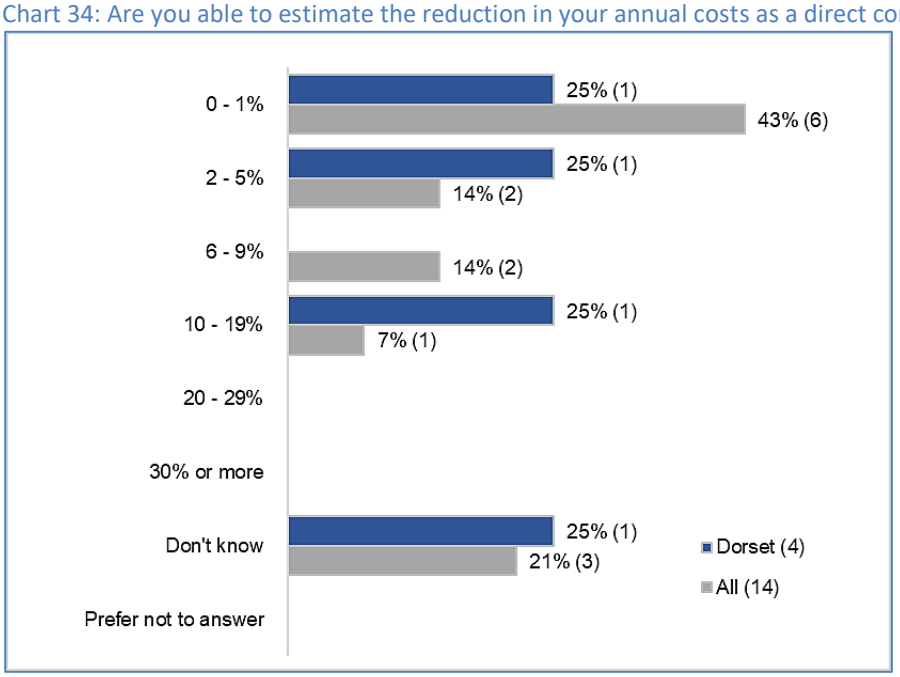
Again, it is important to urge caution given this is based on a small sample of supported businesses (noting the earlier point about 'positive bias' in survey responses), the responses are nevertheless encouraging. We were careful to word the question so that it was clear we were asking about the turnover impact that could be *directly* associated with the SWMAS support, specifically for Dorset HVMAP, but also across the four programme areas.

Out of the four respondents to the Dorset HVMAP survey that said they had experienced a growth in employment as a *direct* result of this support, two estimated the employment growth to be 2-3 new full-time jobs, one business 1 new full-time job, and another 1 part time job. Across the four programme areas (22 respondees), 12 said that they had created 1 new full-time job, 8 had created 2-3 new jobs, and 1 had created 5-8 new jobs. 6 of those businesses had also created 1 new part-time job.

In addition, we also asked whether businesses had experienced a reduction in their cost base as a result of Dorset HVMAP support, again against the baseline of their pre-support annual cost base. This is relevant given the focus of support on operational efficiency.

Chart 34 shows the estimated impact in terms of cost reductions. Whilst the majority of responses estimated that Dorset HVMAP support had contributed to a reduction of annual costs of circa 0%-5%, a small number of businesses (across the four programme areas) estimated that the impact had been much more significant – in excess of 6% per annum. Given the continued cost pressures that manufacturing businesses face, the impact on the 'bottom line' is highly important.

Chart 34: Are you able to estimate the reduction in your annual costs as a direct consequence of this support?

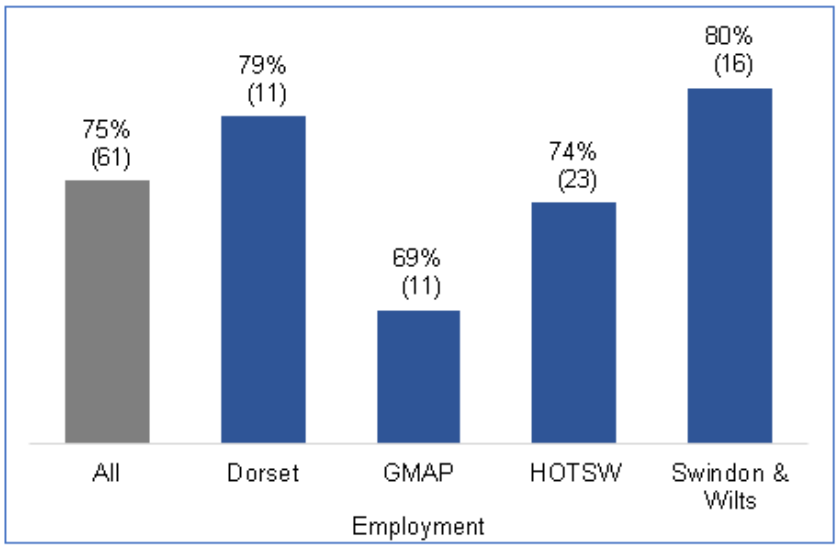


(Source: Dorset HVMAP business beneficiaries online survey)

4.4 Business outcomes and impacts – expected

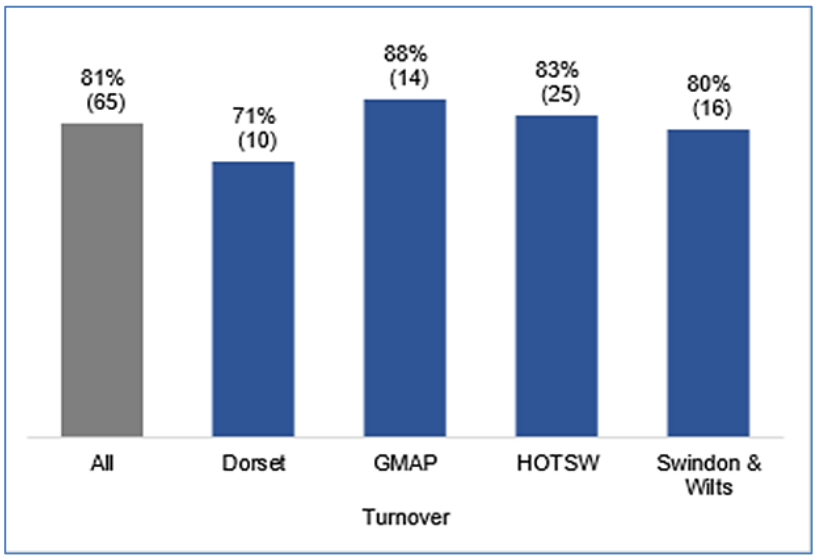
As well as the impact to date, we were also keen to understand whether the support provided through Dorset HVMAP was expected to have a future impact – mindful that the positive impacts of business support are often lagged. Again, the results from the survey and business consultations were highly encouraging. As Chart 35 and 36 illustrate, almost all businesses that responded to the Dorset HVMAP survey expected growth in turnover and/or employment at some future date (encapsulating some of those businesses where turnover had already increased).

Chart 35: As a result of the support received from SWMAS, do you expect your business to grow further in terms of employment in the next 2-5 years?



(Source: Dorset HVMAP business beneficiaries online survey)

Chart 36: As a result of the support received from SWMAS, do you expect your business to grow further in terms of turnover in the next 2-5 years?



(Source: Dorset HVMAP business beneficiaries online survey)

Three-quarters of those that responded also felt they would be able to support more jobs in the future, and that the scale of the future job impacts could be considerable. Table 14 below shows that those businesses

that indicated some future impact have estimated that a considerable level of job creation and, importantly, the safeguarding of jobs could be generated as a result of the support received.

Whilst evidence of job creation continues to be collected by SWMAS until project completion, it is likely that job creation will be lagged. Consequently, the employment impact of the project may not be fully captured through monitoring activity - the full employment of the support may be understated. This is despite the fact that the Dorset HVMAP has captured C8 job outputs far in excess of its target. The survey responses seem to corroborate that argument. Table 14 (on following page) illustrates that the impact will be a combination of new job creation and the safeguarding of existing jobs. Businesses were able to choose both options if relevant – the responses indicating that the support could lead to both outcomes.

