Grants For Growth – Final Summative Assessment

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CONTENTS

Project Name: Stoke-on-Trent and Staffordshire Grants for Growth	**Project Number:** OC32R15P00211 (original project number) OC32R16P00299 (Since PCR approval July 2019)	**Project Value (ERDF):** £5,139,181.90 (Since PCR 18 March 2022)
Project Manager: Angela Halls	**Approved Match Funding Value:** £11,074,454.66 (Since PCR 18 March 2022) **Total Lifetime Cost of the Project:** £16,213,636.56 (Since PCR 18 March 2022)	**Project Start Date: 13 September 2016** **End Date: 30 June 2023** **(Extended through PCR 18 March 2022)**

REF.	ITEM	PAGE
1.0	Executive Summary	4
2.0	Project Background, Context & Rationale	6
3.0	Project Aims and Objectives	9
4.0 4.1	Methodology Key Research Questions	11 12
5.0 5.1 5.2 5.3 5.4 5.5 5.6 5.7	Project Achievements Project Achievements Project Outputs, Results Table Project Spend Assessment of Impact by Aims, Objectives and Results Performance Against Contract Business Beneficiary Feedback Stakeholder Perceptions	14 14 14 15 16 16 17 32
6.0 6.1 6.2	Cross Cutting Themes Equal Opportunities Environmental Sustainability	37 37 38
7.0 7.1	Project Spend Project Spend Table	40 40
8.0 8.1 8.2 8.3	Strategic Added Value Trends and Issues Key Barriers to Achievement Key Opportunities	41 41 41 42

8.4 8.5 8.6 8.7	Management and Delivery Processes Added Value Value for Money Exit Strategy / Sustainability	42 44 44 44
9.0 9.1 9.2	Key Conclusions and Recommendations Conclusions Recommendations	47 47 49

1.0 EXECUTIVE SUMMARY

The purpose of this document is to present the findings of an evaluation of the Grants for Growth project operated by Stoke-on-Trent City Council. The evaluation has been conducted by Baswich Business Services Ltd, who are experienced economic development, business support, and evaluation consultants with experience of both the successful delivery and evaluation of ERDF projects.

This evaluation reports on the progress of the Grants for Growth project up to and including 31st March 2023. The Grants for Growth service will continue to be delivered to beneficiaries until June 2023, with a focus on any lessons learnt and make recommendations for the remainder of the Programme. It will also consider alternative funding available to support the programme beyond ERDF.

This report, and any supporting documentation, has been prepared in a format which meets the specific requirements of the Department for Levelling Up, Housing and Communities (DLUHC) Guidance.

- Grants for Growth is highly regarded by business beneficiaries who have accessed support through the project.
- The project has acted as a catalyst to unlock investment in capital projects to improve the productivity, profitability, and sustainability of business beneficiaries.
- The Programme achieves extremely high satisfaction ratings from its business clients: in our sample some 96% of respondents were very or fairly satisfied with the service and support they have received through Grants for Growth.
- The Grants for Growth project is very well regarded by stakeholder and referral agencies, with all those surveyed speaking positively about the programme, its benefits, and the delivery team. There was specific reference to effective governance and programme management.
- The uncertainty caused by COVID-19, and more recently the situation in Ukraine impacted on almost 40% of business beneficiaries, with several noting that there had been supply chain delays and materials shortages which impacted their ability to deliver their projects as initially planned.
- The flexibility demonstrated by the Programme Management team to businesses during the COVID-19 pandemic was particularly welcomed, as was the continuation of that flexibility through the remainder of the project.
- Partners and stakeholders highlighted that the Project Manager and the support given by the Finance Department was effective and highly valued.
- The Project Manager was extremely proactive throughout the project, keeping stakeholders up to date via monthly performance reporting and liaising with business beneficiaries and visiting them before and after their projects to understand the impacts of the intervention.

- There was some concern over businesses understanding and being compliant with public procurement regulations in relation to obtaining quotes for their projects. It would be helpful to businesses to be very clear about what information is required to support an application or claim. This appears to be the practice for the significant majority of beneficiaries, but needs to be consistently applied, perhaps through the introduction of a checklist that could be supplied to businesses.
- Prompt payment of grants, once claims and evidence was submitted was very beneficial to those submitting claims and assisted them with the implementation of their projects.
- In terms of outputs, it would have been beneficial to have offered the lower £1,000 revenue grant sooner and maybe considered lower value projects to support more businesses which in turn would have led to the programme being perceived as better value for money.
- As with many ERDF funded projects there is an over-reliance on outputs rather than outcomes and the projects are assessed on these merits. We believe this to be a missed opportunity to add value to Staffordshire programmes through partnership work. Such support would benefit both the beneficiary, partners and the strategic, economic, and social plans of Stoke-on-Trent and Staffordshire. Although there is anecdotal evidence of such activity it would be beneficial for future projects to formalise how they support such areas. Examples could include taking on apprentices, reducing carbon emissions, or increasing GVA.
- At the time of writing the final report, the indication from stakeholders was that the project would not continue to be supported because it is unlikely that they will be able to access Prosperity Funding and the low 4% administration cost would make it difficult to administer. This may have a negative impact on investment by businesses within the Stoke-on-Trent and Staffordshire area.

2.0 PROJECT BACKGROUND, CONTEXT AND RATIONALE

Stoke-on-Trent City Council delivers the Grants for Growth project which is designed to support eligible Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP) Small and Medium Size Enterprises (SMEs) with Grants to cover both capital and revenue items with a minimum grant level of £10,000 to a maximum of £250,000 (this was revised to minimum £1,000 and a maximum of £160,000). These levels were revised again in March 2022 to £10,000 to £100,000 for capital grants and £1,000 for revenue grants in March 2022.

The project is funded by the European Regional Development Fund (ERDF) under Operational Priority Axis 3: Enhancing the Competitiveness of SMEs. Stoke-on-Trent and Staffordshire Grants for Growth project supports the following investment priorities:

- 3d - Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes. Specific objective: Increase growth capability of small and medium sized enterprises.

  Existing small and medium sized enterprises face several barriers which restrict their ability to achieve their growth ambitions. These include:

  - Information and coordination failures which limit awareness, access, and take up of business support.
  - High up-front costs and perceived difficulties in navigating legal, regulatory, and cultural environments which constrain the number of small and medium sized enterprises entering new export markets and
  - Known market failures in the disproportionate costs of establishing and costing risks given the relatively small amounts of capital involved. Supporting the capacity of small and medium sized enterprises to grow in markets and to engage in innovative processes.

  By providing a targeted grant scheme to assist the SMEs to invest in capital elements and revenue services Grants for Growth can address these market failures by assisting companies to develop new products/services and bring them to market, which in turn stimulates demand for new or improved services, processes and products.

- 3c - Supporting the creation and the extension of advanced capacities for products, services and development. Specific objective: Increase the growth capacity of small and medium sized enterprises.

(Note: the project was originally approved under investment priorities 3c and 3d, but this was amended to 3d only via a PCR approved in 2019)

Scope of activity: Under this Investment Priority indicative actions to be supported by European Regional Development Fund may include:

- Provision of advice to develop new business models or higher quality products, processes, or services.
- Advice to improve business processes and workforce development.
- Advice and support for supply chain interventions to strengthen and grow the domestic supplier base.
- Provision of advice, consultancy support, mentoring, peer to peer support, and support for collaboration.
- Grant finance for business to invest in products, process, and service improvements.
- Provision of independent access to finance advice.
- Provision of land and premises for employment sites, including business incubation, managed workspace, or grow-on space. Supporting the creation and the extension of advanced capacities for products, services, and development, by providing SMEs with grant finance to ensure they have the potential to grow and develop their capacity through investment in products, process and service improvements that will strengthen supply chains, allow beneficiaries to introduce new high value-added products or services and improve their productivity.

Evidence at project application was identified to show that equity and finance companies were reluctant to fund innovative ideas as they carry risk. Although other finance schemes were available nationally, Stoke-on-Trent City Council recognised that a local offer with the active engagement of communities would encourage greater engagement.

At the time of the application funding had successfully been provided through the Regional Growth Fund (RGF) Innovation Growth in Stoke-on-Trent and Staffordshire (IGISS) programme. This identified both the need for funding support and acted as a baseline, to evidence that tailoring economic development activity to local circumstances would be a beneficial way to address local needs and overcome barriers to growth. The RGF programme was extremely successful in engaging SMEs in those sectors traditionally slow to take advantage of public sector programmes in Stoke-on-Trent and Staffordshire (e.g., technical ceramics companies, tier 2/3 automotive suppliers etc.)

The availability of capital grants, linked to job creation, stimulated real investment by those companies, helping modernise many of them and making them more competitive. Grants for Growth aimed to assist local companies with high upfront costs to effectively compete in new markets, whilst allowing other funding mechanisms to be deployed as a cocktail of investment for the SME to utilise to develop their capability and capacity, support economic growth and

increase jobs created within the Stoke-on-Trent and Staffordshire LEP area. It also aimed to reduce inter-regional economic disparities.

The grant funding was to be provided to SMEs to enable them to increase their capacity and capability, through the purchase of equipment, premises or Research and Development Services that would in turn create new jobs.

The service complemented the local Growth Hub grants which were limited to £10,000 and allowed SMEs to access higher valued grants to enable them to make a larger investment and create further employment.

3.0 PROJECT AIMS AND OBJECTIVES

The project is delivered within the Stoke-on-Trent and Staffordshire LEP area as shown below:

The project originally intended to:

- Support 50 enterprises with grant aid by 30 June 2019.
- Assist 50 SME enterprises with grant to create 213 new jobs within the Stoke-on-Trent and Staffordshire LEP area by 30 June 2019.
- Distribute to eligible enterprises £6,952,500 of grant funding of which £6,333.334 million was made up of capital grants and £6,19,166 million of revenue grants and lever £4.5 million private sector investment to the Stoke-on-Trent and Staffordshire LEP area by 30 June 2019.

