Final Summative Assessment of the Leeds City Region Digital Enterprise 2 Programme

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DIGITALENTERPRISE
Invest In Digital

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1 Executive Summary

1.1 Every European Regional Development Fund (ERDF) grant funding agreement places a requirement on recipients to undertake a Summative Assessment. Leeds City Council on behalf of the wider project partners within the Leeds Digital Enterprise project (now in its second phase of delivery) have commissioned S4W Ltd to undertake this Final Summative Assessment of the Leeds Digital Enterprise programme in order to:

- Identify whether the programme will achieve its aims and objectives
- Obtain feedback from beneficiaries on the processes/quality of support
- Understand and quantify the likely impacts of the programme
- Assess the value for money of the programme
- Learn key lessons from the experiences of the programme
- Inform future Digital business support and investment under the West Yorkshire Combined Authority UK Shared Prosperity Fund

1.2 The Digital Enterprise Programme is a business support programme which aims to help eligible, growth focused businesses based in the Leeds City Region to scale up and achieve digital transformation. The Digital Enterprise programme consisted of two phases, phase 1 which started in July 2016 and finished in Sept 2019 and phase 2 which started in October 2019 and will finish on the 30th June 2023. This Summative Assessment focuses on phase 2 with a similar assessment completed by S4W Ltd for phase 1 in 2020.

1.3 Phase 2 of the programme had a programme budget of £20,928,518 covering the period October 2019 to June 2023 with an ERDF contribution of £10,464,259. The programme lead partner and accountable body for ERDF investment is Leeds City Council, leading a partnership of Local Authorities across the City Region.

1.4 The Leeds Digital Enterprise project has aimed to fill a market gap in the business support offer within Leeds City Region. The project ensures businesses have access to the information, support and investment needed to grow and helps develop the digital capabilities of these business so that they are well positioned to take advantage of emerging technologies to underpin their business growth.

1.5 This has been achieved through three strands of the programme, ***Digital Growth Vouchers***, offering a maximum of 50% of the cost of a digital project up to a maximum project size of £24,999, ***Digital Connectivity Vouchers***, between £500 and £3,000 to cover costs to improve connectivity and a ***Digital Knowledge Exchange***, offering Health Checks for businesses, workshops and masterclasses and a range of wider events and conferences.

1.6 One the key elements of the Summative Assessment process is to understand the range of economic impacts of ERDF investment. In order to achieve this the Summative Assessment has utilised a self-reporting counterfactual impact assessment, which draws on the experiences of SMEs that have received support through the Digital Enterprise Programme and the impact it has subsequently had on their growth and job creation.

1.7 The programme's Logic Model is a simple one – that activity to encourage SMEs to adopt and invest in digital technology and connectivity will lead to the development of new products, processes and services and improvements in productivity. In turn these improvements will then lead to business growth and potentially job creation.

1.8 The Summative Assessment impact calculations were undertaken to the end of Claim 14 (the end of December 2022) and draws upon a business survey of 219 beneficiaries. At the time of completing the Summative Assessment there were still two quarters remaining for delivery on the project. By the end of December 2022, the project had defrayed a total of £15,822,676 (or 75.6% of the budget). Final expenditure is anticipated to be around £18m, within an accepted 15% budget tolerance range.

Table 1.1 Programme Performance Measures

Output	Current Target	Performance to December 2022	Projected Performance
(C1) Number of enterprises receiving support	2,200	1,380	1,700
(C2) Number of enterprises receiving grants	1,800	1,198	1,410
(C4) Number of enterprises receiving non-financial support	400	290	290
(C5) Number of new enterprises supported	275	44	44
(C6) Private investment matching public support to enterprises (grants)	£9,300,000	£6,406,561.62	Est £7.5m - £8m
(C29) Number of enterprises supported to introduce new to the firm products	275	159	196
(P4) Number of firms upgrading to faster broadband (+30 MGBS)	475	381	460

Source: Digital Enterprise Programme Claim 14, Funding Agreement and Funding Agreement Variations

1.9 As shown in Table 1.1, by Claim 14 the project had made differing progress against its contractual outputs (although the project has not been able to reprofile its spend and outputs downwards as DLUHC are no longer accepting Project Change Requests).

1.10 The project has supported 1,380 businesses to date, which includes 44 new enterprises. By the end of the project this is forecast to be 1,700. It total there have been 1,198 Voucher awards and 290 businesses receiving at least 12 hours of support through the Digital Knowledge Exchange. The programme has supported 159 businesses to introduce new to the firm products and 381 businesses have had faster broadband (increased to over 30mbps).

1.11 Most ERDF projects deliver their outputs in an S-Curve, with businesses completing their grant investment and tripping over 12 hours later in the programme. This is the case with the Digital Enterprise programme. Demand for Vouchers has accelerated as the programme comes towards its conclusion. The process of gathering evidence of ERDF outputs also means many outputs are claimed later in the project cycle.

1.12 The programme has been hampered by a number of issues, mostly linked to the COVID-19 pandemic. Firstly, the Digital Knowledge Exchange, which has now finished its delivery cycle, had fallen short of its target as registrations fell away during COVID-19. There were also capacity issues in relation to processing voucher applications due to staff shortages and delays in defraying expenditure in businesses.

1.13 As delivery moved online, it became in some circumstances harder to obtain the evidence required to claim these businesses as outputs. This is partly because businesses were working from home and it was not as easy to contact businesses at their work address, some of the businesses that had completed their outcomes closed temporarily and/or went out of business at the onset of the pandemic. Some businesses were not prepared to engage for 12 hours' worth of online only support.

1.14 The project has been well embedded into the business support eco-system. According to the business survey, the highest marketing sources from which businesses heard of the Digital Enterprise 2 programme has been from the sub-regional Business Support Service (21%), from one of the Local Authorities involved in the project (20%) or from word or mouth or another business (18%).

1.15 A total of 9% of businesses stated the support from the Digital Enterprise 2 programme has transformed how the business uses digital technology, with a further 77% stating the programme has accelerated how the businesses uses digital solutions. Only 14% of businesses stated there had not really been any impact on the business as a result of the programme.

1.16 The 219 businesses completing the survey reported a total of 123 Full Time Equivalent additional jobs at an average of an additional 0.56 jobs per business supported. When this average is applied to the 1,380 businesses the programme has currently supported to a C1 output level, this would suggest the Leeds Digital Enterprise programme has created 773 gross Full Time Equivalent jobs.

1.17 Based on the programme having a positive impact on 86% of all businesses, this suggests that the programme overall has helped the creation of **665 net additional jobs for the Leeds City Region economy**.

1.18 Based on a net increase of 665 jobs within the Leeds City Region economy and the latest Gross Value Added (GVA) per filled job of £46,400[1], the overall impact of the Digital Enterprise Programme on sub-regional GVA is expected to be £30.8m per annum. If the Digital Enterprise Programme supported an indirect increase in productivity of 10% across these employees, this would result in an increase in Gross Value Added across the City Region of £34m per annum and if these jobs are sustained over a five-year period into the future, it should create a net economic return of £9.7 for every £1 invested **and £19.4 for every £1 of ERDF invested**.

1.19 Over 76% of businesses stated there was a positive or very positive impact on business resilience, and **70% stated a positive or very positive impact on productivity and profitability**. These are two key areas that business support programmes are keen to address within SMEs.

1.20 The areas that the programme had the most impact on within businesses adopting digital solutions was upgrading digital hardware, at 28% of all businesses, enabling remote working (18%), better workflow integration (18%) and more effective digital marketing (15%).

1.21 The programme, despite its challenges, offers **very good value for money** for businesses supported and jobs created and is forecast to be below the relevant national benchmarks for the ERDF programme.

1.22 Overall the feedback from businesses on the quality of the Digital Enterprise programme was very positive, with business rating the overall quality of support from the team to develop the right solutions for the business as 4.2 out of 5 and the overall relevance of the Voucher schemes to improving digital performance an impressive 4.7 out of 5.

1.23 Feedback from all partners about the Leeds Digital Enterprise programme has been overwhelmingly positive. It is a well-regarded and popular scheme, echoing the views expressed by businesses. Of particular note was the experience, skill and knowledge of the Advisor team and the importance and relevance of its offer to current business needs. The programme had been a very visible component of the business support offer and had been very successful in engaging businesses that would not normally be associated with accessing digital technology support.

[1] 2017 Regional gross value added (balanced) per job filled, ONS

1.24 There were some issues in the speed of processing Voucher applications, although the change from releasing vouchers in application windows to an open bidding process had been seen as a significant improvement in the process for businesses. Recruiting additional Advisers and admin capacity to the programme in 2021 and the filling of some vacant posts in 2022 created some stability in headcount which also resulted in a quicker turnaround of Vouchers.

Key Lessons Learnt

1.25 The project has secured UK Shared Prosperity Fund for a third phase to the programme. Without a Digital Knowledge Exchange component of any future programme, it is important that some element of capacity is retained to undertake demand stimulation activity, to provide outreach and marketing on the offer of the programme and provide a conduit for Advisors to engage with businesses.

1.26 The relationships with Growth Managers will remain the most important relationship for the programme. The Digital Growth Vouchers were the most referred to grant programme for the Growth Hub. However, the Digital Enterprise processes could develop a feedback mechanism to assess whether investment in digital technology has created or exacerbated other issues within the business. If this is the case, they should be referred back into the Growth Managers and wider business support ecosystem. This is especially relevant in relation to leadership and management and helping the workforce to adapt to the inevitable process changes.

1.27 Whilst the programme has invested significant resources into developing its management systems and processes for Vouchers, the role of the Adviser within this system needs to be considered going forwards. This is so they can spend more of their time working with businesses earlier in the process. In order to achieve this, there needs to be consideration as to how businesses can engage with the Digital Enterprise earlier in their IT decision making cycles. Businesses are being referred onto the programme for a grant/voucher by many partners and by this point the business can be relatively fixed in their decision-making processes.

1.28 Finally, there needs to be a system within the monitoring processes for individual business projects where a wider set of outcomes can be captured and quantified as part of the support/investment. This could focus on potential value to the business of accessing new markets, improvements to business resilience, ability to work in a more agile and flexible manner and productivity improvements.

2 Introduction and Programme Background

2.1 Every European Regional Development Fund (ERDF) grant funding agreement places a requirement on recipients to undertake a Summative Assessment. Leeds City Council on behalf of the wider project partners within the Leeds Digital Enterprise project (now in its second phase of delivery) have commissioned S4W Ltd to undertake this Final Summative Assessment of the Leeds Digital Enterprise programme in order to:

- Identify whether the programme will achieve its aims and objectives
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2.2 The initial Digital Growth Programme began delivery in July 2016, with a proposed completion date of June 2019. The project, via a full application, received a subsequent extension to the end of June 2023.

2.3 Two Summative Assessments were undertaken for the first phase of the project, an interim Summative Assessment, completed in November 2018, and a Final Summative Assessment, completed in February 2020. An interim Summative Assessment of the second phase of the project was completed in October 2022 and this process builds upon these previous reports. The process also reflects on some of the changes that have occurred during the delivery of the second phase of the project, not in the least as the project had to adapt to the COVID-19 pandemic. COVID-19 changed the way activity had to be delivered and some of the presenting issues that businesses came forward with.