It is also important to note that the current definition of employment impact that is allowable under ERDF output reporting[11] relates to job creation only. It does not allow safeguarded jobs to be captured (although as we have noted earlier there was a specific Covid-19 related indicator created which allowed this to be captured). The responses to the survey indicate that this is an important outcome of the support provided, that it has enabled (and continues to enable) businesses to safeguard those already in employment. This was also consistently raised in our business interviews. Consequently, it could be argued that the employment impact of the project as captured through C8 output reporting is understating the full extent of the employment impact of the project.

Table 14: As a broad estimate, how many further jobs could be supported as a direct consequence of the SWMAS support?

	Number of jobs		
	Respondents	**New jobs created**	**Jobs safeguarded**
Dorset	11	47	204
GMAP	11	23	106
HOTSW	23	49	103
Swindon & Wilts	16	31	97
Respondents	**61**	**150**	**510**

(Source: Dorset HVMAP business beneficiaries online survey)

In terms of projected turnover growth, again the response from the sample of businesses who responded to the online survey was positive. Around four-fifths across the four SWMAS programme areas expected to grow their turnover over the next 2-3 years as a result the support received. For Dorset HVMAP – albeit based on a smaller sample of businesses – there indications were also positive with respect to future growth and its association with the support received.

[11] 'Output Indicator Definitions Guidance for the European Regional Development Fund for England v6 – June 2018'

4.5 Progress in relation to the Logic Model

According to the Project Logic Model (as illustrated previously in Figure 1) the Dorset HVMAP's intended outcomes and impacts were connected to its overall objective to provide support and advice to manufacturing SME's in order to facilitate growth. As Table 15 below shows, the evaluation evidence suggests that it has fully achieved against its high-level intended outcomes and impacts.

Table 15: Progress in Relation to Intended Impacts

Intended Outcomes and Impacts	Evidence from Evaluation Process
Increased awareness and knowledge of the benefits of specialist external manufacturing advise amongst businesses assisted	✓ Support provided to several manufacturing businesses that had not previously accessed support. ✓ Provision of extensive range of online webinars and workshops that addressed some of the short-term fall-out of Covid-19 pandemic, but also as an ongoing source of support on a one-to-many basis. The online workshops also helped increase awareness of the support available, and the expertise held within the SWMAS team
Increased employment amongst assisted firms	✓ Evidence from outputs (C8) and corroborated by online survey responses that support has led to some direct job creation – even though the support has often focused on improving operational efficiency and/or greater automation in the production process ✓ However, biggest impact may be indirect job creation/safeguarding through the support facilitating subsequent growth – the online survey suggesting that the most substantial employment (new jobs and/or safeguarded jobs) impact may be lagged. However, the feedback from the sample of businesses who responded to the online survey indicate that the future employment impact may be significant ✓ Evidence also collected by the programme – provided by businesses – also indicate that some jobs were safeguarded in the context of Covid-19 i.e. the support provided helped that business withstand some of the worst effects of the pandemic
Increased productivity amongst assisted firms	✓ Response to the online survey indicates that a key outcome of the Dorset HVMAP support has been to help the business improve productivity. Approximately 80% of the businesses who responded across the four SWMAS programmes included in this wider evaluation activity 'strongly agreed' or 'agreed' that the support had improved their productivity.
Increased adoption of new processes and technology amongst assisted firms	✓ The Dorset HVMAP has already exceeded its C29 ERDF output target. To the end of Q1 2022 it had evidenced 13 businesses that had developed a new-to-firm product. ✓ Response to the online survey indicates that a key outcome of the Dorset HVMAP support has been to help the business improve productivity. Approximately 56% of the businesses who responded across the four SWMAS programmes included in this wider evaluation activity 'strongly agreed' or 'agreed' that the support had helped them with their product development.

Intended Outcomes and Impacts	Evidence from Evaluation Process
Greater connectivity with the LEP, Gateway, Growth and other business support programmes amongst assisted firms	✓ Our interpretation of the consultations held as part of this evaluation is that there has been good visibility of the SWMAS ERDF programmes across the areas when considered on an aggregate basis. We have consulted LEP representatives, Growth Hub advisors and other support providers and they have had a good awareness of the skills and capabilities of SWMAS and have viewed them as a 'trusted partner'. On the ground, manufacturing specialists have had good ongoing relationships with Growth Hub advisors

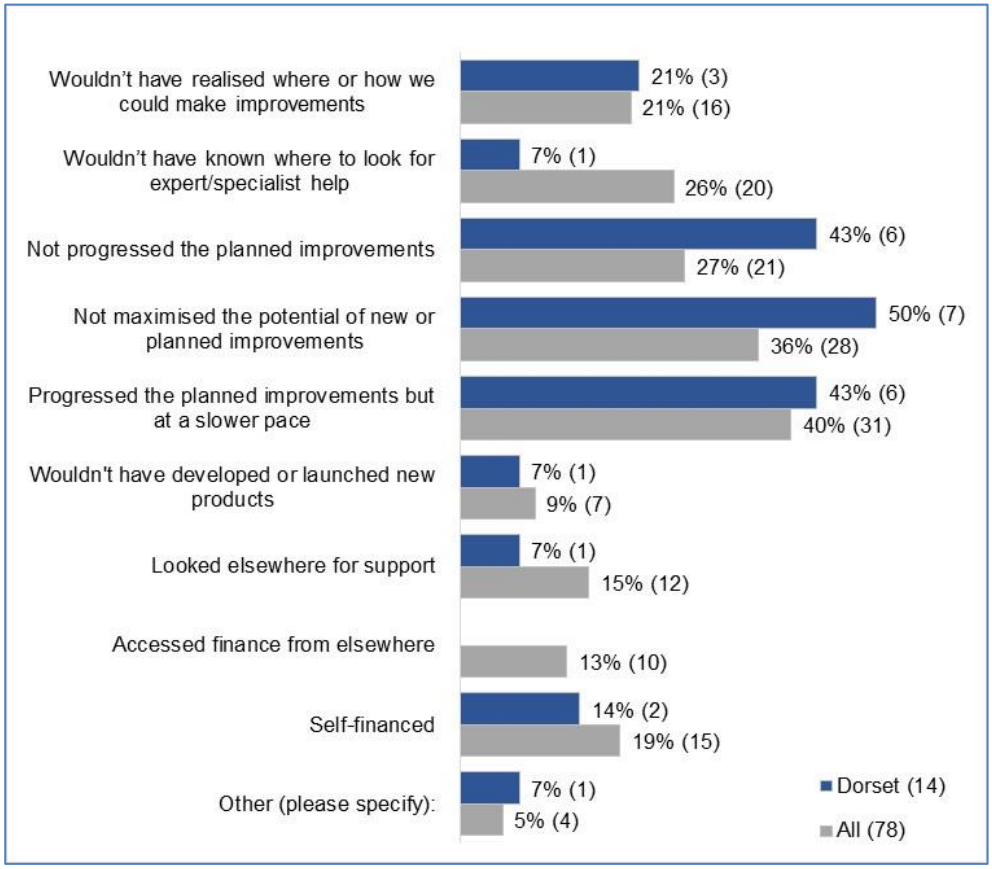
4.6 Additionality

Additionality refers to the extent to which something has happened as a result of an intervention that would not have occurred in the absence of that intervention. This is a complex concept and often difficult to measure easily.

The three common adjustment factors tend to relate to deadweight, displacement, and leakage. In terms of deadweight, we wanted to directly understand this through our contact with businesses. The online survey asked the question 'Without the support you received from SWMAS (Dorset HVMAP), what do you think you would have happened?' As Chart 37 illustrates, c43% of those who responded to the survey would not have progressed with the planned improvements at all (27% across the four programme areas). Half of those who responded would not have maximised the potential of new or planned improvements. Approximately 43% of those who responded would certainly have progressed at a slower pace (40% across the four programme areas).