The project outcomes were revised through a PCR extension on the 18 March 2022 to allow the project to:

- Support 285 enterprises with grant aid by 30 June 2023.
- Assist SME enterprises with grant to create 497 new jobs within the Stoke-on-Trent and Staffordshire LEP area by 30 June 2023.
- Distribute £4,755,594.04 of grant funding of which £4,588,999.95 is capital grants and £166,594.09 is revenue grants and leverage £10,951,974.14 million private sector investment to the Stoke-on-Trent and Staffordshire LEP area by 30 June 2023.

In addition, through the delivery of the programmes services the following Local Enterprise Partnership European Structural and Investment Funds objectives were highlighted in the original application:

- A more productive economy: Stoke-on-Trent and Staffordshire will make progress towards closing the existing productivity gap between itself (£15,002 per head) and the national average (£21,349 per head) by creating new, higher value-added jobs, and by helping the existing business base to grow and engage with emerging sectors.
- A more diverse and resilient economy: building on established (and acknowledged) strengths in several high value-added priority sectors including Advanced Manufacturing, Advanced Materials, Creative Media and Energy Generation.
- An innovation driven economy: with established relationships between major companies, R&D functions, and Higher Education and with a SME business base which has the capacity and knowledge to engage and add value to local and regional supply chains.
- A strong and growing base of SMEs across both urban and rural areas: because of a comprehensive and joined up approach to the provision of support.

4.0 METHODOLOGY

Baswich Business Services Ltd was commissioned, following a competitive procurement process, in March 2022. The procurement remit was to undertake an independent interim and final summative evaluation of the Grants for Growth project in line with the Funding Agreement received by Stoke-on-Trent City Council from the Department of Communities and Local Government (now Ministry of Housing, Communities and Local Government. This funding agreement stipulated that as a condition of funding, Stoke-on-Trent City Council must procure an evaluation of the Programme, following guidelines specified by DCLG.

The Programme evaluation was completed by two experienced evaluation professionals: Jonathan Andrew and Adele Cope. Both have prior ERDF and summative assessment experience and used this experience to develop an assessment methodology that maximised the effectiveness of the research.

The methodology used for the interim and final evaluation was our company's well-established evaluation methodology agreed at the outset with the project management team. The research used both quantitative and qualitative elements.

As the Programme is funded through European Structural Investment Funds (ESIF), the approach has been adapted to ensure that it complies fully with the requirements of a Summative Evaluation as set out by ERDF Fund Programme 2014-2020: Project Summative Assessment Guidance ESIF-GN-1-033.

The final summative assessment is intended to provide an update from the interim Programme Evaluation in terms of the Programme's performance in relation to project implementation, evidence of efficiency, effectiveness and value for money. The report has also been conducted in such a way as to provide insights into, and evidence of whether interventions have worked (or not) and provide lessons for the future with a particular focus on how the Programme can be sustained in the future. This is important as the project evidence will be combined with national evidence of progress and impact to assess the overall impact and effectiveness of the ERDF operational programme across England.

The evidence will be used nationally to make the case for the delivery approaches in the futureand make the case for future funding.

This evaluation has been constructed around the following stages:

Stage 1
Inception and Scoping Meeting to agree the research methodology, evaluation questions and workplan with the Project Manager

Stage 2
Document review and development of evaluation tools to review the existing project documentation, including the initial bid submission, project change requests and claim forms, along with any management information held by Stoke-on-Trent City Council.

Stage 3
Interviews with partners, suppliers and stakeholders to explore the nature, extent and value of partnership working, identify what has gone well and what could have gone better. From this, we were able to identify scope for future changes and improvements.

Stage 4
Beneficiary interviews via online questionnaire and structured telephone interview to understand the impact of the project on business beneficiaries.

Stage 5
Reporting and dissemination covering the following information as required (using form ESIF-GN-1-033).

- Project Context
- Project Progress
- Project Delivery and Management
- Project Outcomes and Impact
- Project Value for Money
- Conclusions and Lessons Learnt

Evaluation reports can sometimes be difficult to digest, so to make the report as accessibleand valuable as possible, we have included an executive summary which includes key recommendations.

4.1 Key Research Questions

The business beneficiaries of the Grants for Growth project were sent an online questionnaire to provide feedback on the following questions:

1. Did you apply for a capital grant (for equipment etc) or a revenue grant (for services etc)?
2. How easy did you find the Grants for Growth application form to complete?

3. Did you receive external support to complete the Grants for Growth application form?
4. How satisfied were you with the timescale between submitting your Grants for Growth grant application and receiving a decision on your application?
5. How straightforward has the process to claim the grant funding been?
6. What has the impact of the Grants for Growth grant on your business been?
7. In the absence of grant funding, how likely is it that your project would have gone ahead?
8. Did COVID-19 and associated restrictions impact your Grants for Growth project?
9. How likely would you be to recommend the Grants for Growth service to other businesses?
10. Overall, how satisfied are you with the support you have received from the Grants for Growth service?

The online questionnaire was supplemented with a more in-depth telephone interview to understand and gain further feedback on the answers received to the questions outlined above.

5.0 PROJECT ACHIEVEMENTS

5.1 Project Achievements

For the purposes of this evaluation, the Grants for Growth Project Team based at Stoke-on-Trent City Council provided a freeze on their management information on 31st March 2023. At this stage the formal achievement figures are shown in section 5.2 Project Output and Current Results Table.

The project contract was due to start on 1st April 2016 with activity to end on the 30th June 2023 and a financial completion date of the 30th September 2023. It should be noted that due to delays the project did not officially start until 13th September 2016.

The current project aimed to achieve the following outputs:

- 285 enterprises supported (C1 and C2 outputs).
- 497 jobs created (C8 outputs).
- £10,951,974.14 private leverage obtained (C6)

5.2 Project Outputs and Current Results Table

As of 31st March 2023, the project has achieved the following results against target:

Project Outputs & Performance Claimed to Date

Indicator	Targets		Performance at Time of Evaluation 31st March 2023		Projected Performance at Project Closure		Overall Assessment (RAG)
	Original	Adjusted (if relevant)	No.	% of Target Achieved	No.	% of Target Expected	
Revenue Expenditure (£m)	£619,166	£916,970	£726,892	79%	£782,266.82	85%	A
Capital Expenditure (£m)	£6,333,334	£15,296,666.56	£13,740,137	90%	£15,296,666.56	100%	G
C1: Number of Enterprises Receiving Support	75	285	174	61%	204	71%	A

C2: Number of enterprising receiving grants	75	285	174	61%	204	71%	A
C6 Private investment matching public support to enterprises (grants)	£4.5m	£10,951,974.14	£9,806,400.13	90%	£10,887,970	99%	G
C8 Employment increase in supported enterprises	213	497	404	81%	497	100%	G

Source: Figures provided by the Grants for Growth project team as of the 31 March 2023

5.3 Project Spend

Project Spend Table showing profile, Project Current and End Project Estimate Spend

Programme TOTAL	**Profile to Claim 1 2023**	**Project End Estimate**	**Total Variance**	**Notes**
Revenue	£726,892	£782,266.82	£55,374.82	Variance of £3,118 to date against forecast – salary underspend
Capital	£13,740,137	£15,296,666.56	£1,556,529.56	
Salaries	£506,135.86	£520,085.83	£13,949.97	Accountant post written into programme currently vacant – salary underspend
Overheads	£75,920.63	£78,013.12	£2,092.49	See above
Revenue Grants	£137,656.87	£170,989.87	£33,333	
Marketing	£1,178	£1,178	£0	
Consultancy	£6,000	£12,000	£6,000	
Sub Total	**£726,891.36**	**£782,266.82**	**£55,375.46**	
Total	**£14,467,028.40**	**£16,078,933.30**	**£1,611,905.02**	

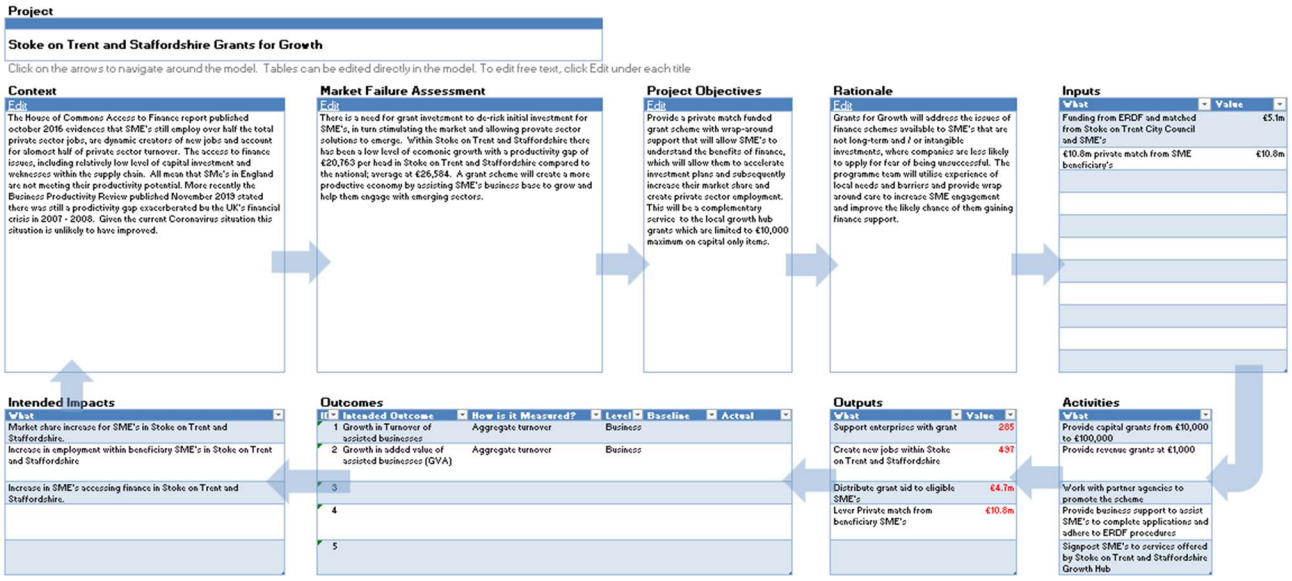
Source: Figures provided by the Grants for Growth project team as of the 31 March 2023

5.4 Assessment of Impact by Aims, Objectives and Results

The Programme aims and objectives can be seen clearly in the Grants for Growth Logic Model (diagram 1 below). The full project bid highlighted the following objectives:

- Support 50 enterprises with grant aid by 31 March 2019.
- Assist 50 SME enterprises with grant that will create 213 new jobs within the Stoke-on-Trent and Staffordshire LEP area by 31 March 2020.
- Distribute £2 million grant to eligible enterprises and lever £4.6 million private sector investment to the Stoke-on-Trent and Staffordshire LEP area by 31 March 2019.