2.4 This report provides:

- An evaluation of performance management data from September 2019 to the end of December 2022
- Discussion with some of the programme's key delivery and funding partners.
- A review of a range of primary and secondary data relating to the impact on businesses and their digital capabilities, levels of employment in beneficiaries, and reviews of the efficacy and quality of services provided.
- Output, outcomes and impact achievements in comparison to those projected in the original ERDF application.
- Recommendations for future Digital business support and investment activity in the West Yorkshire Combined Authority area and that is relevant to the wider Districts in the Leeds City Region.

About the Digital Enterprise Programme

2.5 Digital Enterprise is a programme to help eligible, growth focused businesses based in Leeds City Region, to scale up and achieve digital transformation. The programme lead partner and accountable body for ERDF investment is Leeds City Council, leading a partnership between the following Local Authorities across the City Region.

- City of Bradford Metropolitan District Council
- Calderdale Council
- Craven District Council
- Harrogate Borough Council
- Kirklees Council
- Selby District Council
- Wakefield Metropolitan District Council
- York City Council, and
- West Yorkshire Combined Authority / Leeds City Region LEP

2.6 The initial programme secured £4,231,475 of ERDF investment through the European Structural and Investment Funds (ESIF) programme supported by a package of a further £4,231,475 of matched funding including £1,000,000 of public sector matched funding (consisting of £750,000 contribution from the West Yorkshire Combined Authority (WYCA) and a total of £250,000 of matched funding from partner Local Authorities). The programme's Practical Completion Date was originally 30th June 2019, with a financial completion date of 31st August 2019.

2.7 The project was subsequently extended for three years to the end of June 2023. The two extensions increased the budget to £20,928,518, with an ERDF contribution of £10,464,259 and the following matched funding contributions:

- West Yorkshire Combined Authority £750,000
- Local Authority contributions (from combined Business Rates pool) £350,000
- Private Sector match to grant projects £9,364,259

2.8 Over these delivery phases, the Digital Enterprise project has aimed to fill a market gap in the business support offer within the Leeds City Region. The project ensures businesses have access to the information, support and investment needed to grow and develop the digital capabilities of their business so that they are well positioned to take advantage of emerging technologies to underpin their business growth.

2.9 Initial engagement on the programme is via an online eligibility check, which provides some of the pre-registration checks for eligibility including business size and structure, turnover and location. It also covers previous De Minimus aid and provides background information on the business and its current digital capabilities.

2.10 After the eligibility check, businesses can then take one of the three potential routes through the programme shown overleaf (although some businesses ultimately engaged in more than one offer).

Digital Knowledge Exchange

Free to attend workshops, masterclasses and mentoring support to owners/managers.

The Digital Knowledge Exchange (DKE) was delivered by the Umi Group since the start of the programme. DKE had targets of supporting 400 businesses for over 12 hours. DKE offered a range of activity including undertaking Digital Health Checks for businesses, workshops and masterclasses and a range of wider events and conferences (including the DE Top 100). There was also mentoring support available to eligible businesses. DKE completed its delivery in June 2022.

Digital Growth Vouchers

From £2,000 to £12,500 to help eligible firms invest in a range of new digital/ICT solutions that encourage growth.

A key component of the scheme was the Digital Growth Vouchers, which offered funding to businesses to help improve their digital capabilities. This included areas such as buying new hardware/software, developing websites or enabling remote working. Funding covered a maximum of 50% of the cost up of a business's digital project from a minimum grant size of £2,000 up to a maximum grant size of £12,500. The scheme operated on a competitive process to determine proposals that offer the biggest potential for business growth and digital maturity.

Connectivity

Planning to upgrade your digital connectivity/broadband? Our new Connectivity+ Voucher is worth between £500-£3,000 to eligible businesses and can be used to cover some of the costs of your upgrade.

Connectivity+ Vouchers assisted businesses with a broadband connection of under 30mbps to upgrade their connection to a minimum of 30 mbps. Vouchers were worth between £500 and £3,000 and could be used to cover costs such as the cost of the installation, hardware related to facilitating the connection e.g. (a firewall, router, receiver/antennae), internal ethernet network cabling and consultancy/project management cost to install a connection (capped at 25% of the value of a voucher).

2.11 Businesses that undertook a Voucher led strand of the project were largely ready to invest in their digital infrastructure, whilst the Digital Knowledge Exchange strand of the programme was more geared to businesses that needed to build their understanding of digital opportunities. There was scope for businesses to access different strands where this added value and some of the DKE events such as Digital conferences and the DE Top 100 events were open to all businesses.

Operational Context

2.12 Digital Enterprise had an effective start date of early September 2016 and has an extended Practical and Financial Completion Date of 30th June 2023. The extended project (Digital Enterprise 2) began in September 2019. The extension period has been significantly hampered by the onset of the COVID-19 pandemic, which affected how the programme was delivered and the presenting needs of businesses.

2.13 During the pandemic, the Team were also responsible for distributing COVID-19 Resilience Grants at the same time as the Digital Enterprise Vouchers. The criteria for the Resilience Grants was relatively broad and many businesses utilised the scheme to enable remote working and support business continuity.

Table 2.1 Project Outputs, Outcomes and Targets

Output	DE1 Target	Extended Targets
(C1) Number of enterprises receiving support[2]	1,000	2,200
(C2) Number of enterprises receiving grants[3]	N/A	1,800
(C4) Number of enterprises receiving non-financial support[4]	N/A	400
(C5) Number of new enterprises supported[5]	350	275
(C6) Private investment matching public support to enterprises (grants)[6]	N/A	£9,300,000
(C29) Number of enterprises supported to introduce new to the firm products[7]	50	275
(P4) Number of firms upgrading to faster broadband (+30 MGBS)[8]	250	475

[2] The ERDF project has provided evidence of either 2 days (12 hours) active consultancy support or Grant or Loan/Risk Finance Investment of at least £1,000 (ERDF Output Guidance – p11)
[3] A subset of the indicator C1 - 'Enterprises receiving support'. To register support as grant, the business must be provided with a minimum £1,000 cash payment by the project, which is not repaid (ERDF Output Guidance – p17)
[4] A subset of indicator C1 –To register for non-financial support, the business must be provided with services of at least 12 hours. (ERDF Output Guidance – p21)
[5] A business supported with 12 hours/£1,000 that has been registered at Companies House/HMRC for less than 12 months before assistance is provided or is locating in the England programme area for the first time. (ERDF Output Guidance – p23)
[6] The gross amount of direct investment from the private sector induced through ERDF assistance or financial support (ERDF Output Guidance – p25)
[7] A product is new to the firm if it offers new functionality, or the technology is fundamentally different from the technology of already produced products. Products can be tangible or intangible (including services). (ERDF Output Guidance – p34)
[8] Providing support to businesses to take up next generation networks with a download speed of at least 30 mbps. Businesses that already have broadband speeds of 30mbps available are excluded.

2.14 Alongside the extended budget, the project had increased outputs, which are shown in Table 2.1 overleaf.

2.15 The programme has utilised a central website, www.digitalenterprise.co.uk as a central repository of all the public information on the programme and to act as a client portal for businesses to check their eligibility for support and manage any live Voucher projects/claims. The website also provided information on the Digital knowledge Exchange

Project Governance

2.16 The Leeds Digital Enterprise programme is overseen by a Programme Board, which meets on a quarterly basis. The Programme Board is drawn from relevant representatives from the project's partners, the Local Authorities that have provided matched funding and from the West Yorkshire Combined Authority. The Programme Board has been responsible for the strategic direction of the programme since its inception and also provides accountability to the range of project funders.

2.17 Leeds City Council are the financial accountable body and delivery partner for the project. This includes co-ordinating finance and output monitoring, managing the project's CRM system, providing for centrally received enquiry referrals, website maintenance and central marketing materials, overseeing compliance, processing ERDF claims, administration and dealing with the Managing Authority.

2.18 Leeds Digital Enterprise sits within the Council's Economic Development Service. Within the full application, staffing for managing the programme consisted of 4.4 FTE posts including a Programme Director (0.2 FTE) a Programme Manager, a Finance Manager (0.2 FTE) a Vouchers Officer, Communications & Marketing Officer and a Programme Support Officer. Leeds City Council also intended to employ 4 Digital Growth Advisers, three with a geographical coverage and one with a specialism on Connectivity.

2.19 Over the duration of the programme, delivery requirements, the level and nature of demand from businesses and the availability and turnover of staff has meant that the structure of the team has frequently been adapted from what was initially envisaged within the application.

Project Change Requests and Operational History

2.20 The original Leeds Digital Enterprise programme effectively started delivery from 1st September 2016. A first Project Change Request was submitted on the 16th March 2017 (and subsequently approved) that extended the Practical Completion Date by three months to the 30th June 2019 and extended the Financial Completion Date to the 31st August 2019. The Project Change Request also re-profiled some of the budget to increase staffing and reduce the marketing budget.

2.21 A second Project Change Request was submitted in November 2017 which slightly increased the C1 (Number of Enterprises Supported) outputs and reduced the C5 (Number of New Enterprises Supported) outputs, alongside some minor financial re-profiling.

2.22 The project submitted a Full Application to the extend the project from the end of June 2019 to 30th June 2023. The submission of a fresh application meant the programme could work with businesses that had already been supported by the original Leeds Digital Enterprise project and increased the volume of outputs to those identified in Table 2.1.

3 Leeds City Region Digital Business Growth Context

Context

3.1 There are significant changes forthcoming to the way economic policy and regional growth is driven and delivered. This is partly due to significant ongoing risks within the UK economy, partly due to BREXIT and the effect this will have on regional policy after 40 years of EU investment and legislation as policy drivers and partly due to the legacy of the economic and social change brought about by the COVID-19 pandemic and the war in the Ukraine.

3.2 Digital Technology was already a growing component of economic growth - supporting productivity and the development of new products, driving flexibility in the labour market, changing the relationships between customer and supplier across large swathes of the economy and changing the way Government provides support and services.

3.3 The COVID-19 pandemic and its restrictions on human interaction have significantly accelerated these trends and many businesses have relied on digital technology to keep on trading, maintain relationships with customers and suppliers and allow staff to work from home.

3.4 Many businesses have needed support and investment to react and adapt to these rapidly changing circumstances and to effectively deploy digital technology within the business (both before and then after the pandemic). This is the context within which the Digital Enterprise 2 programme has operated.

UK Industrial Strategy and Levelling Up

3.5 The project was originally developed in the context of the UK Industrial Strategy, which has taken a policy back seat as focus switched to the Levelling Up agenda. The project is completing its delivery under the auspices of the Levelling Up White Paper.

3.6 The UK Industrial Strategy set out a long-term plan to boost the productivity and earning power of people throughout the UK. It aimed to help industry create higher-paying jobs in every part of the UK through investment in the skills, industries and infrastructure of the future. The White paper published in November 2017 highlighted the importance of the ability to innovate – to develop new ideas and deploy them.

3.7 It commented that the UK needs to be better at turning exciting ideas into strong commercial products and services and must do more to grow innovation strengths in every part of the UK, as well as maintaining the country's overall position as a global leader in science and innovation.

3.8 The UK Industrial Strategy[9] has identified five foundations for productivity within the national economy which are:

- Ideas
- People
- Infrastructure
- Business Environment; and
- Places

3.9 Productivity is identified as a key driver of economic growth and has been a major national constraint on national growth over recent years. It is one of the key issues to be addressed in the National Industrial Strategy and is likely to be a significant policy influence over macro and micro economic policy for some time to come.