These responses suggest a relatively low level of deadweight should be considered. This was corroborated by feedback in our business consultations, with several businesses citing that they simply would not have been able to implement the planned improvements without the support received. This particularly related to the grant support, with many smaller businesses not necessarily being in the position to access private loan finance to purchase the capital equipment. Even though the average intervention rate was around 20% of total project cost, this external funding contribution was often crucial in making the project happen. Our consultations certainly did not indicate that the funding was 'nice to have', rather it was integral to many. In this context, it is important to highlight that assessing that the funding was really required by the business was also the responsibility of the manufacturing specialist when developing and assessing the grant application alongside the business.

Chart 37: Without the support you received from SWMAS (Dorset HVMAP), what do you think you would have happened?



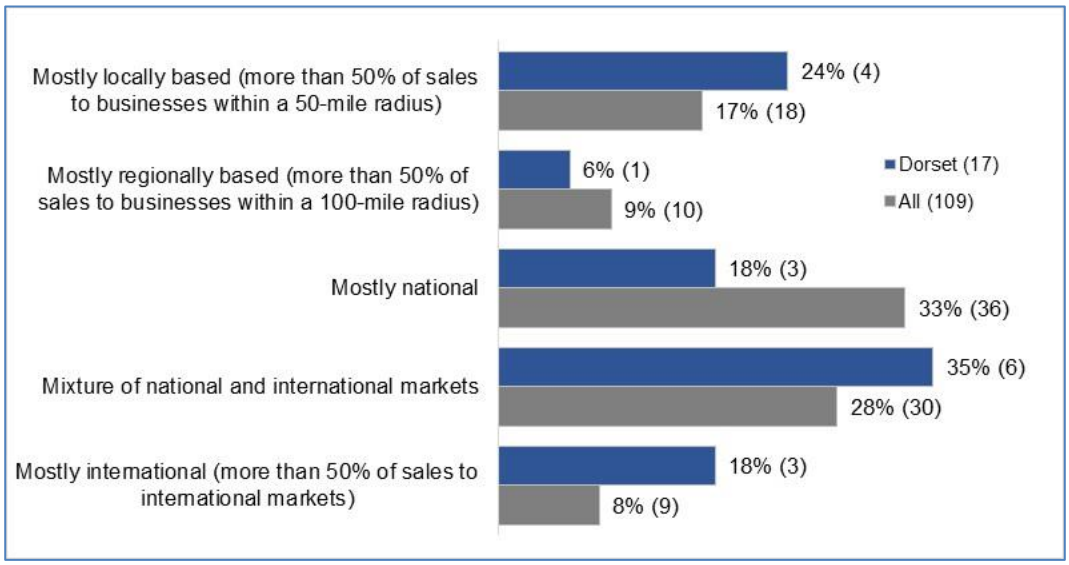
(Source: Dorset HVMAP business beneficiaries online survey)

In terms of displacement, this normally refers to market displacement i.e. that the benefits experienced by the supported business is to the detriment of a competitor elsewhere in the target area – in this case the Dorset HVMAP programme area. To better understand this (although it is inherently difficult to estimate) businesses were asked a question in the online survey regarding the geographical scope of their market.

As Chart 38 on following page illustrates, approximately 70% (12) of those who responded had a mostly national or international markets. Only 25% (4) estimated they had over 50% of their sales within a relatively tightly defined market (50-mile radius). Again, this suggests that market displacement within the Dorset HVMAP area is relatively low, particularly bearing in mind that just because a business serves a local market doesn't necessarily mean that any growth it experiences is displacing activity elsewhere (it is not necessarily a zero-sum game).

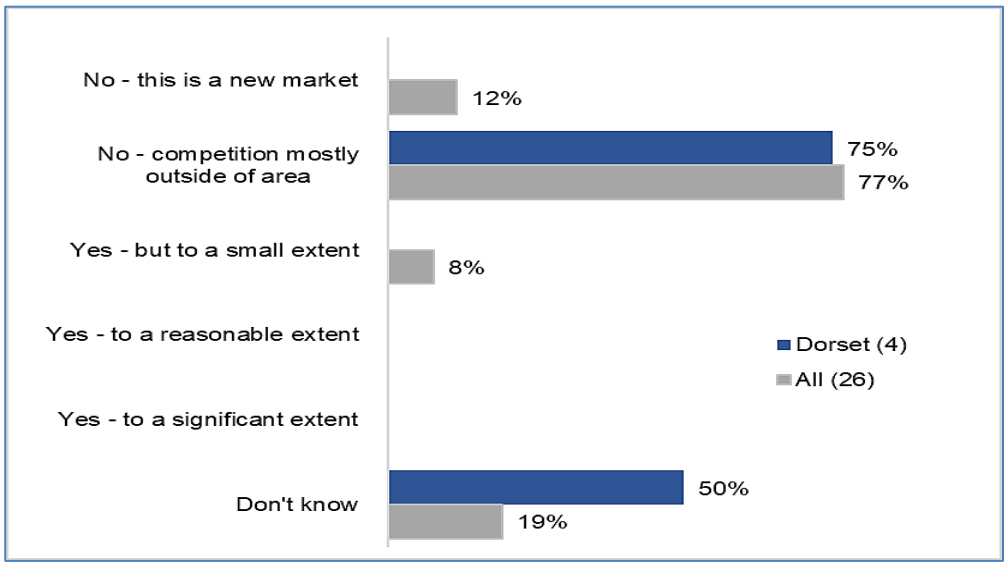
A similar question was asked of beneficiary businesses with regards to whether they felt any subsequent growth had impacted on any competitors within the Dorset HVMAP area. The majority felt that market displacement would have been minimal because they were operating in a new market, or that competition was mostly found outside of the area – as illustrated in Chart 39.

Chart 38: Which of the following statements best describes the geographical focus of your market?



(Source: Dorset HVMAP business beneficiaries online survey)

Chart 39: To the best of your knowledge, can you indicate whether the additional sales experienced as a result of the programme may have impacted upon the sales of any competitors in Dorset?



(Source: Dorset HVMAP business beneficiaries online survey)

The benchmark data for the estimation of additionality is set out in the below table. However, it is important to note that (as with the value for money benchmarks which are used later in this report) the data do not specifically relate to the type of service that the Dorset HVMAP has delivered. The benchmark data relates to relatively generic 'individual enterprise support', also relating to additionality adjustments at a sub-regional level[12]. It is also useful to note the confidence intervals associated with the benchmark estimates and that the data is now relatively old. No alternative robust benchmark data has been produced in recent years.

[12] The benchmark data was estimated at a regional and sub-regional basis. The regional definition related to the old Government Office regions. It could be argued that sub-regional benchmark is more appropriate for Dorset HVMAP. However, this often involved very few observations and is less robust – therefore we use the regional benchmark

Table 16: Review of Additionality Evidence

		Evidence from Primary Research	Benchmarks[13]	Comment
Deadweight	i.e. would the outcome have happened anyway (for example, could the business have implemented planned improvements itself without support)	As indicated in the above text, this was questioned as part of the online survey and/or business consultations. The evidence suggests that deadweight may be relatively low.	Regional median benchmark of 49.5% Mean = 47.3% (+/- 3.7% at 95% confidence level)	Evidence from survey and consultations suggest a low figure may be appropriate – 20%
Displacement	i.e. has the intervention taken market share from elsewhere in the Programme area (for example, has business growth been at the expense of other businesses in the area)	This was asked in the online survey and discussed in some of the business consultations. The evidence suggests that displacement would be low – given that many supported businesses are serving national/international markets, or that they are providing relatively specific and novel product offerings.	Regional median benchmark of 28.5% Mean = 30.8% (+/- 4% at 95% confidence level)	Evidence from survey and consultations suggest a low figure may be appropriate – 10%
Leakage	i.e. have any benefits accrued to non-target beneficiaries (for example, has job creation been supported outside of the respective LEP area)	This was not directly asked in the online survey and/or the business consultations. However, expectations of leakage is low.	Regional median benchmark of 5% Mean = 12.9 (+/- 6.2% at 95% confidence level)	Due to lack of empirical evidence we broadly adopt regional benchmark
Multiplier effects	i.e. further economic activity stimulated by the direct benefits of an intervention associated with income and supply chains	It is not possible, without rigorous analysis of supply chains to gain an empirical understanding of multiplier effects	Regional median benchmark of 1.45 Mean = 1.44 (+/- 3.5 at 95% confidence level)	Due to lack of empirical evidence we broadly regional benchmark

[13] BIS Occasional Paper No 1. Research to improve the assessment of additionality (October 2009)

4.7 Assessment of impact

As indicated in the previous sections, the responses that we have received through the online survey – and corroborated in the sample of follow-up interviews – is that project has had a strong positive impact on commercial performance of the businesses. This allows us to make indicative estimates of the economic impact of the project, as measured through Gross Value Added (GVA) and employment.