Diagram 1: Grants for Growth Logic Model



5.5 Performance Against Contract

The latest Project Change Request was submitted by Stoke-on-Trent City Council to DLUHC in March 2021 and approved in March 2022. The request was for the project end date to be revised to the 30th of June 2023 and the value of the programme to be £5,137,506.38 with a match funding of £11,074,454.66 giving a total lifetime project value of £16,213,636.56.

To date the project has performed well as can be seen in table 5.2 Project Outputs. As of the 31st of March 2023, the following has been achieved:

- 90% Capital Expenditure defrayed
- 79% Revenue Expenditure defrayed
- 61% of C1 and C2's business assists
- 90% of C6 Match funding target
- 81% of C8 Jobs created

The project is set to achieve 100% of all its targets by the end of the contract.

5.6 Beneficiary Feedback

To meet the requirements of the Grants for Growth summative assessment evaluation, we were required to engage with businesses that had participated in, and benefitted from, support through the project. To maximise the number of responses received, two separate channels were proposed: an online questionnaire and telephone interviews. An online questionnaire was designed, implemented, and distributed to those business beneficiaries of the Project who had not previously opted out of the research. The online questionnaire was supplemented by telephone interviews with a sample of respondents to provide more depth to the responses received. A total of 156 responses were received from beneficiaries, providing a robust sample from which to draw conclusions.

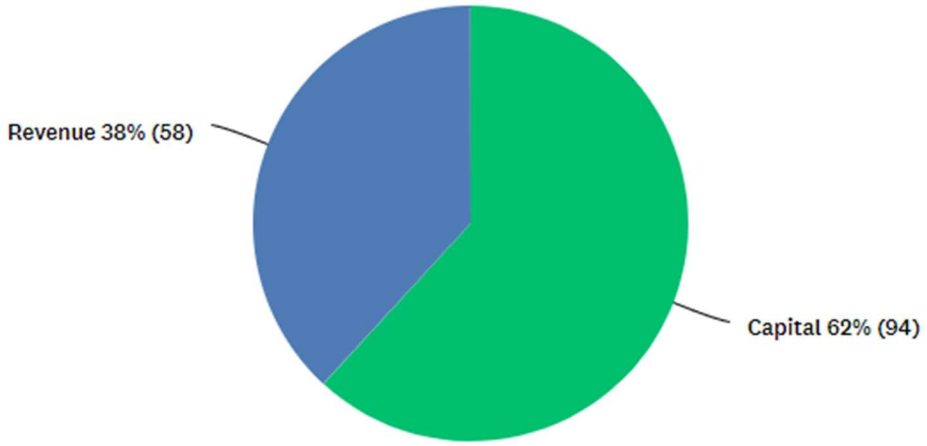
For the online questionnaire, the Grants for Growth project team contacted business beneficiaries and invited them to participate in the research, informing businesses that in addition to the online questionnaire, they may be contacted by a researcher from Baswich Business Services to follow up in greater detail. Businesses were selected at random to participate in the follow up telephone interviews.

With the online questionnaire and telephone surveys, the Grants for Growth Client Manager sent out further reminder e-mails to maximise the response rate.

The results of the on-line questionnaire are below:

5.6.1 Did you apply for a capital grant (for equipment etc.) or a revenue grant (for services etc.)?

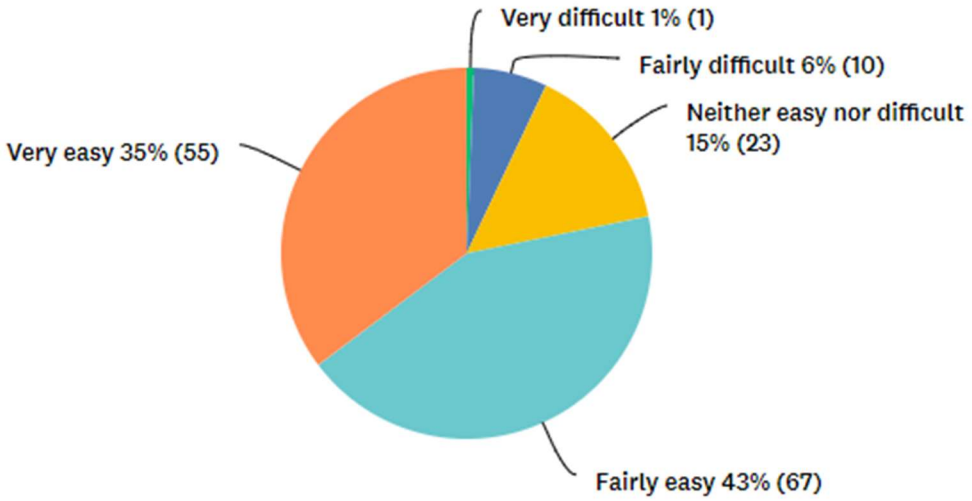
Of the 156 beneficiaries who responded to the online questionnaire, we received 152 responses to this question.



The majority of responses received from beneficiaries (94 of the 152) identified that they had received capital, rather than revenue grant funding.

5.6.2 How easy did you find the Grants for Growth application form to complete?

Every respondent answered this question, and as can be seen from the chart below the overwhelming majority (78%) found the application process to be either very easy or fairly easy.



"Straightforward, logical, concise. Applying for the funding was straightforward and the process was well managed."

"Angela is very patient. I asked what probably seemed like silly questions to her, but she answered them all and took the time to explain things to me, so I managed to complete the application form without any other help."

"Very helpful staff, guided me through the application process and we received a quick response."

"I thought the process was straight forward and felt comfortable asking question if there was anything I needed further answers to."

"Simple steps, clearly explained and support provided when needed."

"Form was easy to complete, and the response was prompt."

"It does require a lot of information, but thankfully Angela has been a real help with advising us how to get the info over to her for her to do what she needs to do. Without Angela's support, I would have really struggled."

"Angela Halls was really helpful and took us through the process, so it was very easy."

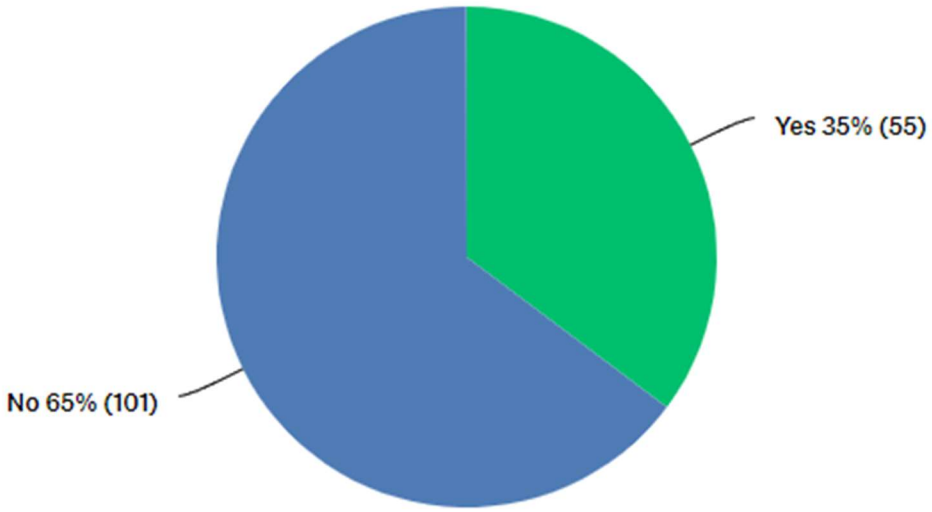
A small number (9%) stated that the application process was either fairly or very difficult. One respondent, when interviewed, commented:

"This was the first time I'd ever applied for any type of funding, so I didn't know what to expect and I was worried I might get it wrong. This was a big step for me, and I wasn't sure whether I was providing the information they wanted. The person I spoke to at the Council was really helpful though and was very patient when answering all the questions I had. Having gone through the process once, I'd definitely apply for other grants in future."

"There were lots of administrative hurdles, lots of sequencing and last-minute requests for additional information that hadn't previously been requested. It was three months I'd never care to repeat."

5.6.3 Did you receive external support to complete the Grants for Growth application form?

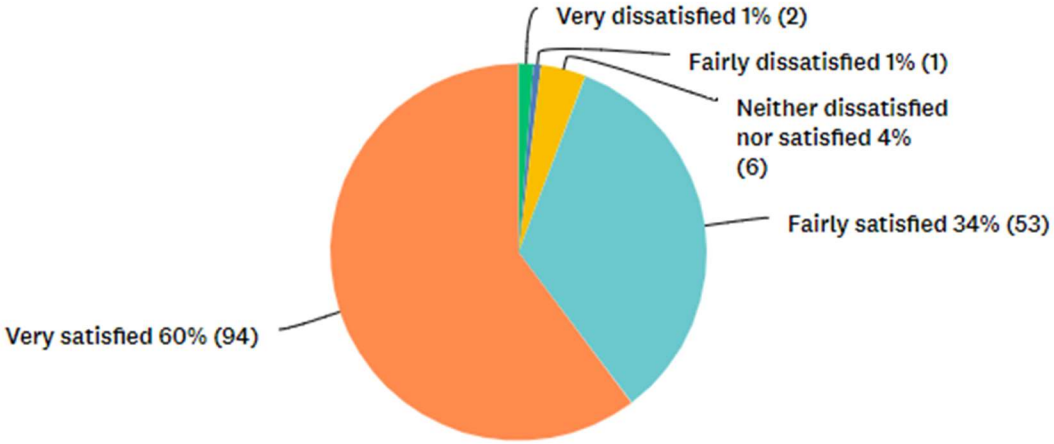
Just over one third of respondents (35%) stated that they have received external support to complete their application form.