3.10 Within the Industrial Strategy are a number of 'Grand Challenges' facing the UK economy, one of which is leading the digitalisation of the economy, through enhanced and better use of artificial intelligence and the use of big data.

3.11 Digital and ICT was a cross cutting productivity theme in the Industrial Strategy, with a significant desire to see activity that improves productivity in what it identifies as the 'long tail' of less productive businesses within the UK. This is an area that the Leeds Digital Enterprise programme has been keen to support and has incentivised these types of businesses through grant investment to adopt and invest in digital solutions to enable more efficient growth.

3.12 Levelling Up has had connotations for the project – notably supporting businesses in danger of being 'left behind' within a wider area that has a range of areas generally deemed prosperous and those lagging behind.

3.13 The Levelling Up White Paper expressed as a number of 'Levelling Up' missions. These missions have a focus on developing a strong society and communities, empowering local leaders and improving education, health and wellbeing and local pride, alongside more traditional economic outcomes.

UK Digital Strategy

3.14 The UK Digital Strategy (2017) draws from the Industrial Strategy and provides a range of national level ambitions and activities to support the digital strands of the Industrial Strategy and also achieve wider national digital goals. The Strategy aims to make the UK the best place to start and grow a digital business. The aim is to increase the economic contribution of the digital sector to £200bn by 2025.

[9] Industrial Strategy: building a Britain fit for the future 27 November 2017, Department for Business, Energy & Industrial Strategy

3.15 The Strategy also sets an aim to provide help to every business to become a 'digital' business. The strategy identifies the link between technology, productivity and growth and how it can be a positive force across the economy. It also positions technology as being critical to business innovation and highlights the importance of developing and supporting early stage digital innovators.

Assessing the UK's Regional Digital Ecosystems

3.16 In 2021, recent national research by Steer Economic Development produced an overview of digital ecosystems across the economies of the Devolved National Authorities and English regions. The research identified five 'enabling domains' critical to the success of digital; which are:

- Digital Tech Businesses, Employment and GVA
- Place and Infrastructure
- Ideas and Innovation
- Investment and Business Environment; and
- People, Skills and Inclusion

3.17 The research identifies a path to additional growth of over £40bn by 2025 by continuing to develop UK regional digital ecosystems. It also notes the trend to remote working practices of the pandemic is likely to persist going forwards, which opens up a wider pool of talent to businesses from other regions. There is also a lack of access to growth finance cited outside of London and the South East, a gap which the Digital Enterprise programme has been partially filling in recent years.

3.18 The report identified that for the Yorkshire and Humber region, Leeds was clearly the area with the highest concentration of digital sector businesses and jobs. Yorkshire and the Humber had the highest recent growth in digital sector jobs across all UK regions and the profile of the region is growing as a place for digital innovation.

3.19 The research identifies there is the potential to grow the digital economy across the Yorkshire and Humber region by at least £1.6bn per annum by 2025, building on a range of regional specialisms including driving the digital transformation of the traditional Manufacturing base, the development of high-growth 'software-as-a-service' and mobile apps business, and hosting digital centres for major logistics, entertainment and public sector services.

3.20 There are a number of barriers within the region with regards to achieving this level of growth. These include access to talent and a significant skills shortage in digital across the region, the need to further expand digital inclusion across all aspects of society and access to funding for businesses to support growth and digital transformation.

3.21 Although the report has appeared towards the end of the delivery cycle for Leeds Digital Enterprise, the findings cement the role of the programme in supporting key strengths within the wider region – but also the need to work more with providers on the digital skills agenda.

2016-2036 Strategic Economic Plan

3.22 The 2016-2036 Strategic Economic Plan for the Leeds City Region concentrates on stimulating 'good growth', delivering the right quantity and quality of economic growth that ensures economic growth is productive, sustainable, inclusive and delivers a good quality of life for residents. The strategy's key aims are to create a near £100bn economy for the Leeds City Region by 2036, driven by an uplift of £3.7bn of economic value by 2036 and creating 35,700 net additional jobs by 2036.

3.23 A key objective in the strategy is to support the growth of businesses and 'digital' is a key platform through which to achieve this objective. One of the headline initiatives is for the Leeds City Region to become a global digital centre (building on the Leeds City Region's position as the lead creative and digital centre in the north), with specialisms in data storage, analytics, digital health and tech skills.

3.24 There is an objective to support businesses and organisations to exploit new ideas, opportunities and technologies quickly and for this to drive business growth and productivity. The Digital Enterprise programme clearly sits within this context.

European Structural and Investment Funds Strategy (ESIF)

3.25 Developing digital infrastructure is a key priority of the ESIF, with enhancing broadband coverage across the Leeds City Region a key theme of Priority 4. Fast digital connections, high-quality applications and usage of ICT are key enabling tools to help businesses and the economy grow.

3.26 There was provision within Priority 1 of the ESIF to provide support to businesses to benefit from better connectivity and wider digital opportunities. The ESIF highlights the link between ICT support linked to improvements in broadband connectivity with Quarterly Economic Survey evidence highlighting that "*20%...of business…indicated that they would require business support to help them exploit better broadband connectivity*."[10]

3.27 It was also stated that some sectors of the economy had been slow to adopt ICT or broadband due to out-dated business models, inertia and business cultural practices. There was also a lack of awareness and understanding about the opportunities that innovation through ICT and better broadband provides for business growth.

[10] Leeds City Region LEP (2016) European Structural and Investment Funds Strategy, p101

3.28 The Digital and creative industries were highlighted as key priority sectors and an emphasis for digital support to enhance the Leeds City Region's position as the most important cluster in the north.

2021 Leeds City Region Business Survey

3.29 Every year the Leeds City Region Local Enterprise Partnership have commissioned a survey of businesses to inform economic strategy and the deployment of business support[11]. The latest survey was undertaken in 2021 and covered much of the period when businesses were affected by COVID-19 restrictions. Overall, a total of 1,579 responses were received from businesses within the West Yorkshire Combined Authority area only. Within the business survey, over three quarters of businesses stated the pandemic had had a negative financial impact.

3.30 In terms of how businesses reacted to COVID-19, a total of 46% of all businesses surveyed stated they had provided remote working facilities for their staff as a response to COVID-19. In turn, when businesses were asked when they expected staff to end home working arrangements, 14% had stated they had already made them permanent with a further 7% stating they would remote remote working for about another year.

3.31 Also in response to the pandemic, 31% of businesses changed their ways of selling in response to restrictions and 68% changed their processes and ways of working. As a result, 45% of businesses said the COVID-19 pandemic had negatively affected their productivity in the short term.

3.32 A total of 46% of businesses said investment in ICT and digital infrastructure was now more important as a result of the COVID-19 pandemic. Whilst not a direct comparison, from the 2017 survey, 30% of business increasing their investment in ICT compared to the previous year[12]. A total of 32% of businesses identified they had skills gaps in areas of digital, which is an increase from the 20% reported in 2017 during the early stages of the Leeds Digital Enterprise project[13] .

Conclusions

3.33 The agenda to support businesses adapt and adopt to using digital technology has not abated during the entire period of delivery of the Leeds Digital Enterprise programme. Indeed the COVID-19 pandemic has accelerated the uptake of digital technology and has brought forward a new wave of businesses that have had to adopt digital ways of working to survive, adapt and grow to the changing economy.

[11] Leeds City Region (2021) Business Survey
[12] Leeds City Region (2017) Business Survey
[13] Leeds City Region (2017) Business Survey

3.34 Using productivity improvements to drive growth has remained a constant within national and local plans for economic development and business growth over this period and the strong role of technology as an enabler as this has also been persistent. COVID-19 has brought to the fore the role of digital technology as a driver of business resilience. This has also been a focus of the Leeds Digital Enterprise programme during its second phase.

3.35 One of the strongest enablers of growth is to support businesses to make investments in digital technology. The use of a co-invested grant or voucher scheme has been a critical tool in this regard. In the current climate, many businesses are protecting their balance sheets and are reluctant to invest further – so there is a role for the public sector in co-investing to unlock private investment from businesses into digital transformation.

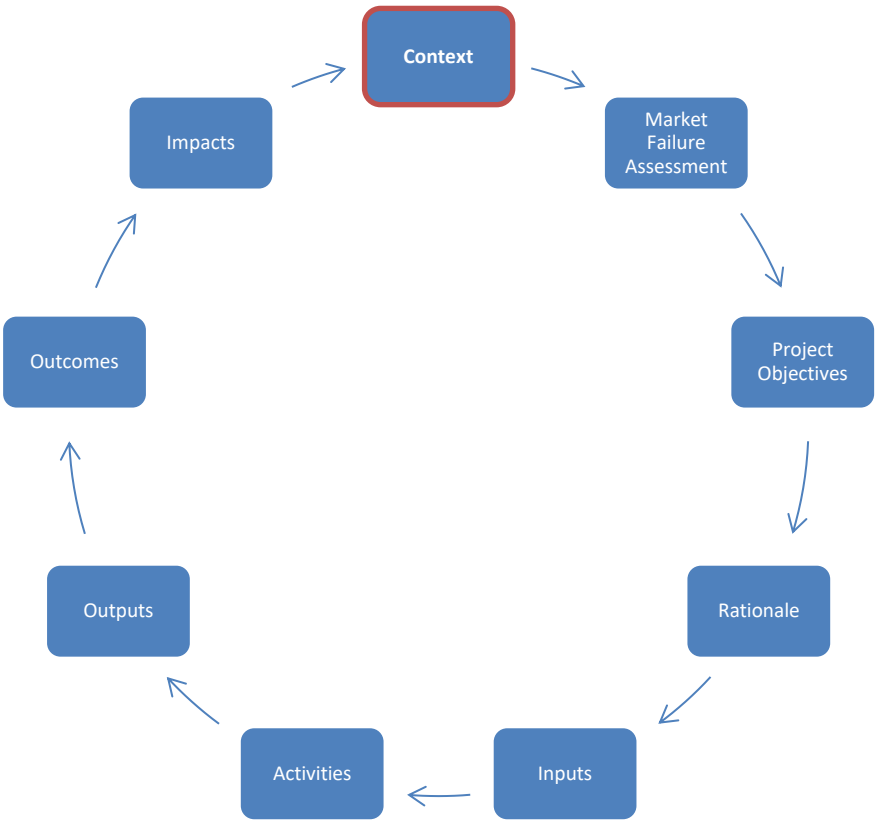
3.36 There has been a growing need for the national and local economies to invest and support the growth of digital skills, and the level of digital skills within the labour force is a major barrier to businesses adopting and deploying digital technology to its maximum affect and a major break on potential growth.

4 Methodology and Summative Assessment Context

4.1 This report is a final Summative Assessment of the Leeds Digital Enterprise 2 programme. The report builds upon an interim/final Summative Assessment of the first Leeds Digital Enterprise programme and an interim Summative Assessment of Digital Enterprise 2. The Summative Assessment process has been designed to understand the key impacts of the project and which aspects of the delivery were the 'agents for change' in the businesses that benefitted from the project.

4.2 The Summative Assessment report is being undertaken at a key time for the project as its delivery is being wound down and the practical completion date is nearing. The Digital Knowledge Exchange component finished in June 2022. The programme team are reviewing their forward strategy after securing investment for a further phase of the Digital Enterprise programme through the UK Shared Prosperity Fund.