However, before this exercise undertaken it is important to recognise three important factors:

- One part of our approach has been based on information received through the evaluation. In this case, the online survey that was undertaken. However, it is important to reiterate that the responses to the survey only represent a sample of businesses supported. Given that the survey was anonymised (due to GDPR requirements) it is not possible to tell whether the sample is representative of the whole supported population. As indicated earlier, we received 109 responses to the survey from businesses who received support from SWMAS across the four programmes, representing a response rate of c31% against the 354 businesses sent the survey and had received support (at least an IDB)[14]. This would mean that the confidence interval associated with this sample size would be +/-7.8% at a 95% confidence level (assuming that the sample is representative of the whole supported population)[15]. That is, we can be 95% confident that the quantitative responses provided would be within a range of +/-7.8% of the average. We use this confidence interval as a range to express the potential economic impact of the project.
- Measuring impact through GVA should only be used if it is 'relevant' to the intervention e.g. it may not be relevant to some ERDF projects which will not necessarily have a focus on commercial impact, or that impact may be considerably lagged. Innovation projects provide an example. However, we do feel there is more relevancy to the SWMAS projects, even though it is important to recognise that the feedback from the survey is that even more considerable commercial benefits may take place over time. Feedback from our telephone interviews suggested, that for some businesses, the benefit of the support was immediate e.g. new capital equipment/machinery quickly allowed them to expand production.

In terms of estimating the indicative impact of the project we use two broad approaches, and then understanding whether they broadly corroborate or differ.

- An 'employment based' approach – this simply takes the number of jobs supported and assumes that the GVA created by those new employees matches typical levels found in the area.
- A 'turnover and cost' approach – this takes the findings of the survey in terms of typical turnover 'uplift' and applies it to the baseline (pre-support) turnover figures to estimate the additional turnover that may have been supported. In a similar vein, we took the findings of the survey in term of typical cost annual cost 'reductions'[16] and applied this to baseline cost figures (for a sample of businesses) to estimate the additional cost reductions that may have been supported. Both figures have then been converted to GVA using data that has been collected by the SWMAS

[14] This was the number of supported businesses at the time the online survey was conducted. Therefore, this has been taken as the population to estimate the confidence interval

[15] Although not all of the questions were answered by all of those who responded, therefore confidence intervals would be wider for those specific questions

[16] Taken from a sample of 60 businesses in the QCD data

programme team (itself taken from the beneficiary businesses). This is explained in more detail later in this section.

Both approaches will produce an *annual* estimate of GVA impact. It is important to recognise that benefits will last longer than one year, although our expectation is that they will not necessarily persist over the long-term. Therefore, we use a pragmatic assumption that benefits will last for a period of 3 years.

We present both approaches, which effectively represent a range of potential impact.

In addition, it is important to recognise that SWMAS have also collected data from a sample of businesses across each of the four programmes. This is done at the point of project closure and is based on 'Quality', 'Cost' and 'Delivery' measurements. This has allowed SWMAS to track changes in key measures at different junctures – pre-intervention (-1 year to point of support), the point of intervention, and then forecast figures post-intervention (+1 year to point of support). This data has been collected for 60 businesses that have been supported through the four ERDF programmes covered by this evaluation activity. Therefore, it represents a sample of the total businesses supported. However, this is a very useful source of information and we present and discuss it later in this section.

<u>Employment based approach:</u>
As shown previously, 30 businesses have been supported to date through the Dorset HVMAP (with the SWMAS team projecting that 52 will be supported (C1 output) by project end, with 23 of these receiving grant support. The output monitoring data shows that evidence has been collected to demonstrate that 39 new jobs have been created, with an expectation that more will be evidenced before project close (potentially a further 31 – totalling 70). That effectively assumes that 1.3 new jobs will be created for each business supported.

The latest published data[17] (2019) provides average GVA per filled job in each of the LEP areas. This shows that in the Dorset LEP the average GVA per filled job was estimated to be £47,536, or approximately £51,500 in 2022 prices[18]. If that figure was representative of the typical productivity of a job supported through the Dorset HVMAP then we can estimate the GVA impact based on the jobs created. Again - to reiterate – we assume that the benefits associated with these jobs would persist for a minimum of 3 years. We also set it against the additionality assumptions discussed in Section 4.6 to express in 'net additional' terms. In addition, these future benefits (for those jobs being created in 2022) have been discounted to reflect social time preference[19]. However, they have not been 'decayed' to reflect any declining influence of the project support.

Based on this employment-based approach, we estimate that the Dorset HVMAP has created a minimum of £5.7mn in net additional Gross Value Added. If the project were to achieve the projected job creation numbers as detailed in Section Two, the potential GVA impact would increase significantly. Section Two shows that the project could expect to help support the creation of 70 jobs by the end of Q3 2022. Based on this projection, the net additional GVA could equate to £10.1mn by 2025 (highlighting that we assume the benefits associated with those jobs created in 2022 would persist for 3 years).

[17] 'Sub-regional productivity – Enterprise Regions' - ONS
[18] We have uplifted this using the annual UK GDP deflator
[19] Using a discount rate of 3.5% as per Treasury Green Book guidance

Turnover and cost approach:

The project monitoring data for the Dorset HVMAP shows that for those businesses that provided baseline turnover information at the time of their IDB. The median average annual turnover for Dorset HVMAP was £2.04mn.

Whilst there were a number of responses to the online survey question regarding the scale of turnover uplift as a direct consequence of the Dorset HVMAP (as shown in Chart 33) this represented a relatively small number of responses (5). Therefore we felt more robust to consider the responses across the four programme areas. 30 businesses out of the 78 who responded to the question regarding the tangible benefits experienced as a consequence of the support provided stated that this included growth in turnover (although 61 out of 81 respondees to a separate question expected their turnover to grow in the future). From the responses of these businesses, the median average annual turnover uplift was 7% i.e. above their pre-support (baseline) levels. However, we also need to recognise that 48 businesses had not yet had a positive turnover impact and we assume a '0' impact for those businesses to date. Therefore, across the whole sample this equates to a (mean) average of a 2.8% annual uplift.

A similar approach has been adopted for cost reductions. Based on a sample of businesses we estimate that the average cost base of supported businesses in the sample was c90% of turnover (including cost of sales and salary costs). Across the four programme areas within the online survey, 14 businesses out of 78 who responded to the question regarding the tangible benefits experienced as a consequence of the support provided stated this include reduction in costs. From the responses of these business, the median average annual cost reduction was c3.5% i.e. below their pre-support (baseline) levels. However, we again need to recognise that 64 businesses had not yet had a positive cost impact and we have assumed a '0' impact for those businesses to date. Therefore, across the whole sample this equates to a (mean) average of a 0.6% annual cost reduction. This was then applied against the typical turnover/cost ratio of businesses, and typical annual cost reductions.

Based on that calculation, if that typical uplift/decrease is applied to the whole cohort of 30 businesses that have been supported to date (Q1 2022), we estimate that it could have uplifted total GVA by c£2.1mn. Converting this to a GVA equivalent (from turnover) has used the 'QCD' data collected on a sample of businesses. This shows an average turnover: GVA ratio across those supported businesses of 35.6%. By utlising the confidence intervals highlighted earlier (+/-7.8%), this is within a range of £1.9mn-£2.3mn.