When probed further on this response, the most common response received was that the beneficiaries had spoken to their professional advisers (accountant) or to the Grants for Growth project team.

5.6.4 How satisfied were you with the timescale between submitting your Grants for Growth grant application and receiving a decision on your application?

Every respondent commented on this question, and 89% were either very satisfied or fairly satisfied with the timescale between the application submission and receipt of a decision.



Only 3 respondents were either very or fairly dissatisfied with the timescale.

On probing all respondents further, we received the following feedback:

"The process was very quick; the timescale was communicated well and the overall communications from the team were excellent."

The feedback above was received from one respondent, but the sentiment was stated by numerous other respondents. This feedback was split between those applying for capital grants and those applying for revenue grants.

"We received news that our application had been accepted within a few days of submitting the application form."

"The timescale was very fair and well communicated."

"Excellent and easily able to adapt the timeframes to deal with delays and issues we faced with machinery and suppliers."

"All our correspondence and dealings relating to this project have been dealt with promptly."

"Very helpful team and quick responses. The process was easy."

"The application paperwork indicated the expected timescale, which was the case."

The overwhelming feedback from respondents is of a well-organised and well-communicated process. Respondents specifically praised Angela Halls in their feedback:

"The whole process was quick and easy, managed effectively by Angela Halls, the client manager."

"I got a lot of help from Angela, which was great, but the forms and process was fairly opaque and would have been difficult to understand without Angela's assistance."

"Angela made the process easy and the time from application to decision was good."

"It was very easy and if we had an issue, Angela was very quick to respond to us."

"Angela kept us informed at each stage, we always knew what was going on and everything was done in the timescales promised."

"I always felt comfortable asking Angela questions when I didn't understand something, she was always really helpful."

"Reasonable time from submission to confirmation. Angela provided feedback in the interim to keep me informed."

"We had every step of the way explained to us, some information had to be researched or acquired by our accountant, but this was not a problem. Our Grant for Growth client manager Angela was extremely helpful and walked us through the process step by step. Some of the excel sheets were slightly complicated but Angela helped with any queries we had and resolved them quickly."

There were, however, a very small number of instances where respondents identified some dissatisfaction with the process.

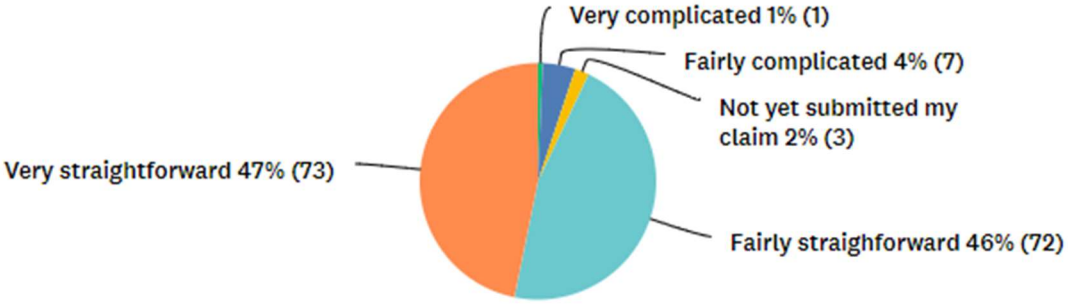
"We were kept updated on progress, but we just missed the decision meeting, so we had to wait for the next one."

"The decision-making process is a little slow and makes capital expenditure decisions difficult. At times when there are additional manufacturing delays for capital equipment, additional delays can lead to additional costs."

"I had to have help from my accountant to submit my figures in the correct manner. One this was done though it was fairly straightforward, and Angela was very helpful."

"Decision timings could be quicker, but understandable why it takes some time to receive a decision."

5.6.5 How straightforward has the process to claim the grant funding been?



For 93% of respondents, the process to claim grant funding has proved to be very or fairly straightforward, and there has been no difference in the responses received from those claiming capital or revenue grants.

"Clear instructions to follow."

"It was very simple, and we were provided with assistance as and when required."

"Once we understood the process, it was fairly straightforward. But compared to our normal business practices for tendering and purchases, it was overly complicated. We do accept the need though for checks and balances."

"The process was well structured and there are thorough guidance notes."

"It was straightforward, and Angela helped us when we needed it."

"The process was fairly straightforward, Angela was very helpful in ensuring I understood the process, and provided helpful information along the way if and when I encountered any issues or missed evidence for the claim."

"The process is fairly straightforward, the need to obtain multiple quotes in some circumstances was difficult."

"No problem in following the process to claim the awarded funds."

"A fairly standard reclaim process, however the communication from Angela was good."

"Submitting the payment information and the bank statements seemed fairly straightforward to be able to claim back the grant."

"Relatively simple process, we found it very easy."

There was, however, some feedback from respondents to indicate they had struggled with the grant claims process.

"It was OK, however there was an awful lot of work to claim the relatively small sum of money involved."

"We needed help from Stoke-on-Trent City Council as we're not used to these processes, but apart from that it was good."

Other respondents provided the following feedback:

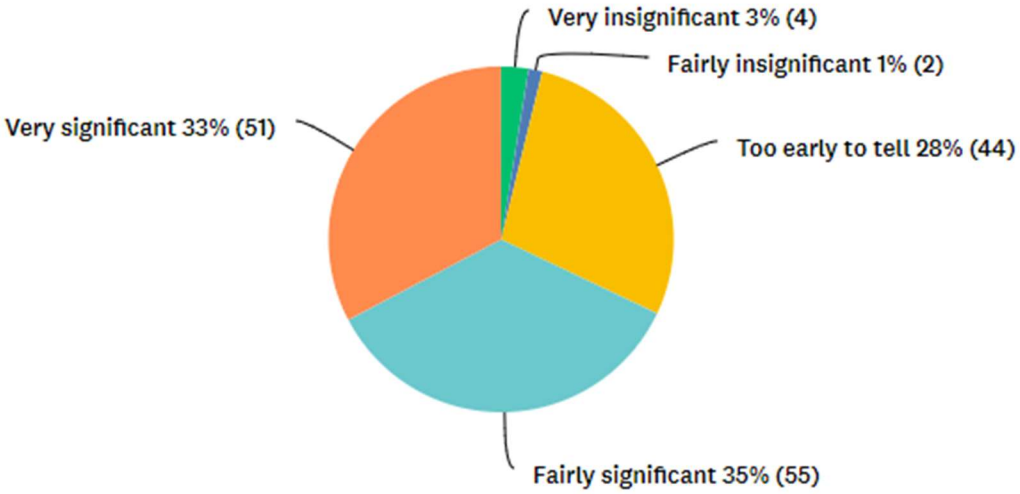
"For smaller businesses some flexibility - especially given the climate - for a percentage of the grant to be given up front would no doubt have a positive impact on cashflow and likelihood of other companies applying."

"The timing of invoices versus the receipt of funding can often require careful planning."

"Due to the capital expenditure being in stages, this added more to our administration but without the grant support, the project wouldn't have happened."

"There were a few areas around the grant claim that we needed clarification on. Angela was always very helpful and able to advise and guide where required. I work in a factory environment, so these kinds of processes are alien to me."

5.6.6 Has the impact of the Grants for Growth grant on your business been?



The responses from beneficiaries clearly demonstrate that the grant support has had a very or fairly significant impact on the business, with a total of 68% of respondents making this statement. A further 28% of respondents believe that it is too early to quantify the impact of the Grants for Growth support to their business.

Feedback from beneficiaries in receipt of capital grants includes:

"The funding has supported a full office re-fit on our new premises, allowing us to grow the furniture and janitorial divisions of the business through staff recruitment. This has afforded us the stability and the confidence to continue to grow the business after Covid, despite the negative effect the Ukraine war has had on the office supplies category of the

business. Our new head of departments have secured sustainable and profitable business despite the current market conditions."

"We have been able to triple our capacity due to the new machinery."

"We are engaging with multiple paid marketing strategies to grow & bring on new business. We own a building where we can employ 20+ people, we have plans to fill this building within the next few years. The refit costs have been huge, we estimated £50,000 but now with heating issues & other costs we are looking at over £100,000."

"Allowed us to go ahead with the capital purchase, we couldn't have done so without the grant."

"We would not have committed to the level of investment without the grant. It has enabled us to expand further, faster."

"The grant enabled us to accelerate the investment project and bring forward phase 2 more quickly than we would otherwise have done and provided confidence to support the investment in the first place."

"It allowed us to purchase not only a new printing machine which would not have been achievable without the funding, but also allowed us to expand the business both in terms of employee numbers and new product development."

"It helped support the cost of the capital equipment and the decision to employ an additional member of staff."

"The grant has helped us immensely with capital outlay, allowing us to build the business and expand into new growth areas."

"We have been able to significantly extend our business offering by the installation of our new paint line, which is proving very successful."

"The grant aided us to vastly increase our maximum production volume. Due to economic factors, we didn't really see the benefit of that in 2021, but the expected increase has started to materialize in 2022. Without this grant we would not have been in the position we're in now, ready and able to meet demand."

"I've already taken on an additional 3 employees as a result of this grant."

"We were able to purchase a second processing line, which has allowed us to grow & stay efficient."

"The grant enabled us to go from £1M turnover and 12 FTE to £2.4M with approx. 30 FTE".

"These are very strange times. With Covid still very much around, the robot welder can perform and kick out work, it doesn't get sick or need time off. The weld is perfect, and clients are very impressed, it has helped open up new opportunities."

Feedback from beneficiaries in receipt of revenue grants includes:

"The new website has started to generate more enquiries than the previous one, which are being converted into customers."

"The project isn't yet complete but already the potential and work I'm doing with the web designer is very positive and opening up new opportunities for growth and revenue streams."

"Our website was in need of revamping to reflect the changes in our business. For example, a current client accessed our website and stated I can see now what you do" and she is now considering increasing her business with us."

"We have received an increase in quotation requests via our website - the grant was used to support urgent work to secure our website and improve SEO performance."