Diagram 4.1 Summative Assessment Logic Model



Source: MHCLG – Summative Assessment Logic Model

4.3 Diagram 4.1 above identifies the 'theory of change' driven logic model for the project development, delivery and final Summative Assessment process. The Logic Model involves understanding the context within which the Digital Enterprise programme will operate and the market failure(s) it will try and address. From this, a set of project objectives have been set, alongside a series of activities clearly linked to a set of outputs, outcomes and impacts.

"*Summative Assessments are intended to provide insights into project performance to enhance their implementation, reliable evidence of their efficiency, effectiveness and value for money, as well as insights into what and why interventions work (or not) and lessons for the future*." Summative Assessment Guidance ERDF Programme, 2014-2020

4.4 The logic model is a key mechanism for ensuring learning and feedback is constantly incorporated into the delivery of the programme, how it effectively engages and supports beneficiaries, the quality of services it delivers and how it measures impact.

4.5 This Summative Assessment draws upon a range of quantitative and qualitative evidence to understand the long-term impact the programme has had on the sub-regional economy, how it has performed against its profiled targets and a projection of the final performance of the project towards its final claim. This evidence includes:

- Project documentation
- Meetings with key project staff at Leeds City Council
- Engagement with members of the Programme Board
- ERDF Performance Management and Claims Data (up to Claim 14 to the end of December 2022)
- Management information from the Digital Knowledge Exchange and the Voucher programmes
- A business survey with 219 responses and a series of business case studies from across both phases of the project

4.6 It also considers the programme management structures, highlighting key learning points and making recommendations for actions to support businesses to make the transition to using digital technology to drive productivity and growth. The methodology has centred upon evaluating the following key issues:

- How the programme performed against contracted outputs and outcomes.
- The level of uptake of the programme across the Leeds City Region.
- Qualitative perceptions of the programme, its performance, governance and management and its contribution to developing/growing the economy.
- Key lessons learned and best practice.

4.7 The Summative Assessment will also review the range of impacts on businesses of the programme as well as value for money and additionality. The Summative Assessment will utilise a self-reporting counterfactual impact assessment, drawing from the experience of businesses through a further online survey that will calculate the economic impact of the project, drawing in calculations for deadweight and displacement and what a 'normative' position might have been.

Beneficiary Engagement

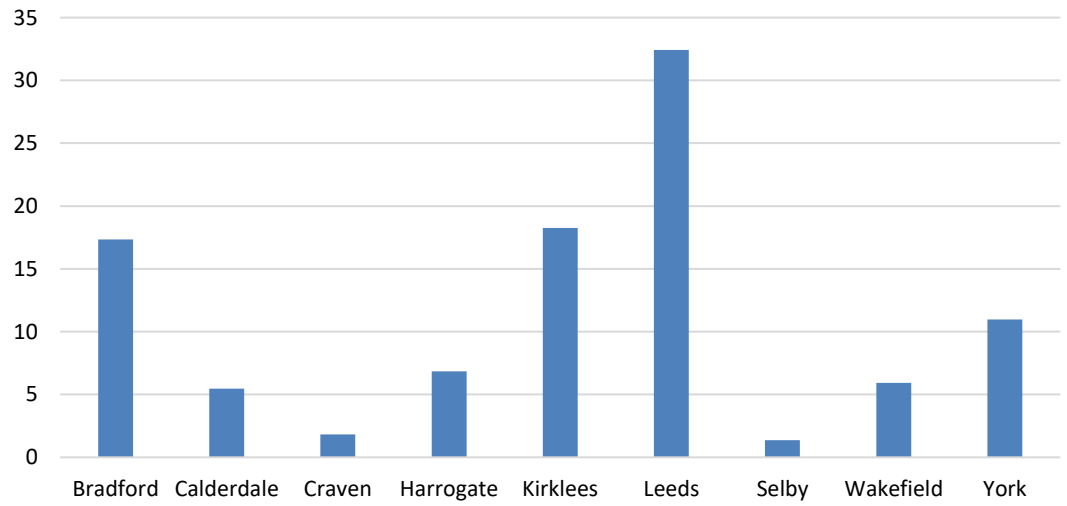
4.8 A key component of the Summative Assessment is to review the impact of the programme on the businesses it has supported. Not all participants have been eligible to be classed as an output as some have been from non-trading organisations or public bodies, some have applied for a Voucher and not subsequently been successful. Some of the ERDF funded activity has been in the form of conferences, networks and open events.

4.9 Some businesses have not reached the threshold to be classed as outputs but have had some input and support from the programme and have been inserted on either the project CRM or management information from the Digital Knowledge Exchange. These data sources have been used to underpin some of the wider impacts of the programme and to highlight the level of engagement with businesses.

4.10 As part of this Summative Assessment process, a survey was undertaken of programme beneficiaries form the second phase of the Leeds Digital Enterprise 2 programme between September 2019 and October 2022. The survey received a total of 219 responses. The survey was only sent to those businesses that received support under the Digital Enterprise 2 programme (between September 2020 and October 2022), but comparisons where relevant can be made to the survey undertaken as part of the first phase where relevant.

4.11 Across the survey, the most responses (32%) were received from businesses located in Leeds, followed by 18% in Kirklees, 17% in Bradford and 11% in York.

Chart 6.1 Location of Businesses completing the survey (%)



Source: Leeds Digital Enterprise 2 Business Survey

4.12 Of the businesses that completed the survey, 173 applied for a Digital Growth Voucher (79%), 39 applied for a Digital Connectivity Plus Voucher (17.8%) and a total of 82 businesses engaged with the Digital Knowledge Exchange (39.4%). The proportions add up to over 100% as some businesses utilised more than one strand of the programme.

4.13 Overall, of the businesses that applied to the Digital Growth Voucher, 90% had a successful application and for the Connectivity Plus Vouchers, 89% had a successful application.

5 Performance Review

Project Expenditure

5.1 As of the end of December 2022 (ERDF Claim 14), the project has defrayed a total of £15,822,676 against its allocated budget of £20,928,518. This represents a total of 75.6% of the overall project budget. This leaves a total of £5,105,842 to be defrayed by the Financial Completion Date of 30th June 2023.

5.2 The final expenditure of the programme has been forecast to be in the region of £17.5 - £18m, which has been communicated to DLUHC at the time of completing the Summative Assessment. There is still a relatively strong pipeline of projects to complete and there was an influx of late applications before the project closed to new submissions. This would leave an estimated shortfall of around £3m (or around 14% of the project budget) which would be within an acceptable tolerance range.

5.3 There are a number of reasons why defrayal has been slower than anticipated. The first is due to staff vacancies in the Programme Team at Leeds City Council. This in turn has reduced direct expenditure but has also reduced capacity within the programme to generate leads and process and complete Voucher applications at critical times during the programme. Vacancies (and illness) were particularly an issue during the COVID-19 pandemic and, although the project has ultimately returned to a full staff complement and built up momentum, the initial gap could not be fully caught up.

5.4 During the COVID-19 pandemic (and linked to at times lower headcount), some of the direct delivery costs of the programme were also reduced. Activity was online and there was no direct spend on travel, face-to-face meetings or an increased level of project costs.

5.5 Finally, as the programme began to draw towards a conclusion, a number of businesses have not been able to defray their expenditure and have withdrawn (although this has partially been balanced by a late rush of projects to meet the programme deadline). Many businesses could not cashflow projects during energy price hikes and impaired balance sheets after COVID-19, whilst others faced supply problems that meant there had been sometimes unlimited delays or lead times in securing the equipment within their grant application.

5.6 Although the team tried to limit the time between grant award and defrayment by the business, there were many businesses with mitigating circumstances. The finance allocated to these businesses could not simply be reallocated to other grants and the programme did not wish to over commit due to issues relating to matched funding.

5.7 Many grant and voucher programmes have had similar issues with defraying committed expenditure and the issues highlighted above are by no means unique to the Leeds Digital Enterprise 2 programme.

Project Outputs

5.8 As highlighted in table 5.1 below, performance across the programme is currently at different rates of achieving its respective contracted outputs.

Table 5.1 Project Outputs, Outcomes and Targets

Output	Current Target	Performance to December 2022	Projected Performance
(C1) Number of enterprises receiving support	2,200	1,380	1,700
(C2) Number of enterprises receiving grants	1,800	1,198	1,410
(C4) Number of enterprises receiving non-financial support	400	290	290
(C5) Number of new enterprises supported	275	44	44
(C6) Private investment matching public support to enterprises (grants)	£9,300,000	£6,406,561.62	Est £7.5m - £8m
(C29) Number of enterprises supported to introduce new to the firm products	275	159	196
(P4) Number of firms upgrading to faster broadband (+30 MGBS)	475	381	460

Source: Digital Enterprise Programme Claim 14, Funding Agreement and Funding Agreement Variations

5.9 The project has now supported a total of 1,380 businesses (C1 outputs), or 62.7% of the overall target. This figure includes businesses who had 12 hours of support from DKE, received a Digital Growth Voucher or that had a minimum of £1,000 of support from a Connectivity Vouchers (although some businesses received a financial amount below the C1 output threshold). The measure is the 'number of enterprises supported', so whilst some businesses accessed more than one strand of the programme, they could only be counted once.

5.10 Over the period of Claims 12-14 (five quarters) an average of 135-140 additional outputs per quarter were delivered. If this pace is continued it would suggest by the end of the programme somewhere in the region of 1,700 C1 outputs being delivered, which would represent a total of 77% of the final target.

5.11 At present, there are 234 live applications for both Voucher schemes within the CRM system. This means a client has formally been approved for a grant but have yet to claim reimbursement on defrayed expenditure. Coupled with live applications, there has also been a rush to registered for a Voucher before the programme ends. Based on these information sources, somewhere in the region of 1,700 appears to be a reasonable final target for the programme.

5.12 This final outcome would likely consist of 290 businesses that received non-financial support (via DKE) and 1,410 businesses that received one of the two vouchers. Again, it is important to note that this is the output that has been allocated for each business, but some of these businesses may have accessed more than one strand of the programme.

5.13 The programme has agreed with DLUHC that this will be a reasonable final C1 output performance for the programme, but the formal output targets cannot be changed as DLUHC are no longer accepting formal Project Change Requests. Whilst a final outcome of 1,700 businesses supported on the surface appears to be an underperformance, it also is to viewed within this context and the context of a 14% budget underspend.

5.14 The Digital Knowledge Exchange, which has now finished its delivery cycle, had fallen short of its proposed target of 400 businesses supported – ultimately delivering 293 C1 outputs. This is partly because businesses were working from home and it was not as easy to contact businesses at their work address for evidence, some of the businesses that had completed their 12 hours closed and/or went out of business at the onset of the pandemic.

5.15 The same parameters that impacted on the financial performance of the programme, especially staff vacancy rates and the inability to work face-to-face with businesses for a prolonged period, also impacted on the capacity to process Voucher applications and deliver Digital Knowledge Exchange activity.

5.16 Most ERDF projects deliver outputs in an S-Curve, with businesses completing their grant investment and receiving over 12 hours of support later in the programme. This is the case with the Digital Enterprise programme. The process of gathering evidence of ERDF outputs also means outputs are ultimately being claimed later in the project cycle.