However, it is important to note that the Dorset HVMAP is projected to support (or evidence) further businesses over the remaining two quarters of the programme. Based on the projected figure of 52 businesses being supported (C1), then the net additional GVA impact would increase to £3.62mn, with a range of £3.3mn-£3.9mn.

Comparison of estimates:

Therefore, the two approaches do provide a relatively wide range of possible impacts as measured by GVA. Through the employment-based approach we estimate impact to date equivalent to circa £6.0mn, whilst the turnover and cost-based approach estimates an impact of circa £2.1mn. This should be viewed as the *net additional* impact.

Net additional Gross Value Added		
	Impact (delivery to date)	**Impact (forecast delivery project end)**
Employment-based approach	£5.7m	£10.1m
Turnover & cost-based approach	£2.1m	£2.8m

Placed against the ERDF (public) investment of £515,800 this would represent a return of between c4.1-11.6. As the analysis of the online survey indicated, this could increase as more positive impacts for the business develop over time. However, this is uncertain at this time and we have concentrated on estimating impact to date.

The significant difference in the range of our estimates is predominantly driven by the significant amount of jobs that have been claimed through the project.

Table 17: Estimate of impact to date

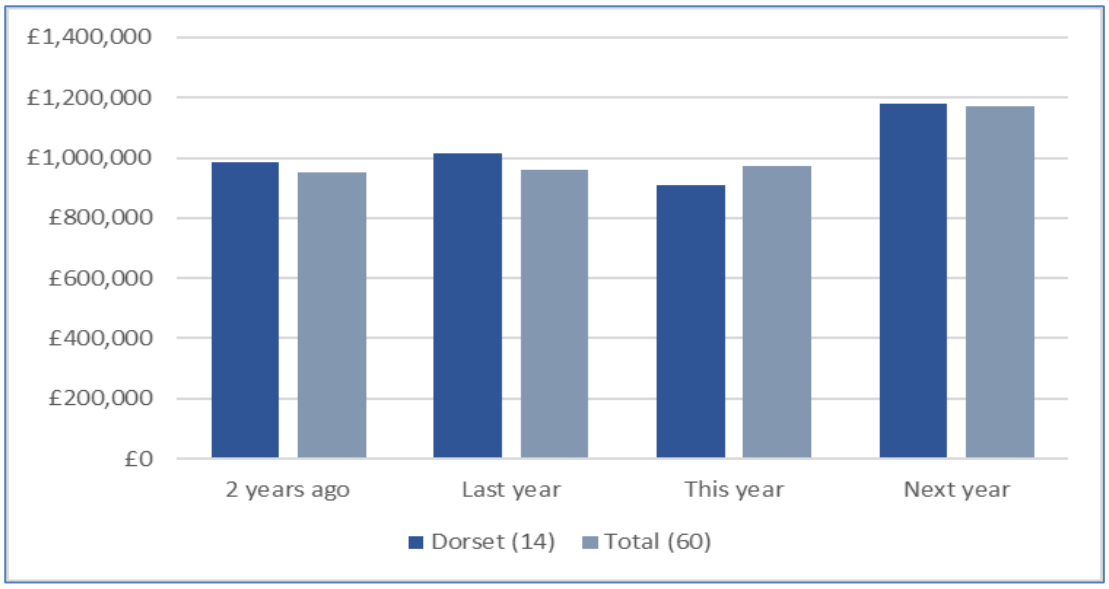
Impact Indicator		**Impact Area: Dorset HVMAP project area Performance at Time of Evaluation**		**Impact Area: Dorset HVMAP project area Projected Performance at Project Closure**	
		Measure	**Adjustment**	**Measure**	**Adjustment**
Employment (Unit = FTEs)	Gross impact	39		70	
	Deadweight/reference case	20%	(7.8)	20%	(14)
	Displacement/substitution	10%	(3.1)	10%	(5.6)
	Leakage	5%	(1.4)	5%	(2.5)
	Multiplier effects	1.4	10.6	1.4	19.1
	Net additional		37.3		67.2
GVA (Unit = £m)	Gross impact	£2.2m-£5.9m		£4.0m-£10.6m-	
	Deadweight/reference case	20%	(£440k-£1.2m)	20%	(£756k-£2.1m)
	Displacement/substitution	10%	(£176k-£477k)	10%	(£302k-£847k)
	Leakage	5%	(£97k-£215k)	5%	(£166k-£381k)
	Multiplier effects	1.4	£596k-£1.6m	1.4	£1.0m-£2.9m
	Net additional		£2.1m-£5.7m		£3.6m-£10.1m

As stated, in addition to the feedback collected through the online survey the SWMAS team also collect key financial information from beneficiary businesses (QCD data referred to previously). For Dorset HVMAP this has encapsulated 14 businesses to date. At the point of intervention, these 14 businesses had an approximate turnover of c£31.8mn, equivalent to £12.7mn GVA. Based on the projections provided by the

businesses themselves they expect their turnover to increase to c£39.4mn, equivalent to £16.5mn. This represents an average of c£269,300 per business. Across the four programme areas, the average GVA uplift equates to c£198,270. This is illustrated in Chart 40.

Clearly this scale of increase on a per business basis is far more significant than the assumptions we have used through the responses to the online survey. The QCD data may represent a better source to base estimated of impact on, even though it is only based on a sample of businesses supported.

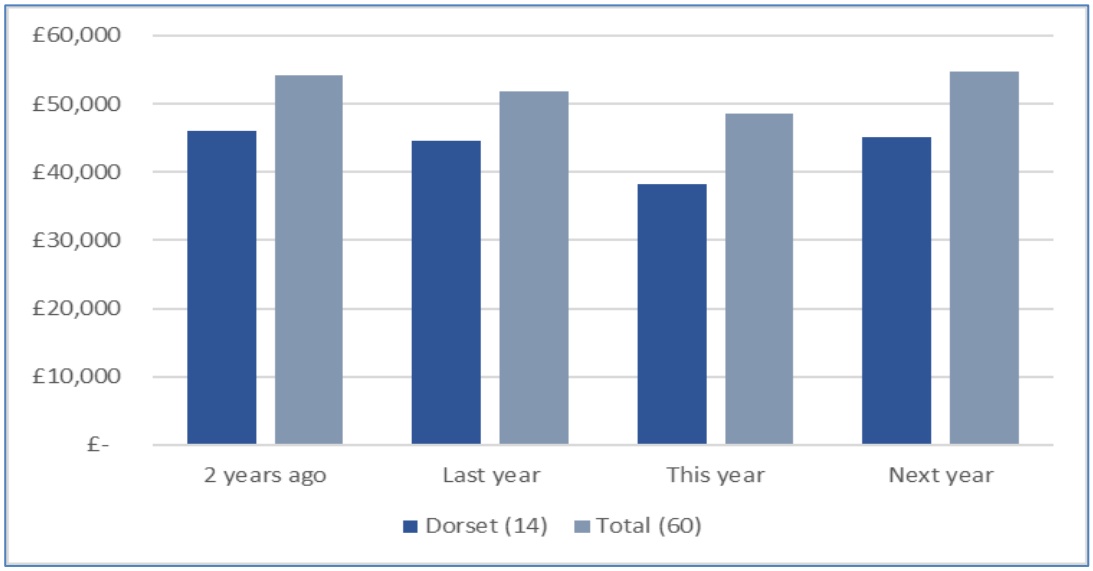
Chart 40: Projected GVA growth – QCD monitoring data (Dorset HVMAP)



(Source: Dorset HVMAP programme monitoring data)

In addition changes in other measurements are also collected through the QCD data, including value added per direct employee. Based on the sample of Dorset businesses, this shows an expectation that Value Added per direct employee would increase from an average of c£38,300 at the point of intervention to a projected £45,100 the following year – as reflected in Chart 41.