"The grant allowed us to review our website and in doing so it hit home how dull our image was. So, we have completely changed our image, including our logo to introduce brighter friendlier colours. Our website review allowed us to take a really good look at the content on our website and we have had some very positive feedback in the development stages."

"Our CRM and accounting processes are greatly improved."

"I used the grant towards a new website. This is crucial for potential clients who don't already know me. I now have a digital presence and can refer potential clients to my website. It gives me added credibility and a platform which I can further develop."

5.6.7 In the absence of grant funding, how likely is it that your project would have gone ahead?

From the respondents contacted, 59% confirmed that their project would not have gone ahead without the grant funding. A further 14% stated that they were unsure whether they would have proceeded with their project activity and 27% stated the project would have gone ahead without the funding.

However, when probing respondents further, it was clear that in many cases where respondents stated their project would have gone ahead, the introduction of grant funding significantly accelerated the pace at which projects were implemented.

"The project would have gone ahead; however, the re-fit would not have been as comprehensive and the plans would have been drastically reduced, and our working showroom concept would have been compromised, in turn affecting future sales and the attraction of high-level candidates who we have recruited as heads of division."

"This was a catalyst to improving the company's capabilities."

"I absolutely needed to invest in a new website but wouldn't have been able to go ahead with everything I needed within my budget. Without the new website, I wouldn't have been able to fulfil my business goals."

"The project would have gone ahead, but much more slowly without the grant funding, it would definitely have taken longer to complete."

"The process would have pushed through without the grant but at a far slower pace. The grant has enabled us to move forward and expand our business, bringing new opportunities and jobs to Staffordshire."

"It is likely the project would have eventually proceeded but the grant funding has allowed us to invest in this equipment earlier."

"It would have happened but would have taken a lot longer for this to happen."

"Likely - but there would have been a long delay until the project was affordable."

"It would have taken a lot longer to achieve our goals and ambitions."

"Without the grant funding, the purchase would have been scaled down to a smaller machine or delayed."

"It probably wouldn't have gone ahead so soon, and we would have missed out on opportunities."

Other feedback received from respondents includes:

We did not have access to the funds to complete these projects. While the money was within the company it was constantly tied up in sales and we could not risk the effect it would have had on our cash flow. The grant allowed us to grow our customer base and set the infrastructure in place to support the new business."

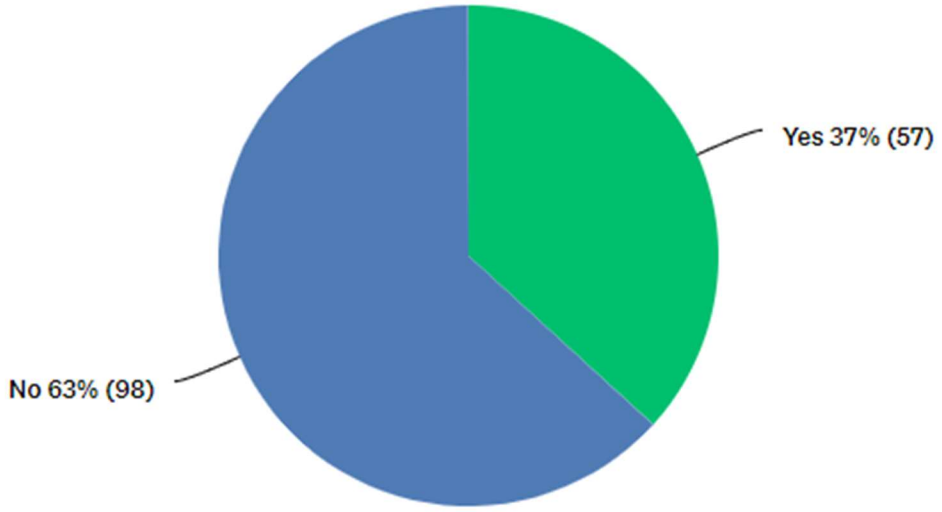
"We wouldn't have had the money to invest without the grant."

"It was a chance for us to try something new that perhaps we wouldn't otherwise have invested in."

"We would have had a delay in the process until we had raised the capital, this would have been drawn out as we already had significant issues with efficiency caused by lack of space."

5.6.8 Did COVID-19 and associated restrictions impact your Grants for Growth project?

Of the beneficiaries we engaged, the majority stated that their project was not impacted by COVID-19.



For those businesses that had experienced delays in their project as a result of COVID-19, none reported any delays caused by Stoke-on-Trent City Council, but many made reference to external factors.

"Due to COVID, some parts of our project had to be pushed back, which meant we had to request an extension on the grant to allow us time for a very busy period in supporting our clients. Angela was very understanding and allowed us to extend the timescale for the project."

"We had to postpone the project until we were able to return to our physical offices, which made the project more difficult."

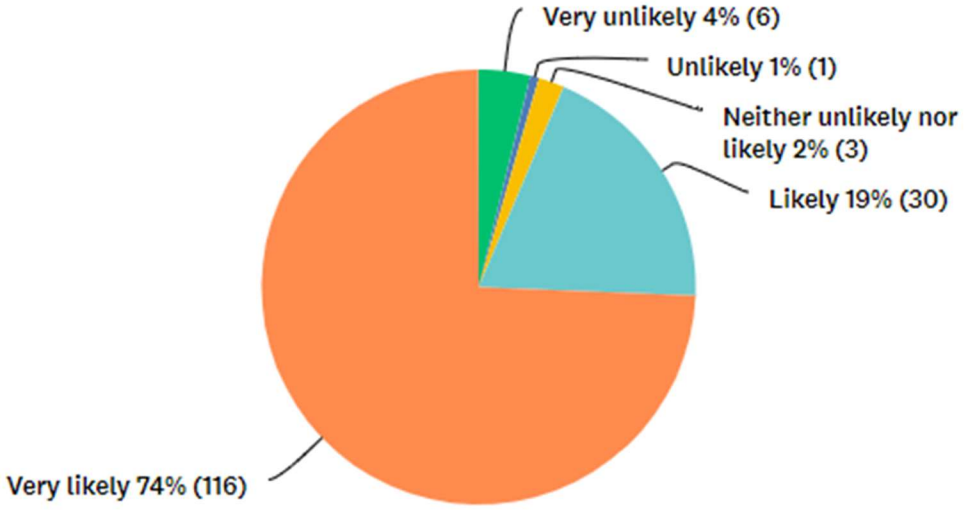
"Most of the project went smoothly, but the last part of the works was somewhat delayed by COVID-19 issues."

"We have felt the impact of Covid restrictions during not only our building processes but also with availability and extended delivery times with on plant and materials."

"It took longer to obtain quotes from suppliers, who then couldn't hold their prices for very long. Materials were also in very short supply, which delayed our project."

5.6.9 How likely would you be to recommend the Grants for Growth service to other businesses?

The business beneficiaries who were contacted for this evaluation were very positive about the Grants for Growth service, with 93% being very, or fairly, likely to recommend the service to other businesses.



A very small number of respondents stated that they were neither likely nor unlikely to recommend the service, but when probed, this was because they felt that it was too

early to estimate the impact of the project on their business and therefore, they were not confident in making a recommendation.

"This funding came at just the right time for us. I'd highly recommend Angela and the Grants for Growth team, they were really helpful and supportive, giving us all the information, we needed to proceed. It's been a game changer for us."

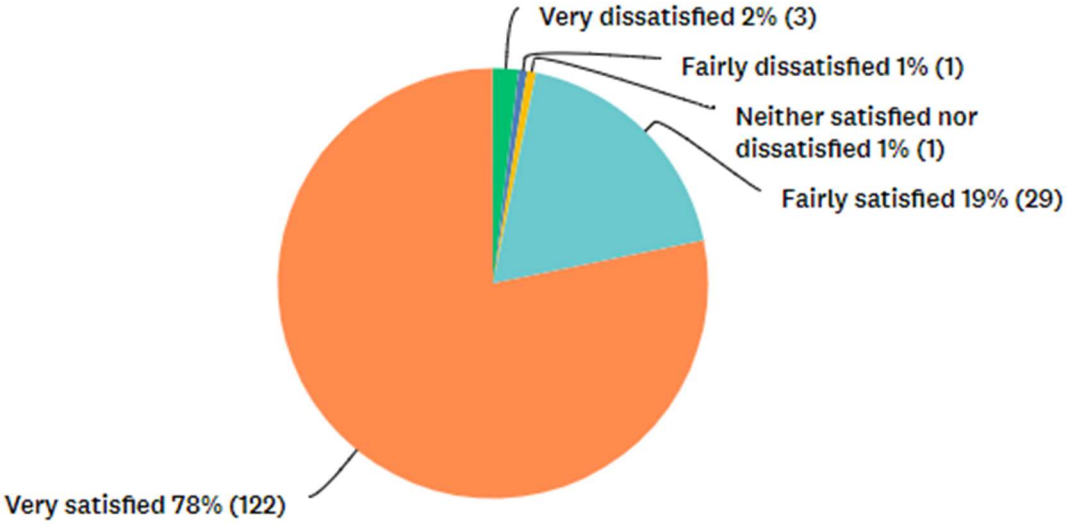
"We only received the grant in the last week, so it's too early to say really what the impact will be and therefore whether we can recommend the service to others."

"Yes, I'd definitely recommend this grant. Without it, our expansion would have been slower, we would have missed opportunities that we've had, and we wouldn't have been able to expand our workforce."

"Our turnover has increased by 22%, with a corresponding increase in profitability. I'd definitely recommend this to others."

"It was complicated to say the least, so I wouldn't recommend it."

5.6.10 Overall, how satisfied are you with the support you have received from the Grants for Growth service?



The chart demonstrates that 78% of respondents were very satisfied with the support they have received from the Grants for Growth service, with a further 19% fairly satisfied. This leaves only 4% who were not satisfied with the service. Upon exploring the reasons for providing this feedback, comments included:

"Transformational for our business, without this support we'd be in a very different place."

"Whilst it's too early to assess the full impact of the grant, we're really satisfied with the support we've had from the City Council through this scheme. It's definitely helped us to grow the business and we will be recruiting new staff to deal with the extra work we've generated."