5.17 To date the project has supported 44 new enterprises, some way behind its original target of 275, but this figure has been confirmed as acceptable to DLUHC. Supporting new businesses has never been a core priority for the programme. Claim 13/14 saw an additional 5 new businesses supported, but it is not clear if there will be any additional new businesses supported. The main mechanism to engage new and early stage businesses has been the DKE which is no longer active. The Digital Growth Vouchers cannot accept applications from businesses under 12 months old. It is not anticipated any further C5 outputs will be added to current performance.

5.18 The project has now delivered 57.8% of its C29 outputs, which is also likely to accelerate later in the project cycle as more evidence is gathered. Claim 13/14 saw a total of 24 additional C29 outputs delivered. Again, proportionate to the C1 target (11.5%) the final outputs should be around 196 C29 outputs, although this may be an underestimate as generally these outputs are claimed later in the programme.

5.19 In terms of firms upgrading to faster broadband (P4), the project has now supported 381 businesses with Connectivity+ vouchers, within 80% of the final target. Up to the end of March the programme has seen 419 claimed Connectivity+ Vouchers and there are 40 still in the system that are yet to be claimed. This would suggest the Digital Enterprise programme should deliver around 460 of its P4 outputs to within a 10% tolerance.

5.20 This in itself is a significant achievement as the project underperformed in this area during the first phase of the Digital Enterprise programme. The recruitment of a focussed Advisor in this area has made a considerable difference, coupled with opening up the eligibility criteria.

5.21 The Leeds Digital Enterprise programme has engaged a considerable number of businesses below its headline C1 output. Within the Digital Knowledge Exchange alone, there have been a total of 1,035 businesses engaged on the programme, manyfold above the 293 formal outputs reported. Of these businesses a total of 61 businesses were sat on 10-12 hours of support received, a further 60 on 8-10 hours and 69 on between 6 and 10 hours.

5.22 There are also businesses that received a Connectivity+ voucher that are below the £1,000 threshold for being claimed as a C1 output (although they have been eligible for a P4 output). Also, there are a number of businesses that have accessed various strands of the programme but that could only be counted as a C1 output once.

5.23 On other Government programmes such as through the recent Community Renewal Fund or the UK Shared Prosperity Fund, these interventions would be classed as delivering an outcome or output to businesses due to differing definitions of outputs and lower evidence thresholds.

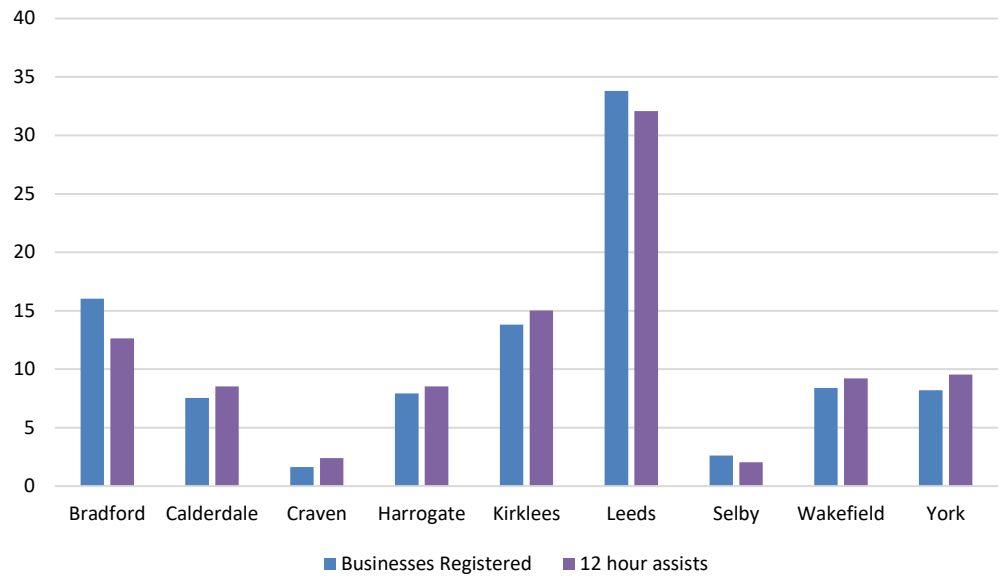
Digital Knowledge Exchange

5.24 Within Digital Enterprise 2, the Digital Knowledge Exchange (delivered by Umi) had a target of supporting 400 businesses over the duration of its contract to a level of at least 12 hours. This is the same target as the first Digital Knowledge Exchange

5.25 The Digital Knowledge Exchange fell short of its C1 target, supporting a total of 293 businesses to a minimum of 12 hours, but had a significant pipeline of other businesses that had engaged and been supported but that are short of the required 12 hours.

5.26 As shown in Chart 5.1 overleaf, around a third of the businesses that were supported on the Digital Knowledge Exchange were from Leeds, with Kirklees and Bradford both providing a further third between them.

Chart 5.1 Engagement (%) of businesses on the Digital Knowledge Exchange



Source: Digital Knowledge Exchange Management Information (October 2022)

5.27 The Digital Knowledge Exchange programme has delivered a total of 147 events, including 116 webinars and 14 workshops, 10 Meet the Expert/Mentoring Days and 7 Conferences. The programme has also delivered 467 Digital Audits/Healthchecks, which cover the businesses online presence, digital marketing and use of technology.

5.28 Overall as shown in Chart 5.1 above, around a third of businesses supported through the Digital Knowledge Exchange came from Leeds, with around 15% of businesses coming from Bradford and around 15% from Huddersfield.

5.29 The Digital Knowledge Exchange has also continued to be the administrative lead for the Leeds Digital Enterprise Top 100 campaign, run in 2019, 2021 and 2022. The campaign aims to identify and celebrate the 100 best examples of the most digitally transformational, resilient and innovative businesses in the Leeds City Region.

Digital Growth Vouchers/Connectivity Vouchers

5.30 Updated data from the CRM system (as of 16th March 2023) shows a total of 404 Connectivity+ Vouchers have been awarded, at an average investment of £2,387 and 960 Growth Vouchers at an average award of £6,444. Total investment in Connectivity+ Vouchers has totalled £964,5383 and total investment in Digital Growth Vouchers has totalled £6,186,655 a combined total of £7,224,009.

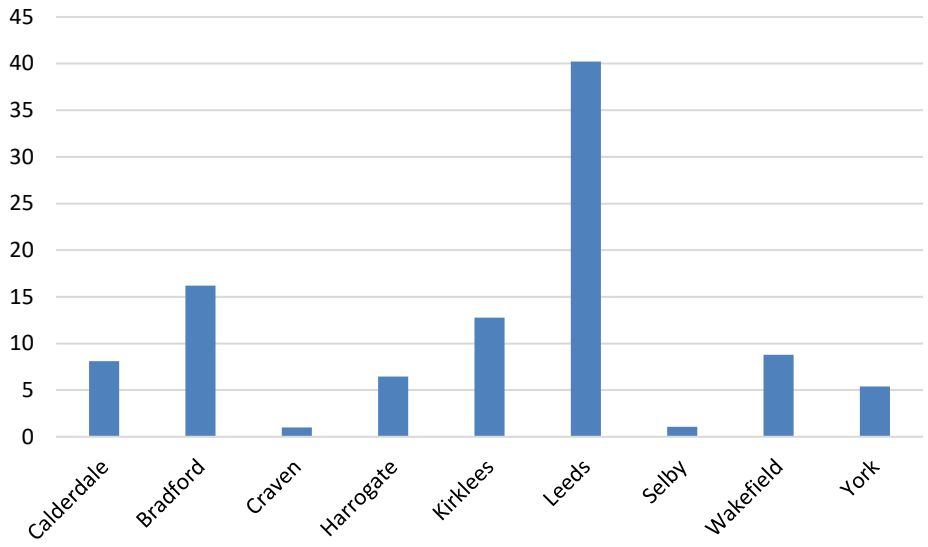
5.31 The Digital Growth Vouchers were the most referred to and most popular business grant programme by the Leeds City Region Growth Hub.

5.32 Alongside the distribution of Vouchers, the team also distributed a number specialist COVID-19 Resilience grants to businesses (although outside of the scope of the ERDF programme).

5.33 The second phase of the Digital Enterprise programme was structured differently with a move away from using application phases/windows for Vouchers to operating open bidding rounds so businesses could apply for a Voucher when they needed it – not only when an application window was open.

5.34 Chart 5.2 below shows the overall investment made by Local Authority expressed as a percentage of total investment (drawn from the Digital Enterprise CRM on 23rd March 2023). This chart covers both Growth Vouchers and Connectivity+ Vouchers.

Chart 5.2 Voucher Financial Awards (%) by Local Authority



Source: Leeds Digital Enterprise CRM Management Information (March 2023)

5.35 Almost 40% of all investment was made in Leeds, followed by Bradford (16.46%) and Kirklees (12.91%). Overall, 13.98% of investment was made in North Yorkshire Authorities. The actual amounts of investment are shown in Table 5.2 below.

Table 5.2 Voucher Investment by type and Local Authority area (March 2023)

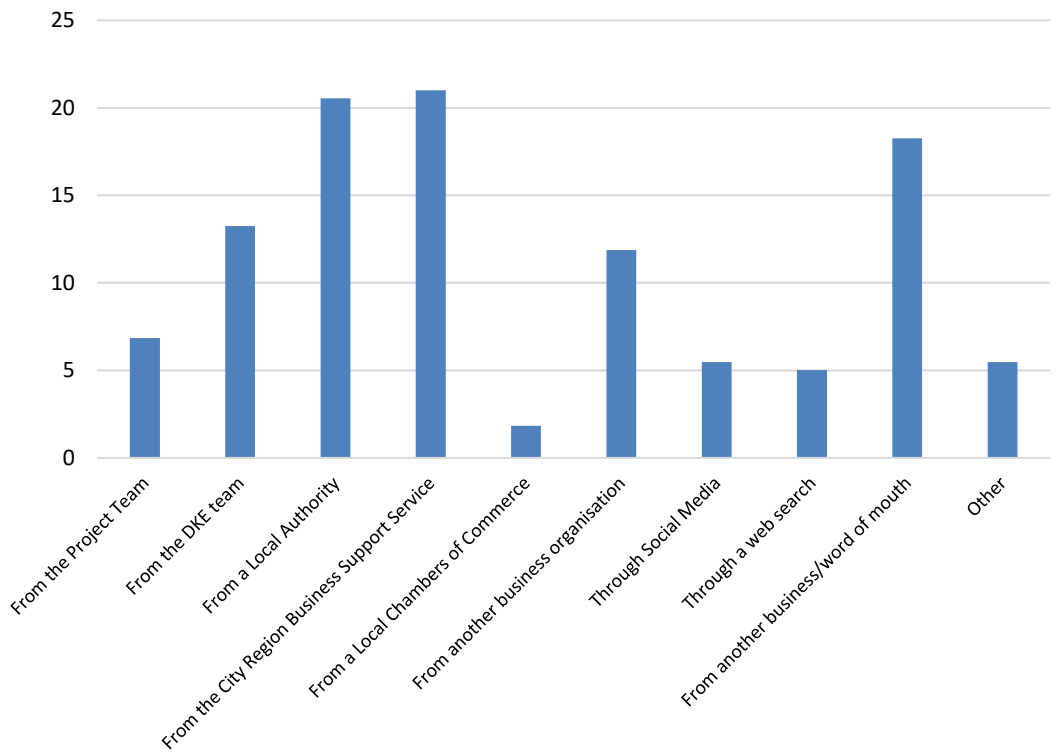
Local Authority	Total Connectivity+ Investment	Total Growth Voucher Investment	Total Investment
Calderdale	£58,732	£525,381	£584,113
Bradford	£195,753	£981,330	£1,177,083
Craven	£7,295	£64,138	£71,433
Harrogate	£104,622	£355,448	£460,070
Kirklees	£96,910	£826,505	£923,415
Leeds	£323,804	£2,509,650	£2,833,454
Selby	£14,280	£63,275	£77,555
Wakefield	£70,560	£563,086	£633,646
York	£92,583	£297,842	£390,425
Total	**£964,538**	**£6,186,655**	**£7,151,193**

6 Beneficiary Survey Results

6.1 Overall the feedback from businesses on the quality of the Digital Enterprise programme was very positive, with business rating the overall quality of support from the team to develop the right solutions for the business as 4.2 out of 5 and the overall relevance of the Voucher schemes to improve digital performance scored an impressive 4.7 out of 5.