Chart 41: Projected Value Added per direct employee growth – QCD monitoring data (Dorset HVMAP)



(Source: Dorset HVMAP programme monitoring data)

4.8 Strategic Added Value

SWMAS play an important role in helping partners understand the needs and requirements of the manufacturing sector within the South West region (and beyond), principally the Local Enterprise Partnerships and increasingly the local authorities that are beginning to take a lead in setting the economic development agenda i.e. through their role in the UK Shared Prosperity Fund. Both the SWMAS Managing Director and the Operations Director have attended events (which have largely been online over the past 2 years), often providing insight and views regarding how the sector is developing. SWMAS have tried to influence local economic development policy to ensure that the needs and requirements of manufacturing and advanced engineering continue to be reflected in local priorities.

The SWMAS Manufacturing Barometer continues to provide an important insight into the issues facing manufacturers across the UK. It acts as useful evidence to understand the state of the sector. It is the largest survey of its kind focused solely on the manufacturing sector and is informing the Government's Industrial Strategy and national policy discussion on manufacturing.

Manufacturing is increasingly a difficult sector to define. In many respects new technology such as 3D printers are allowing a whole new range of businesses to 'produce' something, relatively quickly and at a lower cost. Therefore, the cohort of businesses that SWMAS aim to support is constantly evolving. This is certainly the view we have formed from speaking to businesses, they were involved in a diverse set of activities and serving very different markets. Many of the business owners wouldn't have necessarily defined themselves as manufacturers, but they were certainly involved in their own manufacturing processes. This was an observation made in the evaluation of the previous ERDF funded programmes, and the case remains – the diversity of businesses that have been supported by SWMAS is striking, although all have a production focus.

Through its role as a direct deliverer of advice and support to businesses manufacturing, SWMAS are well positioned to provide insight from the businesses. Our understanding is that SWMAS certainly try to use this position to work at a strategic level to influence policy, recognising that there is a 'public good' they can provide beyond their own commercial considerations. As previously stated, the feedback we have received through this evaluation is that they are a well-regarded and trusted organisation and their views are respected.

The ERDF funded projects – including Dorset HVMAP - have allowed them to continue to understand the capabilities and needs of manufacturing businesses across the region, helping to influence local policy moving forward. They have played a specific role in helping understand what issues have arisen as a consequence of the pandemic. Through wider work such as the specific Covid-19 Barometer, they were able to provide relatively timely intelligence regarding the difficulties (or requirements) that businesses were experiencing.

4.9 Has it made a difference?

Evidence gathered during this evaluation suggests that the Dorset HVMAP has certainly made a positive difference to the businesses that it has supported. In our view, the strength of positive feedback has been strong and allows us to have a degree of confidence that it has delivered a professional and valued service.

The professionalism of SWMAS staff and the expertise they hold have been consistent themes to the feedback received.

The evidence from the online survey and associated telephone interviews has presented a wide range of positive responses. During this evaluation we have not necessarily received any negative comments on the quality of service provided, all responses showed how positively the support was received (again recognising that there always tends to be a positive bias in responses received).

As the case studies and quotes contained throughout this report illustrate, the support has definitely made a difference to many businesses. Even though the size of grants were relatively minor, for small businesses it often allowed them to purchase new capital equipment/machinery which has been transformative. In our view the supported businesses could be broken down into three broad groups:

- those in early-stage development who simply do not have the capacity (time and cash) to address some of the operational issues that are arising through their fast growth
- those small businesses who recognise that they do not hold sufficient expertise
- those businesses that are well-established and experienced, but also appreciate the external and independent 'critical friend' role that SWMAS provides.

The survey results also indicate that the project support has already resulted in a wide range of positive commercial impacts, with more expected to be generated in the future. Importantly, many of these positive outcomes can directly be related to both the 'productivity' and 'innovation' agenda which UK Government economic policy continues to focus on. By improving cost efficiency and product development (as shown in Chart 31), the support is having a direct impact on these policy agendas.

SUMMARY:

- The majority of businesses that responded to the survey felt that the Dorset HVMAP support had been 'very important' to their subsequent development. This view was corroborated by feedback received through our telephone consultations, with support being provided at an important stage of development for many growing businesses.

- The evidence suggests that the support has led to commercial impact, with 43% of those responding to the survey stating that it had positively influenced turnover (c54% across the four programme areas) and c71% reducing operational costs. This demonstrates that support had both a top-line and bottom-line impact for many supported businesses. No businesses who responded to the online survey felt that no positive commercial impact had been experienced.

- Our objective view is that the project has fully met the objectives as defined in the original ERDF Dorset HVMAP project logic model. In that sense, it has fully achieved what it set out to do – and for what the ERDF funding was provided.

- The survey suggests that the deadweight that can be associated with the support is relatively low – many businesses would not have progressed with planned or improvement or done so more slowly and/or at a lower quality. It also suggests that market displacement is low – many businesses serving target markets beyond the Dorset HVMAP area. The businesses that were supported were also very diverse, often offering quite specific product offerings. Again, this suggests the potential for local displacement is low.

- The estimates that we have provided in terms of Gross Value Added indicate the ERDF support has generated a very positive return against that public investment. We have captured the turnover and cost impact of the project support and, assuming that the benefits of the support and advice are in place for a few years, the estimated measured impacts are significant. In our view it fully justifies that original investment.

SECTION FIVE: VALUE FOR MONEY

5.1 Introduction

Value for Money (VFM) is normally assessed with reference to project outputs, benchmarked against other similar interventions. This section of the report endeavours to provide appropriate benchmarks against which to assess Dorset HVMAP's VFM and also contextualises the assessment with reference to wider evidence.

5.2 Assessment

As with all European grants, the funder effectively agrees to 'buy' a number of outputs. In the case of Dorset HVMAP this included a relatively wide range of outputs. However, in this section we focus on the principal outputs where comparable benchmark data is available.

VFM is normally assessed with reference to project outputs and impacts, benchmarked against other similar interventions. Value for money is normally assessed against total public sector cost – in this case the ERDF funding of £515,800. Again, this is not always a completely accurate or informative exercise because interventions tend to differ. Therefore, some care needs to be taken in the interpretation of the figures.

There is one benchmark that we do use for reference. This is:

- National research conducted by Regeneris Consulting on behalf of DCLG (as was) which developed a series of benchmarks for the proposed 2014-2020 programme, based on DCLG data from the 2007 to 2014 programme[20]. It is important to recognise that this resource as a comparator is now beginning to be quite dated; and,

It is important to note that the below table includes an assessment based on outputs delivered to the end of March 2022 – and projected performance at project closure (shown in brackets). We have only included a small number of 'principle' ERDF outputs in the table. Table 18 shows that unit costs of the output delivery are expected to decrease further before the project is completed. It is also important to note that the benchmark cost per outputs are based on historical prices, whereas the cost per output for the Dorset HVMAP is shown in current prices. Therefore, they are not directly comparable due to price differentials (although we have made some adjustments to these ourselves – assuming that the benchmark figures are equivalent to 2010 prices given it was a midway point in the programme being evaluated (2007-2014)[21]. They do provide an indication of cost effectiveness.

There are several important points which need to be recognised when interpreting the below table:

- Primarily, the fact that the Dorset HVMAP has delivered a wide range of outputs through the ERDF funding. This means that no single output should be considered in isolation and to do so would be misleading. For example, a single business assist (C1) may have delivered a new product (C29) as well as supported an additional job (C8) – the cost of providing support to that business will have delivered all of these outputs.

[20] England ERDF programme 2014-2020: Output Unit Costs and Definitions. A final report by Regeneris Consulting

[21] We have estimated this to constant prices by adopting the average UK GDP deflator over the period 2010-2021 and applying it to the benchmark figures – rounded to the nearest 100.