"Great support from Stoke Grants for Growth Client Manager."

"The assistance and information provided by Angela Halls at Stoke-on-Trent City Council was exceptional and made the experience and process pleasant and professional."

"Angela Halls was there to support every step of the way, from gaining approval for spend to submitting the claim. She made the process very easy. Thank you, Angela."

"The grant has helped us upgrade our stock control and sales computer function which has provided massive information for the Company to enable us to make better business decisions."

"The grant has had a huge positive impact on our business during a time of real uncertainty. The whole process from start to finish has been well communicated, prompt and easy to understand."

"We've got more new customers following the grant, and our pipeline of customers is strong. Without the grant, that wouldn't be the case, so we're very satisfied!"

"The grant has allowed us to take our business to the next level a lot quicker than we previously anticipated."

"The whole process was extremely easy and straightforward to submit and claim the money. They couldn't have made it easier."

"We're very satisfied. From the outset Angela has been really helpful, she answered our questions, kept us updated and the grant was received quickly once we submitted our claim and evidence."

5.7 Stakeholder Perceptions

From the original six stakeholder contacts given to us, we were able to conduct in-depth interviews with five of them and follow up final assessment interviews with three of the four stakeholders provided. One of the stakeholders had resigned and was therefore not available for interview.

The stakeholders interviewed can be categorised as a cross section of those responsible for planning and delivering business support for Stoke-on-Trent and Staffordshire businesses locally, sub-regionally and regionally:

- Project Group Members.
- Operational Group Members.
- Local Referral Agencies.
- Higher Education Institution staff.

We used a common semi-structured interview template with stakeholders as the basis of a broad-ranging discussion with each. As well as their experience of working with Stoke-on-Trent City Council, we explored views of any gaps in the service, what might happen if the service ceased and whether it should be continued, and if so, how this may be achieved.

We found that the service is highly valued and is seen as an integral part of Stoke-on-Trent and Staffordshire business support by stakeholders and referral agencies alike. We heard nothing but praise for the professionalism of the service delivery with Angela Halls and the finance team being complimented for their professional approach and attention to detail.

Everyone interviewed was impressed with the calibre of the service provided, the timeliness in which the service was delivered, the knowledge of the local and sub-regional business landscape and the practical opportunities provided for business engagement.

Stakeholders highlighted the value of the programme lies in its ability to provide businesses with large capital funding, enabling those organisations to scale-up faster and with less impact on their cashflow. The project provides further value by creating employment within Stoke-on-Trent and Staffordshire.

Some of the partners did express that they felt that more diverse projects should be supported because initially several of the grants were allocated to businesses looking to buy premises rather than lease. However, the counter argument to that was those businesses buying their own premises helped them to be more secure, raise additional funds and encourage them to stay in the area.

All the partners highlighted that information, marketing and project performance was regularly shared well in advance of any panel meetings. Even during the challenges of COVID it was perceived as being extremely well handled.

Highlighted was the current need to have better partnership working across other programmes, where it addressed cross cutting teams. For example, it would have been beneficial to formalise some environmental link to the capital purchases by perhaps making an energy efficiency review through SBEN a pre-requirement of the grant.

It was agreed that it was difficult to quantify the social and economic impact of the programme on the strategic plan for Staffordshire. The programme could have implemented and encouraged formally key areas such as taking on apprentices, increasing GVA, implementing new products or services, supporting female led businesses and captured baseline date prior to intervention. This is not a particular weakness of this programme but of all funded programmes, especially ERDF funded.

Partners gave a very positive response to meetings, highlighting that they were well planned, information and reporting was of a high standard. Partners appreciated the comprehensive insights, data analysis provided at the programme meetings. Several stakeholders mentioned that the Project Manager visiting the companies was extremely beneficial.

When asked whether it would be good for the businesses to present to the panel, the response was mixed. Some liked the idea, but others pointed out that this would put off nervous Managing Directors, who possible needed the assistance the most.

It should be noted that Brexit had delayed business engagement at the beginning of the project, but the team used the time to set up a very robust programme and market the opportunity and were therefore able to catch up once restrictions had been removed. The first project did not start until the September 2016.

The panel appreciated being able to see the projects come to life and hear about the benefits to the companies.

It was noted that the uptake and number of applications to take part in the programme was high and that more businesses could have been supported had more funding been obtained. Although the number of businesses assisted may be lower than anticipated, this will be due to the higher value grants awarded. Following discussions between the Project Manager, and the Stoke-on-Trent and Staffordshire Growth Hub, it was identified that there was a need for lower value grants and therefore the threshold for grants was lowered to £1,000 with no job requirements.

It was also mentioned that the geographical split of grant funding was fair. Although there was mentioned that around 45% of funding went to Stoke-on-Trent businesses it was acknowledged that this was due to the concentration of businesses within the urban city. Every stakeholder acknowledged that all areas of Staffordshire had been marketed to and most areas had accessed a grant. Despite this one stakeholder did comment that some Staffordshire businesses did not realise that the grant was Staffordshire wide.

It was also noted that over 80% of the businesses engaged were new to the business support landscape and grant funding.

The project flexibility in terms of grant threshold was perceived as good and the original concept of the project deemed as suitable and fit for purpose. Some stakeholders commented that higher threshold limit would have been beneficial, but the counter argument was that the number of businesses assisted would have been significantly lower. At the time of writing this report, it is envisaged that 275 of the 285 businesses will be assisted. The shortfall of 10 businesses is purely due to the full allocation of the grant funding.

There was some mention that some companies had performed better than others in terms of delivering their projects. The Council again were proactive and implemented a three strikes and you are out policy for those companies who were not progressing their projects in a timely fashion. This reduced the risk to the programme not achieving its full outputs and allowed other companies to access funds which could have been lost.

The Project Manager raised the issue of the complexity of explaining public versus private procurement to the private sector. The manager was required on several occasions to have to re-iterate the procurement regulations and the requirement for compliance.

In terms of staffing, it was highlighted that for future projects of this type it would be advisable to ensure that a coordinator is added to assist the manager. There was a post in the original application, but it was not filled. The original application stated that there would be 4 members of staff (2.65FTE) but in fact the project has been running 2.5 members of staff of which only 1 is full time.

The forecasting of grant funding and the popularity with the beneficiaries did result in the pipeline being stopped and started. This was to minimise both the cashflow outlay from the Council and to minimise risk. Unfortunately, it did mean that some beneficiaries had to wait until funds were once again available.

There was also mention of higher visibility in marketing and better financial guidance from the Growth Hub as to the best route and package of funding available. The concern was that businesses were not necessarily being offered the best option or the cocktail of funding that

they might need because there was conflict in terms of the outputs, namely business assists, and jobs. There was reference to the Midlands Engine as an example. There was also mention of ensuring that the Growth Hub are fully aware of the eligibility and do not send businesses through who do not meet the criteria and will therefore be turned down.

The follow up interviews with stakeholders for the final assessment, highlighted that no major changes had taken place since the interim report. The grants panel continued to assess applications, and all felt comfortable to approve or reject them. Where there were concerns with applications the due diligence was robust enough to ensure that it assessed areas such as additionality and if there was no case, the reason for the rejected application was clearly communicated to the client.

Due to the economic climate and the recovery from COVID-19 it was expressed that some of the jobs may be created beyond the scope of the project and therefore not captured.

The project also moved from face-to-face to digital during this period and has remained virtual. This was seen as more efficient process and allowed better control of the flow of applications to meet with the availability of funds.

The job creation output was also questioned, as to whether it was the best means of assessing project performance. The concern was that it did not take into account the level of jobs created and their impact on GVA. Nor does it consider whether those jobs are still there in 12 months' time. The rationale of the 12 hours assist output was also questioned, since for many beneficiaries this amount of support was not required.

The over emphasis on job creation often means that such projects are deemed as poor value for money but in reality, the calculation does not take into account all the private investment achieved, the higher business survival rates and business resilience achieved in a challenging economic environment.

Some stakeholders expressed that perhaps it would have been better to have had several calls for applications with a closing date, allowing those applicants to highlight how their project would make an impact. They felt this would also have ensured a wider geographical representation which looked to meet the LEP local authority agenda, rather than a first come first served model which did not assess return on value.

Despite this it was acknowledged that a wide range of businesses across Staffordshire were represented and that it was natural to see a cluster from Stoke-on-Trent and Newcastle under Lyme because there are more companies located in North Staffordshire.

The addition of small revenue grants to cover website development, SEO, marketing plans, product development and growth planning was seen as a welcome addition and allowed some smaller companies to be supported. However, it should be noted that the smaller grants must be administered in the same way and therefore create an additional administrative burden, in a project which has already acknowledged that it was under resourced.

There was the suggestion that some targeted marketing would be beneficial to attract businesses from other locations and particular sectors but at the same time it was acknowledged that the marketing had been good.

Stakeholders expressed that the governance and high standards of project management since the interim report was still of an exceptional high standard. There were no issues raised.

All the stakeholders expressed that they would continue to support the programme and would welcome the continuation of the programme beyond the scope of the project. However, most stakeholders felt that the allocation of the Shared Prosperity Fund to districts would hamper the ability for the programme to continue beyond June 2023. At the time of writing, the project still has no continuation plan.

The stakeholders raised their concern that with no replacement project there would be a loss of capital investment and growth in Staffordshire and that key members of staff with extensive state aid knowledge could be lost as a result.

The stakeholders also raised the concern that a lack of capital investment could decrease inward investment into Staffordshire, as this project was successful in attracting new businesses to the area.

All the partners praised the Project Manager and the support given by the Finance Department, stating that their approach, communication, and support was highly valued and to be applauded. Also highlighted was the way that business expectations were well managed.

6.0 CROSS CUTTING THEMES

6.1 Equal Opportunities

Stoke-on-Trent and Staffordshire Grants for Growth ensure that they provide services and a working environment that is equally accessible to all its customers and stakeholders without discrimination or prejudice on any grounds. Within the tendering and contract arrangements, they ensure that providers acting on behalf of Stoke-on-Trent City Council are fully compliant with the Public Sector Equality duty contained within section 149 of the Equality Act 2010.