6.2 As shown in Chart 6.1 below, the two highest marketing sources from which businesses heard of the Digital Enterprise 2 programme has been from the sub-regional Business Support Service (21%), from one of the Local Authorities involved in the project (20%) or from word or mouth or another business (18%). Indeed, the project was the most popular scheme for the Business Support Service. Direct input from the Digital Enterprise team and the Digital Knowledge Exchange team was relatively low at 7% and 13% respectively.

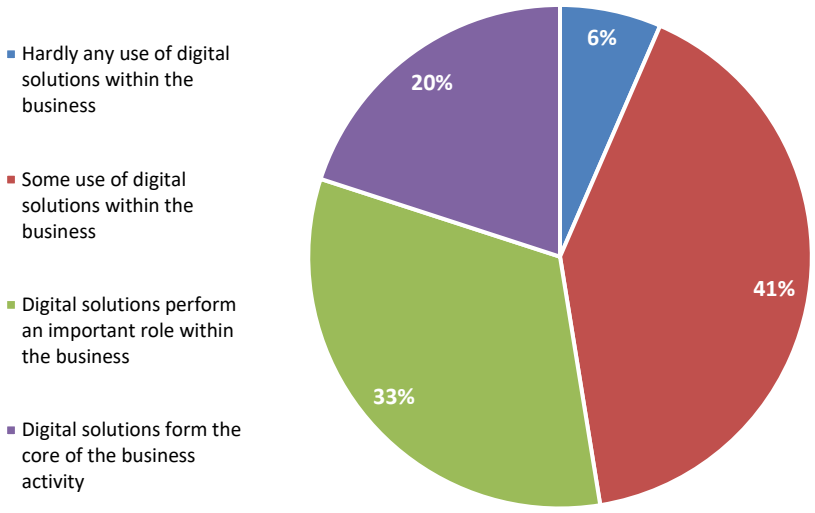
Chart 6.1 How businesses heard of the Digital Enterprise 2 programme (%)



Source: Leeds Digital Enterprise 2 Business Survey

6.3 Chart 6.2 overleaf shows that three quarters of all businesses that engaged on the Digital Enterprise 2 programme had a significant use of digital within the business when joining the programme, with only 6% hardly using digital at all. However, for businesses that engaged in the Digital Knowledge Exchange, 13% hardly used any digital at all and only 40% stated digital played an important or core role within the business. The two strands of the programme have a distinct set of business characteristics that they are working with.

Chart 6.2 Level of digital adoption when joining Digital Enterprise 2 (%)



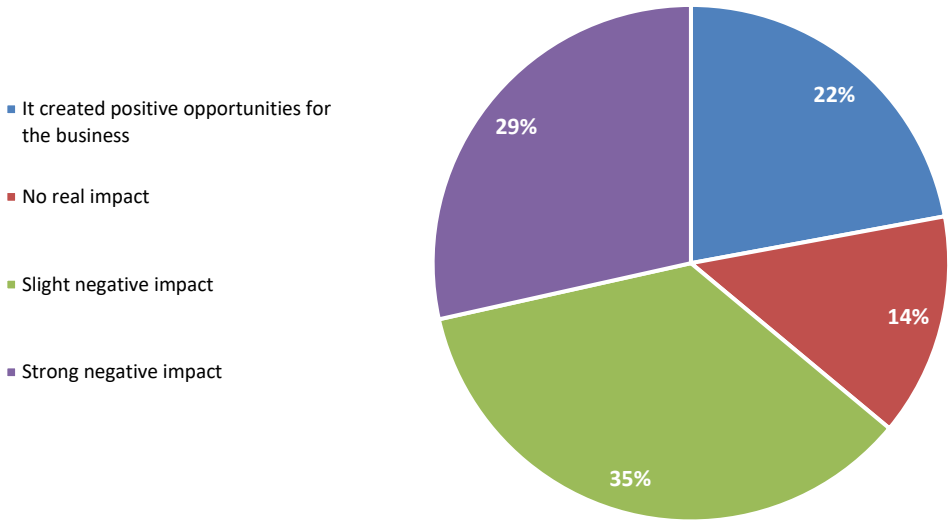
Source: Leeds Digital Enterprise 2 Business Survey

6.4 Through the survey process, businesses were asked to comment on the elements of the Digital Enterprise 2 programme that they engaged with, providing input into how they found the processes involved with the programme and the quality of provision.

6.5 As the project and the businesses it was looking to support were significantly affected by the lockdowns and restrictions of the COVID-19 pandemic, businesses were asked about the impact it has on their business as context for the performance of the programme.

6.6 As shown in Chart 6.3 below, overall the pandemic had a negative impact on almost two-thirds of businesses supported by the programme, which is in line with the findings of other similar surveys that have asked this specific question.

Chart 6.3 How businesses were affected by the COVID-19 pandemic

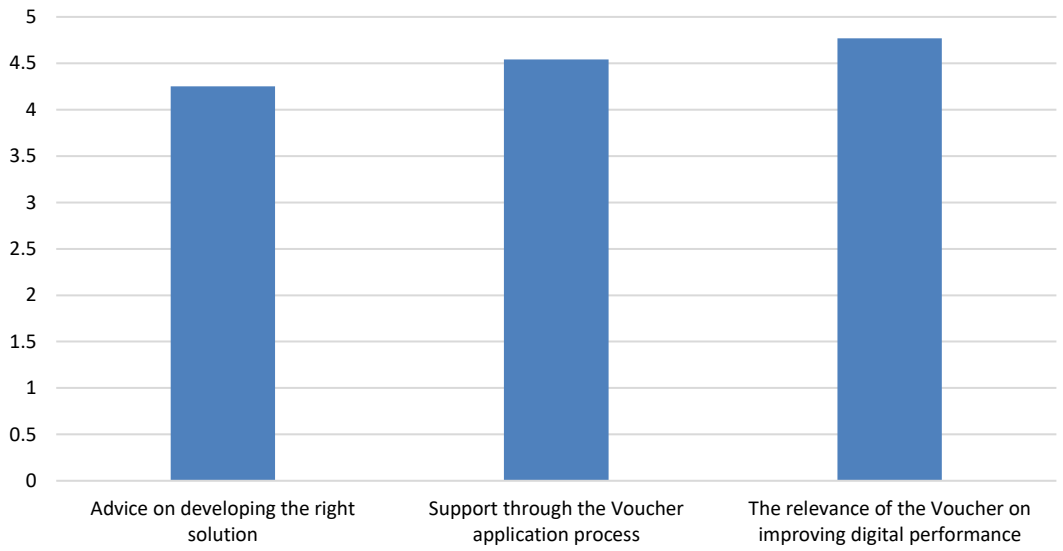


Source: Leeds Digital Enterprise 2 Business Survey

Digital Growth Vouchers

6.7 Businesses felt the support on offer to help them through the Digital Growth Voucher process was of the highest quality, as shown in Chart 6.4 below. Advice on helping the business to identify the correct digital solution scoring 4.25 out of 5, support through the application process 4.54 out of 5 and how relevant the overall Voucher was to support the business to improve their digital performance an impressive 4.76 out of 5. It suggests the Voucher scheme has been well designed and implemented.

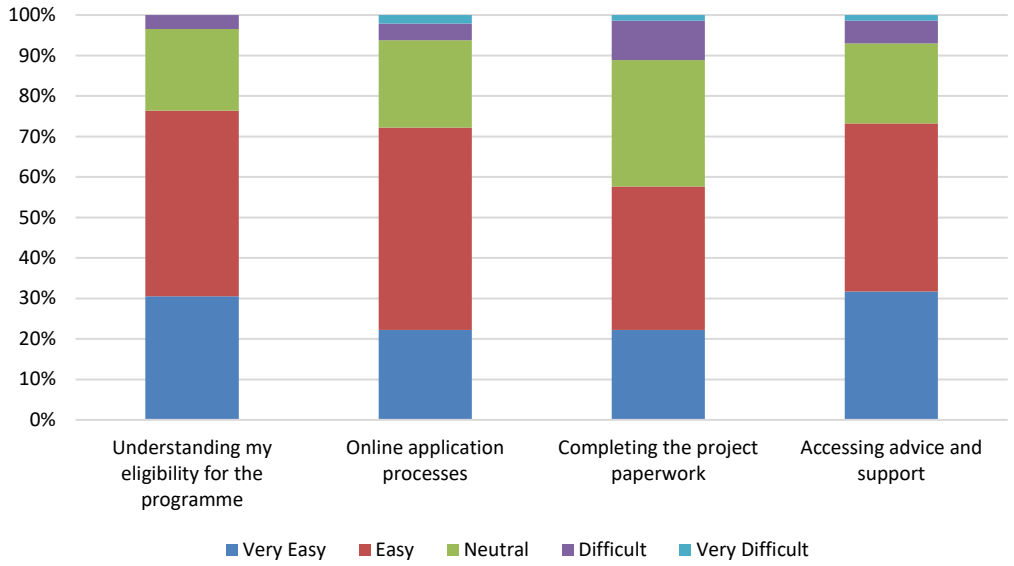
Chart 6.4 Views on the quality of support for Digital Growth Vouchers (out of 5)



Source: Leeds Digital Enterprise 2 Business Survey

6.8 Businesses did not find the processes associated with the Digital Growth Vouchers particularly difficult to navigate as shown in Chart 6.5 overleaf. Over 70% of businesses found understanding their eligibility, the online application process and accessing advice and support when needed very easy or easy. More businesses did find completing the paperwork associated with the project more onerous, but still only 11% found the process very difficult or difficult.

Chart 6.6 Ease of Process involved with the Digital Growth Voucher process.



Source: Leeds Digital Enterprise 2 Business Survey

6.9 Of the businesses that did find the process difficult, they were either unsuccessful in their applications or their comments were largely focussed on the amount of time input required vis-à-vis the amount of investment they requested.

6.10 A common issue was the evidencing of expenditure that was required to claim the Voucher payment – which was sometimes a slow and bureaucratic process. It may be that more guidance in this area could be provided and early on to ensure the businesses are aware of their responsibilities in this area.

6.11 Sometimes the online form took a while to complete and there was no facility within the application process to save progress, and some businesses stated their application timed out and they had to start again.

6.12 The turnover of staff, especially on projects that took a longer period of time, sometimes meant businesses were dealing with different people at different stages or had a different allocated advisor, but these issues are often unavoidable.