- Also, the Dorset HVMAP model was based on a 'deeper more intensive form of engagement and support' than the previous ERDF funded programmes e.g. LMAP and HVMIP. As discussed previously, manufacturing specialists worked with businesses over a period of time – ensuring that it was led by the needs of the business. Therefore, these estimates should not be compared to previous programmes which were based on a lighter form of support and engagement.
- Given that a large proportion of the Dorset HVMAP budget was represented by grants which were given directly to businesses, the whole project cost is not that reflective of the 'cost of support'. This should be represented by the revenue funding allocated specifically to the delivery of the service. As shown earlier, this will equate to £371,600 over the project period (if target spend is met), representing SWMAS delivery costs. If the value-for-money assessment was based on that narrower definition of the cost of delivery, the cost-effectiveness of the project would increase further.

Table 18: Dorset HVMAP Value for Money Assessment – public sector cost

Indicator	Actual (Projected) Performance as March (September) 2022		Regeneris Research (based on DCLG database of projects funded through the 2007-2014 programmes)	Conclusion
	No.	Unit cost		
C1: Number of enterprises supported	**30 (52)**	**£17,193 (£9,919)**	**The mean cost was £34,000 (£42,500 in 2022 prices)** **The median cost was £10,200 (£12,700 in 2022 prices)** **The lower quartile was £4,700 (£5,900 in 2022 prices)** Regeneris suggest a range of £2,500 to £4,700 (£3,100-£5,900 in 2022 prices) is used as a starting point.	
C29: Number of enterprises supported to introduce products new to the firm	**13 (14)**	**£39,677 (£36,843)**	**The mean cost was £94,000 (£117,500 in 2022 prices)** **The median cost was £28,000 (£35,000 in 2022 prices)** **The lower quartile was £15,600 (£19,500 in 2022 prices)** Regeneris recognise that this is a complex definition. There was no corresponding ERDF output indicator in the previous ERDF programme – the closest being the results indicator 'business with new or improved products, processes or services'. In this instance a unit cost based on the median total public sector cost per business assisted would reflect an intensive assist to support innovation, the average of the lower quartile would reflect a less intensive lower level of support.	
C8: Employment increase in supported enterprises	**39 (70)**	**£13,226 (£7,369)**	**The mean cost was £71,000 (£88,700 in 2022 prices)** **The median cost was £25,700 (£32,100 in 2022 prices)** **The lower quartile was £11,500 (£14,400 in 2022 prices)** Regeneris suggest that the lower quartile figure is only relevant for a lower intensity business support and recommend that a figure of £26,000 **(£32,500 in 2022 prices)** gross cost per job is used as the starting point	

It is also important to also reference cost effectiveness in the context of the ability of the programme to leverage wider investment. The fact that the Dorset HVMAP has been able to leverage £3.74 of private investment for every £1 of public (ERDF) money invested should be seen as a good achievement and, in our view, validation of the model developed and adopted by SWMAS.

Table 18 shows that largely the cost effectiveness of output delivery has performed strongly when compared to national and local benchmark measurements. This will improve as more evidence is collected through the final stages of the project. To reiterate, this also does not account for price differentials –

although we have estimated these ourselves. The project has performed particularly strongly with regards to C1 and C8 unit costs. The cost per job delivered by the project should be regarded as relatively cost effective, particularly given that job creation was not a core objective of the project.

Therefore, it is our view that the programme has been delivered in a cost-effective manner and has provided excellent value-for-money when set against the output targets for the respective ESIF programmes as a whole. This should also be placed in the context of the overall approach that the Dorset HVMAP was based on a more intensive form of ongoing support for many businesses, which may have carried some additional associated cost on a 'per output' basis.

We recognise that this assessment could be considered somewhat flawed. In order to get a holistic view of the value-for-money of the programme all outputs should be considered jointly, and not in separation. It should also consider vfm based specifically on the cost of project delivery, excluding the grants that were given directly to businesses. If both of these adjustments were to be taken into account, the project could be seen as being delivered on an even more cost-effective basis.

SUMMARY:

- The Dorset HVMAP has been delivered in a cost-effective manner, delivering all of its ERDF outputs below the available benchmark data, based itself on historical evaluation evidence. We have adjusted this historical benchmark data to constant prices to make them more comparable. Once this adjustment has been done then the vfm for the Dorset HVMAP improves again.
- In our view, the SWMAS ERDF programmes have been delivered in a relatively lean manner. The use of one manufacturing specialist in each programme area – supported by a small core programme team whose costs have been spread across five ERDF programmes - has meant that the level of resource has been tightly managed.
- In particular it appears that it has supported new job creation in a relatively cost-effective manner. This is an important finding – particularly given that Dorset HVMAP did not necessarily have direct job creation as a core project objective, given that much of the support provided focused on improving operational efficiency (although with the intention that jobs would be supported indirectly by the subsequent growth of supported businesses). It is probable that Covid-19 has heightened the job impact of the project.
- The focus that the core SWMAS programme team maintained on delivery against contracted output targets appears to have resulted in the project delivering good value for the ERDF investment, whilst at the same time being a 'business led' process.

SECTION SIX: CONCLUSIONS AND LESSONS LEARNED

6.1 Introduction

This final section of the report provides an overall assessment of the Dorset HVMAP project, highlighting some points for consideration and potential lessons for the future.

6.2 Overall Assessment

The Dorset HVMAP set out to address a clear market failure and, at a basic level, the associated activities were found to represent an effective project design. The feedback we have received from businesses supported by Dorset HVMAP is that it has been delivered professionally and has added value to their operations. The Dorset HVMAP manufacturing specialist was seen as experienced and knowledgeable in his field, accessible and has maintained good ongoing relationships.

The online survey undertaken for this evaluation received almost universally positive responses, and the businesses were content to attribute subsequent positive impact in their business to the support received. Our consultations with a small number of businesses supported through the programme highlighted how Dorset HVMAP support has acted as an important element to their growth, particularly for those businesses who were wanting to take the next step in their development. We spoke to several progressive and innovative businesses (all had a manufacturing process integral to their business, sometimes alongside other activities i.e. direct selling) which had been assisted, all of which were now operating more efficiently than pre-support. In other cases, the financial assistance provided through the Dorset HVMAP grant programme had been important in expanding capacity, for many allowing them to meet order books that they had previously been struggling to fulfil.

Overall, SWMAS was continued to be seen by stakeholders as a trusted partner, and the experience and continuity it has brought to the project delivery has been well regarded. Continuity and experience were both attributes that were frequently cited in our stakeholder consultations.

The project has been delivered in a cost-effective and lean manner. SWMAS has designed and delivered a project which has been appropriately resourced, but certainly should not be regarded as 'top-heavy'. The grant process is seen as a notable example of how a well-defined process can be managed in a relatively 'light-touch' way, whilst not compromising the compliance requirements of the accountable body.

6.3 Lessons Learned

6.3.1 Lessons for Policy Makers

- In our view, SWMAS has again delivered a business-friendly grant process which has been commensurate to the needs of business (and the scale of financial assistance sought – given that the typical intervention rate was around 20% of project cost) whilst not compromising on compliance requirements. The discretion and trust afforded to the manufacturing specialists – guided by clear guidance from the programme management team – has utilised their considerable experience. There is trust in the manufacturing specialist to ensure that grant applications are eligible, fit with the strategic objectives of the programme and are deliverable by the business. The SWMAS core programme team then undertake the necessary 'checks and balances'. This has

resulted in a relatively 'light touch' and, importantly, quick process which has allowed businesses to progress their plans without significant delay – average approval times are c2 weeks. This compares favourably against other grant programmes operated elsewhere, where approvals tend to be determined by committee. We feel the SWMAS model – in-the-field experienced backed up by robust 'checks and balances' in the core team – should/could be considered elsewhere.