Overarching principals incorporated and delivered within this project include:

1. Delivering a high standard of service to all customers, organisations, stakeholders, or partners.
2. Dealing fairly and equitably with all customers / organisations / stakeholders or partners.
3. Providing technical assistance that is suitable for and sensitive to the diverse needs of all customers / organisations / stakeholders or partners.
4. Providing information / support / guidance in a format which suits the needs of individuals / organisations / stakeholders or partners.
5. Ensuring that all project staff are aware of and abide by the principles of equality and diversity.

The programme is delivered in a sensitive manner to consider the needs of all individuals and with due regard to the necessity to eliminate discrimination. Stoke-on-Trent City Council is committed to maximising a positive reputation for accessible, relevant and responsive service delivery and will advance equality and foster good relationships between different people when carrying out our activities. In relation to the Stoke-on-Trent and Staffordshire Grants for Growth meetings, these were undertaken in accessible locations, information is provided in plain English and a range of accessible formats. Specific guidance is provided to staff by the Access Officer when required.

To ensure that there is no discrimination against any disadvantaged or vulnerable people Stoke-on-Trent City Council undertake (where appropriate) an Equality Impact Assessment (EIA) for each beneficiary project.

This is to ensure that the consequences of projects are analysed, and any possible negative consequences eliminated or minimised and opportunities for ensuring equality are maximised.

The EIA cover the following principles:

- The needs of beneficiaries are considered at project design stage to deliver an appropriate service.
- Beneficiary new builds and upgrading of existing premises are assessed to ensure they meet the minimum accessibility requirements.

This has been implemented by:

- Building appropriate equality criteria into the grant application process.
- Using the grant appraisal process to check the extent to which equality is applied at project level.
- The use of progress reporting and monitoring visits to monitor equality progress at project level.
- The Programme Team promote equality to potential beneficiaries by awareness-raising and signposting SMEs to equality advice.

6.2 Environmental Sustainability

Stoke-on-Trent City Council comply with UK environmental law and support and promote the move towards a low carbon economy by adhering to UK government buying standards and ensuring that potential beneficiaries use recognised building and civil engineering sustainability standards.

All aspects of sustainable development are considered including design, procurement, construction, and operation of the programme. These values are passed onto potential beneficiaries. Stoke-on-Trent City Council ensure that all beneficiary projects (where appropriate) utilise nationally prescribed best practice standards for assessment (BREEAM Excellent for new build, BREEAM Very good for Refurbishment and CEEQUAL Very Good for Infrastructure projects). Environmental sustainability is considered within the programme's procurement and commissioning process in conjunction with the Public Services (Social Value) Act 2012.

The Programme Team promote environmental protection requirements, resource efficiency and climate change in the selection of its beneficiary projects. Potential beneficiaries are required to show how resources efficiency is embedded in the project.

It was recognised that increased employment activity could lead to greater use of natural resources. The programme mitigated against these impacts by highlighting the range of specialist support available on environmental initiatives and services such as:

1. Staffordshire Business Environmental Network (SBEN) that aims to increase businesses' competitiveness & profitability while at the same time improving environmental awareness and reducing environmental impacts. SBEN offer a wide range of services

and training e.g., Environmental Review: a written report on a business's current environmental performance and compliance; and Enviro-visits to other companies.

2. Travel Plans. Staffordshire County Council offers a free service to all Staffordshire businesses to help them produce a travel plan. Where appropriate, Stoke-on-Trent City Council makes referrals to this service. Assistance can be from implementing staff travel surveys to find out the current modes of transport staff are using, to accessing car sharing data. A reduction in car journeys per person and the uptake of public transport or car sharing would help reduce pollution and the carbon footprint of individuals and businesses.

7.0 PROJECT SPEND

7.1 Project Spend Table

Table 4: Project Spend Profile

Project Funding							
		ERDF /ESF (a) **(£)**	Public Match (b) **(£)**	Private Match (c) **(£)**	Total (d) **(£)**	Contribution rate **(%)** (a)/(d) x 100	Total public funding **(%)** (a+b)/d 100
Capital	ERDF	£4,122,041.10	£NIL	£9,618,095.90	£13,740,137	30%	30%
Revenue		£436,134.81	£235,693.80	£55,062.75	£726,891.36	60%	92%
TOTAL		£4,558,175.91	£235,693.80	£9,673,158.65	£14,467,028.40	31%	33%

Source: Finance Tracking PCR Approved on the 18 March 2022 up to claim 31st of March 2023

8.0 STRATEGIC ADDED VALUE

8.1 Trends and Issues

There is no doubt that COVID-19 and Brexit has impacted significantly on businesses, with many reluctant to make investment decisions, choosing to delay project works and struggling to get quotations. The energy crisis following the invasion of Ukraine has compounded this situation further, leading to increased operating costs for businesses which in turn has reduced the level of funds available for investment.

Despite these challenges the Grants for Growth have ensured full usage of the funding and continue to obtain interest from companies looking to invest. The addition of a smaller grant has allowed smaller companies who are not in a position to create employment still obtain support, which in this challenging climate is to be applauded.

8.2 Key Barriers to Achievement

There have been some significant challenges experienced by the team and partners in relation to the project delivery, profile and the level of demand. The main changes implemented and the reasons for those changes are as follows:

- The impact of the invasion in the Ukraine on energy prices has caused a significant shock to many businesses, faced with rapidly increasing energy costs, leading to a reduction in funds available to invest in capital projects.
- Those businesses that were already in the process of a grant application or looking to apply were sometimes unable to commit to the job creation requirement and a focus on safeguarding, due to the economic climate.
- A Project Change Request (PCR) was agreed in March 2022 to extend the project until the end of June 2023 whilst at the same time project spend and outputs were reprofiled.
- The project was and continues to be recognised as being understaffed and whilst this could have impacted on performance, the diligence and the professionalism of the Project Manager ensured that it did not.

8.3 Key Opportunities

The current climate makes it difficult to assess where the key opportunities for continuation are. There does not appear to be an appetite for grant funding. At the time of writing this report the feedback obtained was that the Midland Engine would be the vehicle used for obtaining financing and that this would most likely be in the form of loans and equity finance. This will require dedicated support to promote in Staffordshire, as businesses have been reluctant to use equity finance to scale up their businesses.

Reporting should consider going above and beyond ERDF requirements to assess the longer term added value of the Programme. Examples would be whether the businesses who have benefited from the Programme have seen an increase in their productivity and / or profitability, implemented environmental changes or reduced the skills gap by recruiting apprentices.

The reporting should also consider the amount of private investment achieved in match and whether any of the grants led to new innovations/services or inward investment.

8.4 Management and Delivery Processes

Stoke-on-Trent City Council is responsible for the programme management and delivery. Due to the disparate geographical location of potential beneficiary projects the programme necessitates an element of travel.

The application window opened from 13th September 2016 and will close on 30th June 2023. Qualifying applicants will, under de-minimis, be able to secure grant funding up to €200,000 in any three-year period. Applicants securing grant under GBER will be able to apply for a maximum of £250,000. The Programme Team offers beneficiaries advice and guidance on completing the application and associated paperwork.

Grant intervention rates vary between 10% up to 49% dependent on the project value, the tested gap in finances, state aid intervention rates and the number of jobs created. Funding is offered at the minimum deemed necessary for the project to proceed, but in any event the average programme grant funding it does not exceed £11,500 per job created (actual intervention rate currently stands at around £8000 per job) to ensure that funds awarded provide at least the required outputs of the scheme.

Robust applications are assessed and scored by the internal Grant Appraisal Panel (GAP) and external SSLEP Strategic Finance and Funding Overview Sub-Group according to their strategic fit, deliverability within set timescales, state aid compliance and eligibility, project impact in the local economy and regeneration potential.

The programme's original application stated that the project would be delivered and overseen by 4 employees (2.65 FTE) who are responsible for undertaking the activities identified above. Due to staff changes and perceived requirements, this was revised to 2.5 employees (1FTE).

During the programme lifetime it is expected that £4,755,594.04 million pounds worth of grant will be distributed, levering £10,951,974.14 private match to the area, assisting 285 SMEs and creating 497 FTE jobs that are expected to last at least 12 months. Supporting the Stoke-on-

Trent and Staffordshire LEP Vision and Priorities 2014 – 2030 50:50:10, to grow the economy by 50% and generate 50,000 new jobs in 10 years.

Stoke-on-Trent and Staffordshire Grants for Growth provides Small, Medium Enterprises (SMEs) grant funding to cover capital and revenue investment and allow the company to grow in the market.

Specifically, the scheme (as per latest PCR March 2022):

- Is based within Stoke-on-Trent City Council and visit and support potential beneficiaries within the Stoke-on-Trent and Staffordshire LEP area.
- Runs from 13 September 2016 for five years and accept applications until 30th June 2023. The financial claims will be made from 1 April 2016 until 30 June 2023. Potential beneficiaries have 12 months grace in which to create new jobs, which is stated within the legal agreement. The project practical completion date will be 30 September 2023 to account for this.
- Is delivered by the Enterprise Projects Team located within the Civic Centre, Stoke-on-Trent.
- Work with SMEs beneficiaries within the State Aid Eligible sectors located in the Stoke-on-Trent and Staffordshire LEP area.
- Is widely publicised using partner agencies including Stoke-on-Trent and Staffordshire Growth Hub, National Growth Service, Banks, Accountants and Universities. This will ensure that Stoke-on-Trent and Staffordshire Grants for Growth can co-exist with other grant schemes and assist SMEs to identify the correct scheme for their needs.
- Provides match funded grants starting at £1000 up to £100,000 where new job creation can be evidenced. Eligible jobs created will be FTE of 36 hours and last for a minimum of 1 year. Private match is leveraged from the beneficiary SMEs who need to evidence this match within the application process, this match can include own private sector or other equity firms. Checks are made by the Programme Team to ensure match is not provided by another ERDF scheme.
- Provides support and assistance to the potential beneficiary to prepare an application, purchase equipment and services in compliance with ERDF procurement regulations and to identify a suitable and compliant state aid solution.
- Provides grant intervention rates that will vary between 10% up to 49% dependent on the project value, the tested gap in finances, state aid intervention rates and the number of jobs created. The spread of projects and associated grant aid awarded is managed so that the programme meets its private sector investment leverage profile.
- Work with SMEs trading for at least 12 months and who in addition qualify as a commercial activity.