"It has made a positive difference to my business and secured a member of staffs job", York based business with some use of digital solutions in the business

"This is an excellent programme, and great for small local companies to support them in their digital growth journey. A great experience!", Leeds based business with some use of digital solutions in the business

"The whole process contributed to a capital scheme that otherwise we would not have been able to afford, and as a result of the digital upgrade, has allowed us to become more efficient and competitive.", Calderdale based business with some use of digital solutions in the business

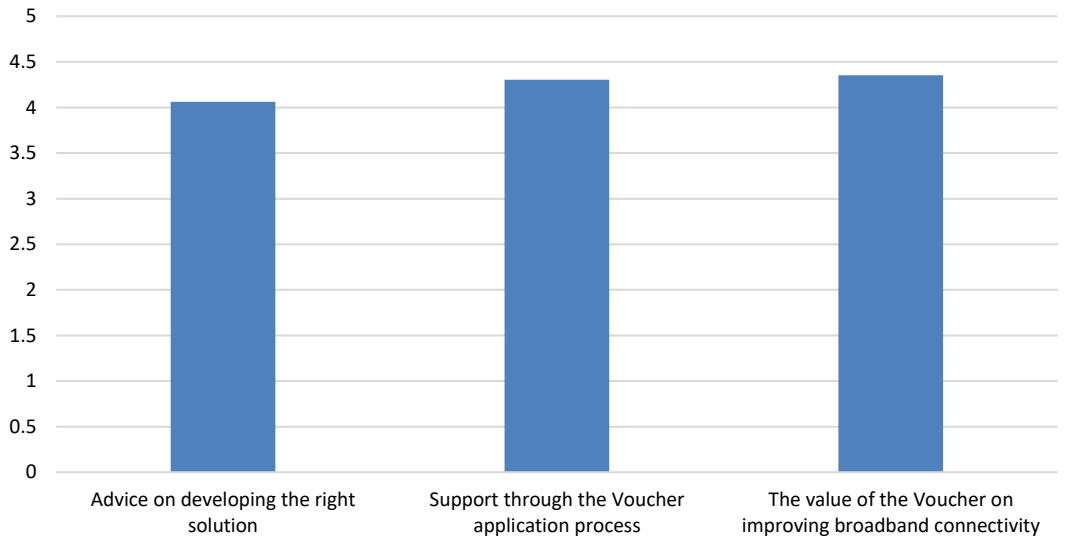
"It has helped us enormously - and made a project financially viable. Whereas without the funding, it may have been difficult.", Calderdale based business for whom digital solutions perform an important role within the business

"Having a real knowledgeable person to contact by phone made the process much, much easier than expected!", Leeds based business for whom digital solutions perform an important role within the business

Connectivity Plus Vouchers

6.13 Similar to the Digital Growth Vouchers, businesses had a positive view on the quality of support available through the Connectivity Plus Vouchers. As shown in Chart 6.6, advice on helping the business to identify the correct digital solution scoring 4.06 out of 5, support through the application process 4.3 out of 5 and the value of the voucher on, improving the business's broadband connectivity 4.35 out of 5. It suggests the Connectivity Plus Voucher scheme, which operated on a similar process to Digital Growth Vouchers, has also been well designed and implemented.

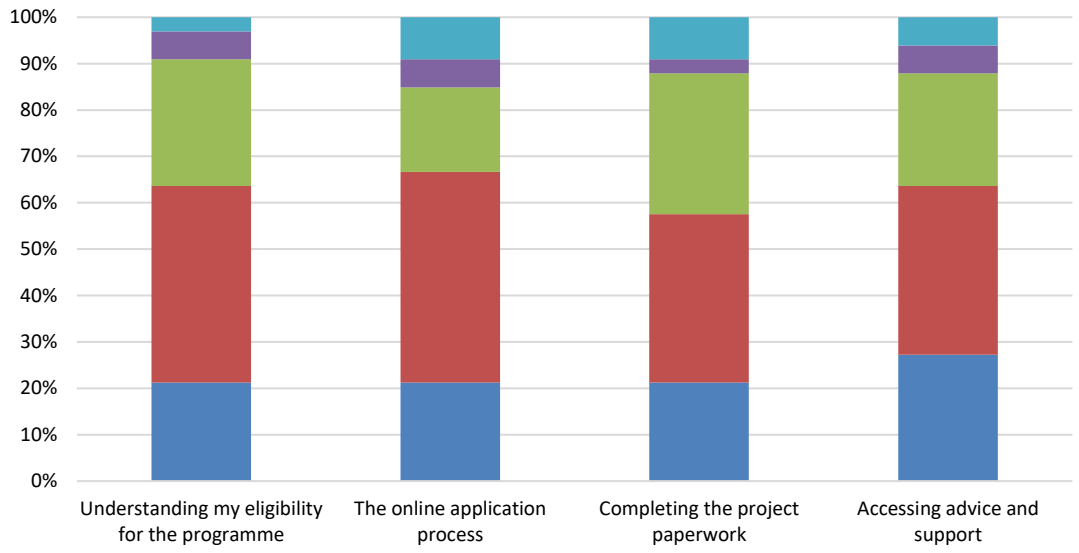
Chart 6.6 Views on the quality of support for Connectivity + Vouchers (out of 5)



Source: Leeds Digital Enterprise 2 Business Survey

6.14 The process involved in the Connectivity Voucher Plus scheme were also generally found easy by participating businesses, but not quite to the same extent as the Digital Growth Vouchers. This may be partly as a result of the smaller amounts of investment available through the scheme compared to the commitments required by businesses. Chart 6.7 below shows over 60% of businesses found understanding their eligibility, the online application process and accessing advice and support very easy or easy. More businesses found processes difficult or very difficult across all of the aspects of the Connectivity+ Voucher scheme than the Growth Voucher.

Chart 6.7 Ease of Process involved with the Connectivity Plus Voucher process.



Source: Leeds Digital Enterprise 2 Business Survey

6.15 Similar comments were received from businesses as from the Digital Growth Vouchers scheme. The process of evidencing and claiming the money was sometimes complex and elongated and the online application form was relatively complex compared to the amount of investment required.

"We couldn't implement…(an)…ERP package with the terrible connection we had before. We would have found it increasingly difficult to compete and operate efficiently as a business in our current location without this upgrade." Leeds based business with some use of digital solutions in the business

"The process was straightforward", Bradford based business where digital solutions form the core of the business activity

"My contact was very helpful throughout the application process.", Bradford based business with some use of digital solutions in the business

Digital Knowledge Exchange

6.16 Chart 6.8 below identifies how businesses have rated different aspects of the Digital Knowledge Exchange programme out of 5. There was a generally positive view of provision, but quality ratings for some aspects were not quite as high as for the Voucher schemes. The workshops were particularly well regarded, scoring 4.4 out of 5 and the Go Digital conferences scored 4.08 out of 5. Digital Audits were rated at 3.73 out of 5 and the mentoring provision as 3.42 out of 5.

6.17 The mentoring in particular scored lower as many businesses stated they were unable to access the service in a timely manner, or even at all and sometimes mentoring appointments were too spread out and therefore had less impact. Some businesses stated the Digital Audit process was relatively time consuming.

Chart 6.8 Views on the quality of Digital Knowledge Exchange (out of 5)

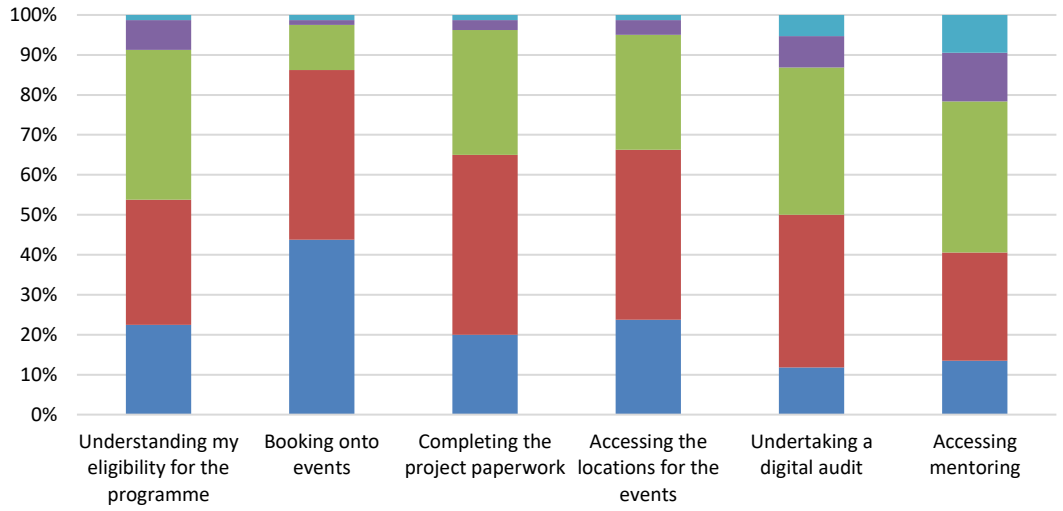
Source: Leeds Digital Enterprise 2 Business Survey

6.18 A total of 70% of business stated they had accessed everything they wanted to as part of the Digital Knowledge Exchange programme, which suggests that demand was largely filled across the programme and provision largely was in the right areas.

6.19 Chart 6.9 overleaf shows how easy or difficult businesses found the processes involved with the Digital Knowledge Exchange. Overall, processes were deemed easy, especially booking onto events, which 86% of businesses found easy or very easy to do. A subsequent 66% of businesses found accessing the locations for events easy or very easy, but a significant proportion of the provision was delivered online.

6.20 Two areas where less than half of businesses found processes easy or very easy were undertaking a Digital Audit (50%) and accessing the Mentoring programme (41%). This is similar to the findings on quality of provision in section 6.16. A total of 22% of businesses found accessing the mentoring programme difficult or very difficult.

Chart 6.9 Ease of Process involved with the Connectivity Plus Voucher process.



Source: Leeds Digital Enterprise 2 Business Survey

6.21 Other comments on improving the Digital Knowledge Exchange programme included offering activity that was beyond a basic introductory level for businesses with some form of pre-existing knowledge, ensuring businesses from the Business to Consumer sector were able to access the programme in a meaningful manner and identifying pathways or a programme of activity that could demonstrate how digital can have an impact on the business – rather than offering a range of events.

6.22 It could not be distinguished whether the comments received were from businesses that had engaged significantly across the Digital Knowledge Exchange programme or only had a light touch engagement. This in turn may have an impact on some of the quality and process scores and feedback. It was felt by businesses that the programme was largely aimed at early adopters or new businesses - and some felt that was a positive aspect of the programme, whilst others saw it as a limitation.