- We feel the evaluation evidence shows that the delivery of 5x ERDF programmes across four LEP areas has resulted in a cost-effective, consistent and high-quality programme of support. The level of geographical focus has been appropriate, whilst at the same time creating synergies and linkages across the whole area covered by these programmes (effectively the South West). Our independent view is that there is a significant risk that this model will be undermined by the fragmentation of UK economic development policy, namely the focus on delivery at small geographical level i.e. UKSPF. The risk is that delivery of similar programmes to the SWMAS ERDF programmes will themselves be more fragmented, difficult to manage and more costly to deliver. We would advocate that local authorities consider joint delivery of such strategic programmes across wider geographies than their own remit.
- As with all ERDF funded activities operating in England the projects managed by SWMAS operate on a cost and overhead recovery basis (nil profit). However, this creates several real business challenges and limitations for commercial (and non-commercial) organisations seeking to deliver projects. Whilst SWMAS has been able to deliver the projects successfully, the margins (between it being sustainable or a loss-making activity) have been extremely tight. The experience of SWMAS suggests that the 15% overhead recovery factor does not reflect the true costs of delivering ERDF projects.

6.3.2 Lessons for Those Designing and Implementing Similar Interventions

- The benefits on project delivery (in terms of quality and efficiency) of continuity and experience should not be underestimated. SWMAS is experienced in delivering ERDF projects and had in place a highly experienced team which was able to 'hit the ground' running. Despite the protracted start to the project, the experience of the team members meant that it was able to build momentum relatively quickly – mostly through existing relationships with businesses. In funding programmes there is often the urge to invest in new activities which require new systems/processes/teams to be put in place, impacting on how quickly momentum can build. We feel these SWMAS ERDF projects conversely demonstrate the benefit of investing in 'what works' and allowing continuity in delivery.
- The importance of robust management information has been demonstrated in the evaluation of these SWMAS projects. The way that the management information has been used by the project team to help direct and flex activities is, in our opinion, a good example of how information can be used as a tool, rather than just being seen for reporting purposes.
- There has been frustration that the ERDF programmes – including Dorset HVMAP - have not allowed businesses to be supported more than once over the 3-year delivery period. Many businesses are on a journey and have stated in our consultations that they would actually benefit from SWMAS support again at some point in the near future. This has also been highlighted by the manufacturing specialists. However, the ERDF programme does not allow this to happen, particularly in terms of grant assistance. Whilst we do recognise that it is important to spread the programme of support as widely as possible i.e. to as many businesses as possible, it would also be beneficial if there were some flexibility to allow businesses to receive advice and guidance within a

programme period. Given that EU Structural Funds are finishing, it would be useful for any future funding programme to build in some flexibility.

- If this (above) change was implemented, it would also be beneficial if a business could be 'counted' more than once if delivery was still defined by outputs. This constraint has led to the full extent of delivery through this programme being somewhat underplayed when viewed through the lens of output delivery only.
- The evidence that we have collected as part of this evaluation, alongside that collected by the SWMAS team, indicates that the deeper, more intensive form of support that the HVMAP has delivered has been beneficial in terms of impact.

6.3.3 Lessons for the Grant Recipient

- When delivering projects in a multi-partner context (often determined by geography) it remains important for project progress to be as visible as possible. Many partners are principally concerned by delivery in their area, and it may be advantageous for SWMAS to consider how the geographical spread of supported businesses can be regularly and clearly demonstrated. In our view, the case studies developed by SWMAS have been useful demonstrations of the types of businesses supported and the impact of the support.

ANNEX A: Beneficiary business profile by area

LEP	SMEs	Employees			Turnover		
		Median	Min	Max	Median	Min	Max
Dorset	62	23	1	160	£2.04m	£20,000	£15m
Gloucestershire	100	9	1	97	£594,500	£1,000	£30.5m
HotSW	125	13	1	125	£1m	£1,000	£23.3m
Swindon & Wilts	69	10	1	170	£1m	£1,000	£35.3m

ANNEX B: Claim process and compliance checks

Programme Support	Receive enquiry							Create a record of ERDF expenditure (ongoing)		Chase client for any missing or inaccurate claim info						
Compliance		Receive original paperwork and audit check			Check grant offer and all associated paperwork	Send grant offer to client	Inform MS to open project on BAT			Collate project paperwork: IDB, proposals, supplier justification, grant offer, add project file						Conduct impact (jobs) verification and collect evidence of products launched
Manufacturing Specialists (MS)		Conduct IDB		Process grant application	Create grant offer and send to compliance for checks				Conduct f2f project closure meeting, checks spend and grant value & collects impact							
SWMAS BAT	Log enquiry & refer	MS log IDB & financials		Log grant application & proposals & supplier justification		Log grant offer	MS opens project		**DELIVERED** - log closure meeting and mark as 'complete'. Add impact		**OK TO CLAIM** - Log that project can be added to next claim		**CLAIM** - Log project has been added to claim	**CLAIM PAID** - Log claim has been paid (project)	**GRANT PAID** - Log grant has been paid (client)	
SME (Client)			Procure supplier			Client receives grant offer & starts project		Project delivery phase		Client sends claim evidence & grant invoice to the Hub						
Project Manager											Construct claim using BAT & expenses data					
Finance										Check complaince of all claim paperwork from client		2nd check claim + sign-off	Send the claim to MHCLG		Pay the client's grant invoice	
MHCLG														Process claim and pay SWMAS		

ANNEX C: Stakeholder Consultations (SWMAS ERDF programmes)

Name	Organisation/Network
Suzannah Kennedy	Dorset Gateway
Sarah Danson	Gloucestershire LEP
David Hynd	Heart of the South West Growth Hub
Andy Kime	Gloucestershire Growth Hub
Alex Cotrell	Gloucestershire Growth Hub
Eifion Jones	Heart of South West Local Enterprise Partnership
Finn Morgan	Dorset Gateway
Paul Mullen	North Devon Manufacturing Association
Melody Thompson	Swindon and Wiltshire Growth hub
Julian Head	Swindon and Wiltshire LEP
Emily Lambert	Department of International Trade (DiT)
Barbara Singelton	Department of International Trade (DiT)
Karen Friendship	Plymouth Manufacturers Network Group

ANNEX D: Covid-response – online provision

Webinar	Registered	Attended
Delivering Capable Processes 09/12/21	83	27
Leadership for Engagement 02/12/21	64	43
Employee Engagement 25/11/21	26	18
Exporting for SMEs 09/09/21	26	18
Q&A Session 01/07/21	15	8
Clean Growth 24/06/21	24	15
Successful Change 17/06/21	29	20
Problem Solving 10/06/21	38	26
Design Best Practice 03/06/21	15	11
Lean Tools for Success 27/05/21	45	29
Strategies for Manufacturing Success 20/05/21	34	23
Employee Engagement 13/05/21	46	32
Leadership Development 06/05/21	53	35
Building Capable Processes 29/04/21	40	32
Customer Engagement 22/04/21	49	39
Resource-based Strategy 15/04/21	32	17
Clean Growth 18/03/21	52	42
Successful Change 11/03/21	42	31
Problem Solving for Continuous Improvement 25/02/21	66	49
Design Best Practice 17/02/21	43	28
Lean Tools for Success 11/02/21	61	44
Strategies for Manufacturing Success 04/02/21	56	42
Employee Engagement 28/01/21	51	40
Leadership Development 20/01/21	58	44
Building Capable Processes 14/01/21	50	35
Customer Engagement to Protect and Grow Sales 15/12/20	31	21
Resource-based Strategy 10/12/20	27	18
On Demand R&D Webinar 03/09/20	11	11
On Demand Employee Engagement Guide	2	2
On Demand Guide - Reviewing Costs	6	6
On Demand Guide - New Norm Leadership	8	8
On Demand Guide - Getting back to work	36	36
Customer Engagement in extraordinary times 12/05/20	3	3
Customer Engagement in extraordinary times2 06/05/20	18	14
Customer Engagement in extraordinary times 05/05/20	13	10
COVID -19 - Manufacturing Support 01/05/20	66	53
COVID -19 - Manufacturing Support 24/04/20	94	69
COVID -19 - Manufacturing Support 17/04/20	146	107
COVID -19 - Manufacturing Support 03/04/20	87	61
COVID -19 - Manufacturing Support 27/03/20	101	69
Total Registration & Attendee's	**1,747**	**1,236**