8.5 Added Value

As referenced previously, the Programme currently only reports under ERDF requirements yet there is clear indication of added value. It was evident that the impact and outputs of projects would continue beyond the monitoring stage.

The reporting format does not capture how the grants may have increased businesses survival and resilience in Staffordshire. Yet anecdotally this appears to be the case.

The implementation of newer technology and equipment not only created profitable efficiencies but environmental one's as well.

The programme has led to significant amounts of private match funding, which specifically works to address the government's Levelling Up agenda**.**

8.6 Project Value for Money

Currently as of the 31st March 2023 174 businesses have been supported (C1 and C2 output). 404 jobs (C8) have been created to date and match funding of £9,806,400.13(C6) has been achieved. The project has a total spend of £16,213,636.56 of which £15,296,666.56 is capital purchases and £916,970 is revenue. This means that the rate of intervention based on 285 companies being supported stands at £56,889.95.

Since most of the funding has been obtained through private match the actual ERDF contribution accounts for £5,137,506.38 of the project costs which when divided by the 285 expected beneficiaries gives a per company ratio of £18,026,34. This is still outside of the value for money ratio of £10,000 per business. However, it is important to note that the programme is on track to lever £10,951,974.14 of private funding once all projects have been defrayed and create 497 jobs.

8.7 Exit Strategy / Sustainability

We have provided below an analysis of options that exist for the future of the Grants for Growth Programme. All options (except closing the service) depend on securing the support of external funders. We have concentrated the evaluation on the benefits to the customer and the sustainability of the service but have also factored in the likelihood of securing the funding required.

a. Close the service.

The evidence tells us that the Programme is valued by businesses and partner organisations. It has acted as a catalyst for business investment to stimulate and support business growth.

There is evidence of significant business benefits in terms of increased productivity, accelerated investment plans and improved profitability arising from the programme.

We believe, from discussions with businesses and stakeholders, that some additional benefits are not reported as they are not part of the requirement for ERDF purposes. However, we recommend that consideration be given to collating them for future funding opportunities.

The Grants for Growth programme is well recognised and trusted by partners and businesses. On this basis we evaluate closing the Programme as the least favoured option.

Whilst this is not our preferred option, we understand this is the likely option due to the lack of alternative funding sources.

b. Mainstream the support.
The evidence suggests that currently there is an uncertainty around funding available to continue this service beyond the contract end date and that commercialisation of the Programme, would not be possible due to the nature of the support (grant funding).

We evaluate mainstreaming the full integration of the service at time as not being a practical option.

c. Downscale the service.
If the programme was to be downscaled, fewer businesses would benefit from support, and this would impact on the overall investment activity across Stoke-on-Trent and Staffordshire.

We evaluate downscaling as a potential dependent on funding support available.

d. Expand the service.
Although we can see that the Programme is well-regarded, due to the current economic climate and uncertainty within the business community, combined with a lack of potential funding sources to continue the project, we do not consider that the service should be expanded at this moment in time.

e. Continue as now.
The Programme is providing a valuable service for which there is sufficient demand to justify its continuation.

This is our preferred option.

f. Re-focus the service.
We believe the existing focus of the service to best reflect demand from businesses and therefore on that basis, we would suggest that the Programme does consider and look at future funding opportunities to allow for continuation. Its ability to engage businesses and encourage them to invest in their future is key to ensuring the on-going investment in businesses in Stoke-on-Trent and Staffordshire.

In the short-term we believe this option to be limited due to the current economic climate however more long term we believe this option would strengthen the offer and provide theflexibility required to provide a service which is needed and valued by the businesses of Staffordshire and thus improve the sustainability of the Programme.

Options Appraisal Evaluation Ranking
(1-5: where 1 is the most attractive and 5 is the least attractive):

Close the service	5
Mainstream the support	4
Downscale the service	3
Expand the service	4
Continue as now	1 (dependent on funding requirements)
Re-focus the service	3 (dependent on funding requirements)

9.0 CONCLUSIONS AND RECOMMENDATIONS

Through the course of the evaluation of the Grants for Growth project, several key conclusions can be drawn, along with lessons learned and recommendations for future Programmes to encourage Stoke-on-Trent and Staffordshire businesses to maximise their business growth potential.

9.1 Conclusions

The beneficiaries spoke very highly of Stoke-on-Trent City Council, the Grants for Growth project and particularly about the Project Manager, Angela Halls. They identified the availability of assistance when required, the willingness to support them through the process and the prompt payment of the grants as being particularly helpful to them throughout the process.

Whether businesses were claiming capital or revenue projects, the application process appears to be straightforward and easy to understand for most businesses. The guidance notes issued to businesses, with the support of the project team, mean that businesses can apply easily.

It is evident from beneficiary feedback that the impact of the Grants for Growth project will be significant, but that it is yet too early to quantify those impacts. Anecdotally, beneficiaries discussed increased productivity, profitability, and the recruitment of additional staff. Several businesses highlighted orders they had secured as a result of the investment made through the project, from both capital and revenue-based grants. The full impact of the Grants for Growth project on those businesses will not be realised for a considerable period of time, and there is no mechanism in place to capture and quantify that impact, which represents a missed opportunity in the future to inform future support activities.

The Grants for Growth project acted as a catalyst for business investment, accelerating the plans of numerous businesses and enabling them to bring forward or increase their investment plans. The availability of grant support for businesses encouraged them to consider other forms of finance to deliver their objectives and in some cases, investment would not have taken place had the grant not been available. Therefore, it is important to recognise the role that grants play in encouraging businesses to consider investment in their future growth and success.

The Project Manager was complimented on keeping the stakeholders up to date on company projects both via a monthly performance report and before and after project pictures from the beneficiaries. The visiting of the companies both prior to and after intervention is extremely beneficial.

There was some concern over businesses understanding and being compliant with public procurement regulations. For future funding it may be beneficial to deliver public sector

procurement workshops, so that the companies are aware of their obligations and can obtain guidance.

There were limited instances of businesses being asked for specific information at different points in time. Where possible, it would be helpful to businesses to be very clear about what information is required to support an application or claim. This appears to be the practice for the significant majority of beneficiaries, but needs to be consistently applied, perhaps through the introduction of a checklist that could be supplied to businesses.

The flexibility demonstrated to business beneficiaries during the disruption of the COVID-19 period was particularly welcomed. Given that businesses are still experiencing disruptions, the continuation of the flexible approach was of particular benefit to businesses.

Businesses stated that payment of grant, once claims and evidence had been submitted, was very prompt. This prompt payment has been beneficial to those submitting claims and assisted them in the implementation of projects.

There was a need by the Project Manager to prompt companies to defray and evidence expenditure in a timely manner. The implementation of three strikes or you will need to re-apply was a successful way of prompting the businesses to progress.

The original project, which originally had much lower targets, allowed for 4 employees of which 2.65 were full time equivalent. Despite a huge increase in project requirements the staffing was lower with only one full time equivalent Project Manager, 0.2 FTE Accountant and 0.1 FTE Assistant Accountant. The programme was well managed but the reliance on 1 Full Time Manager is risky and as a minimum a Coordinator role would be advisable to support in future grant projects.

In terms of outputs, it would have been beneficial to have offered the lower £1,000 revenue grant sooner and maybe considered lower value projects to support more businesses which in turn would have led to the programme being perceived as better value for money.

An alternative would be to have competitive cohort applications, assessed on impact and return for money to ensure maximum impact. The downside to this method is that the open application window may not suit the beneficiary's investment timescales.

As with many ERDF funded projects there is an over-reliance on outputs rather than outcomes and the projects are assessed on these merits. We believe this to be a missed opportunity to add value to Staffordshire programmes through partnership work. Such support would benefit both the beneficiary, partners and the strategic, economic, and social plans of Stoke-on-Trent and Staffordshire. Although there is anecdotal evidence of such activity it would be beneficial

for future projects to formalise how they support such areas. Examples could include taking on apprentices, reducing carbon emissions, or increasing GVA.

The project, based on the assists and jobs outputs, is deemed as poor value for money but this is extremely misleading because it does not consider business resilience/survival, increased profitability, jobs created beyond the scope of the project or even the large amount of match funded private investment achieved. It also fails to recognise that often grant funded companies access further support from the business support framework, such as skills training and apprenticeships. It also reflects the short timescale against which this objective is assessed. Over a longer period, it is highly probable that the project would have demonstrated good value for money as additional jobs will be created beyond the end of the project lifetime.

In terms of the project as it currently stands both the beneficiaries and the stakeholders felt that it was appropriately designed and fit for purpose. Both the beneficiary audience and the stakeholder audience considered that the overall management of the project was excellent. Progress against targets is on track and a fair and correct representation of businesses has accessed the funding.

At the time of writing the final report, the indication from stakeholders was that the project would not continue to be supported because it is unlikely that they will be able to access Prosperity Funding and the low 4% administration cost would make it difficult to administer. This may have a negative impact on investment by businesses within the Stoke-on-Trent and Staffordshire area.

9.2 Recommendations

Funding partners should recognise that the provision of grants to stimulate business growth acts as both a catalyst and an accelerator for business growth potential. The provision of a grant, and often at relatively low financial values, encourages businesses to consider both capital and revenue investment that they may not have been otherwise able to progress. It also, in some instances, enables businesses to consider external investment into their business and can remove the barrier to that investment. Therefore, the provision and importance of grant funding within the matrix of business support should not be overlooked.

Based on the evidence, Stoke-on-Trent City Council and its funding partners should explore how the Grants for Growth programme could be continued in the future, which may involve the identification of alternative funding sources.

Where future programmes are implemented, funding partners should consider longer term evaluation of business beneficiary outcomes, to understand the full impact that such programmes have on businesses over extended time periods.