"The training/events offered are a great resource for us to have access to and we've valued the events we've attended.", Leeds based business where digital solutions form the core of the business activity

"Great experience. I enjoyed being invited to the Top 100 companies and learning about how other companies have utilised the Digital Growth Vouchers to support and expand their businesses." Leeds based business with some use of digital solutions in the business

"A great programme. So good I've shared lots of details and events from it with many business colleagues.", Business located across West Yorkshire where digital solutions perform an important role within the business

"I have found that when I have made contact the team have been really supportive and knowledgeable. I would definitely recommend them to other people. There courses and conferences are well prepared, the speakers and tutors are empowering and full of practical information and support.", Bradford based business with hardly any use of digital solutions within the business

"It was an invaluable resource and it is sorely missed!", Leeds based business where digital solutions perform an important role within the business

"Has given me confidence to update and manage my own website and other social media platforms...(I)…have gained much knowledge that I feel can be further developed given the opportunity. I think the Digital Knowledge Exchange process offers fantastic opportunities for small businesses like mine, particularly in these current uncertain times." , Kirklees based business with hardly any use of digital solutions within the business

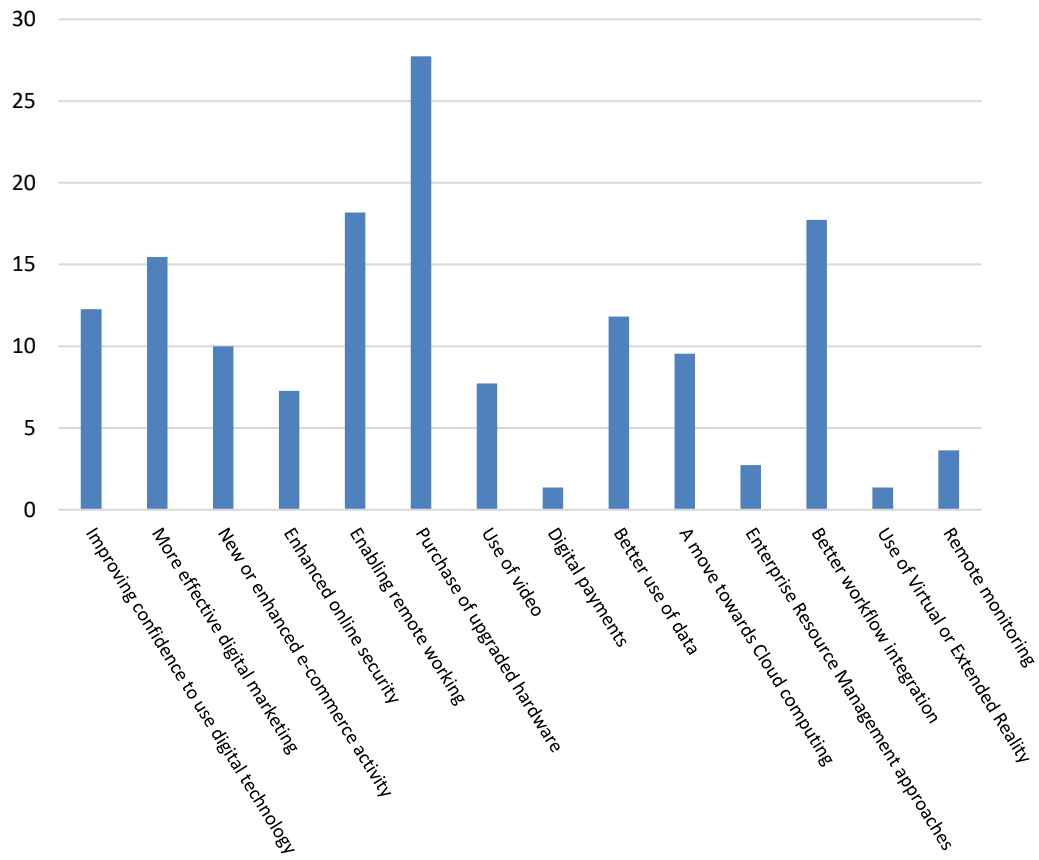
"*It was a really helpful programme and allowed us to move forwards more quickly than we would otherwise have been able to do.*", Kirklees based business

7 Business and Productivity Impacts

7.1 Within the business survey, businesses identified a range of impacts from their utilisation of digital technology on wider aspects of business performance and on the creation of jobs within businesses.

7.2 As shown in Chart 7.1 below, the area that the Digital Enterprise 2 programme had the most impact on within businesses with regards to developing digital solutions was upgrading digital hardware, at 28% of all businesses. Other areas where the programme had a prominent impact included enabling remote working (18%), which was critical during the COVID-19 pandemic, better workflow integration (18%) and more effective digital marketing (15%).

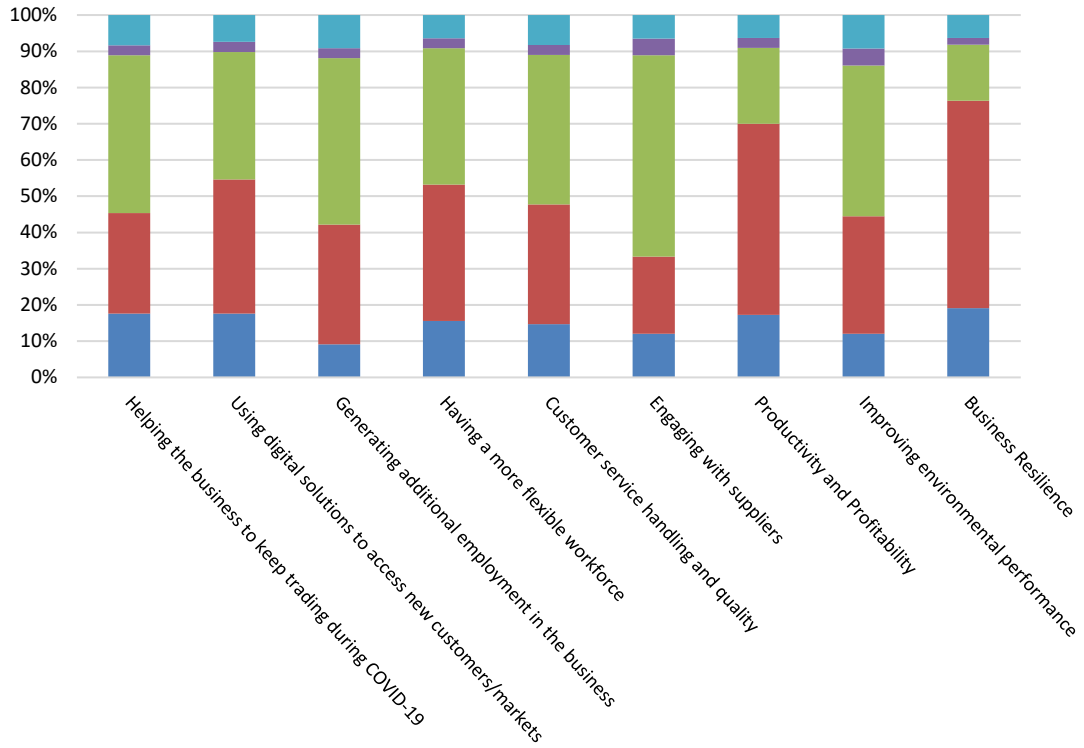
Chart 7.1 Area of digital impacts enabled by Digital Enterprise 2 (%)



Source: Leeds Digital Enterprise 2 Business Survey

7.3 Chart 7.2 overleaf identifies the impacts across a wider range of business impacts. Over 76% of businesses stated there was a positive or very positive impact on business resilience, and **70% stated a positive or very positive impact on productivity and profitability**. These are two key areas that business support programmes are keen to address in SMEs.

Chart 7.2 Areas of Impact of the Leeds Digital Enterprise Programme.



Source: Leeds Digital Enterprise 2 Business Survey

7.4 In the surveys, businesses made a clear linkage between engaging digital technology and productivity. Productivity improvements were largely based the following areas:

- Customer, administrative and payment/finance process improvements
- Better logistics and improved inventory/stockholding
- More efficient resource and workforce planning and deployment (including remote working)
- More efficient customer identification, sales and retention
- Developing new products and services

"We are still heavily reliant on manual processes in some areas, we need to operate more efficiently to remain profitable so investment in digital solutions will be essential"

"Overhauling our administration and merging our Managed Services with our online solution created process efficiencies and increased potential to secure business from larger organisations."

"The Digital Enterprise Programme enabled us to maintain communications and works flows for client works whilst working from home during the pandemic. As a cloud hosted solution we were able to continue to work efficiently."

"Processes are much faster and efficient due to our new server and equipment."

"(The)…upgraded hardware, increased speed and productivity of team members."

"The Digital Growth Voucher has improved productivity and helped us to invest in technology and skills to open up new markets."

7.5 Other key areas where the programme has had a positive impact include using digital solutions to access new customers and markets (55%), having a more flexible workforce (53%), customer service handling (48%) and helping businesses to keep trading during COVID-19 (45%).

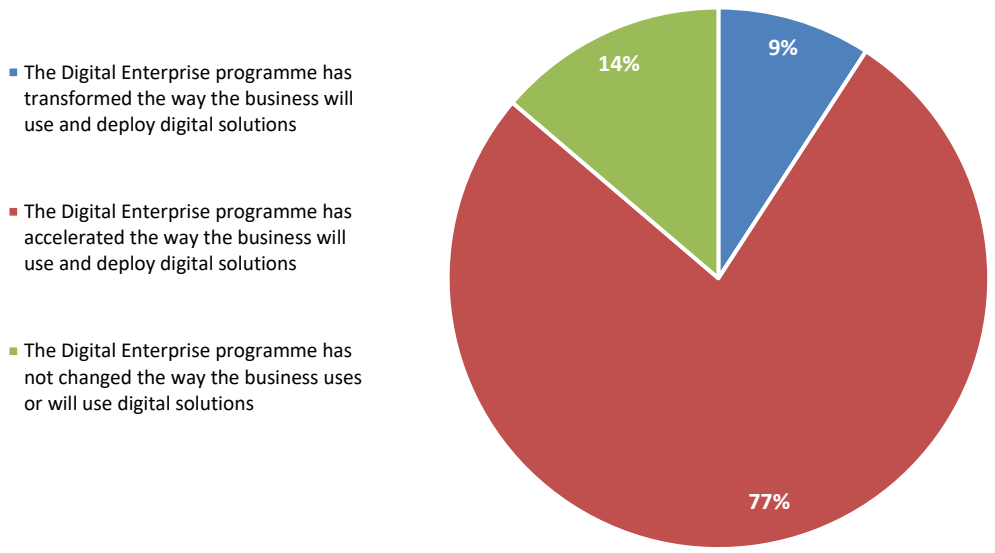
Job Creation

7.6 The business survey also asked businesses about the likely levels of job creation as a result of the support from the Digital Enterprise 2 programme. This process does not have the same evidence requirements of a C8 ERDF output - but does cover a wider range of employment outcomes.

7.7 Many jobs that are created by businesses are often short-term or contractual in nature, freelance based, internships or increases in hours or contract length for existing staff. Often, the short term and potentially insecure nature of these employment opportunities mean these type of jobs cannot be claimed as ERDF outputs. Some of these will have been picked up through the survey process.

7.8 Of the 219 businesses completing the survey, there was a reported total of 123 Full Time Equivalent positions, at an average of an additional 0.56 jobs per business supported. The key driver for job creation has been the Digital Growth Vouchers and businesses that received a Voucher stated they created an average of 0.67 jobs.

Chart 7.3 Role of Digital Enterprise 2 in supporting business growth



Source: Leeds Digital Enterprise 2 Business Survey

7.9 Overall, a total of 9% of businesses stated the support from the Digital Enterprise 2 programme has transformed how the business uses digital technology, with a further 77% stating the programme has accelerated how the businesses uses digital solutions. Only 14% of businesses stated there had not really been any impact on the business of the programme – which is a relatively low rate of deadweight for the programme.

7.10 When this average of 0.56 jobs per business is applied to the 1,380 businesses the programme has currently supported to a C1 output level, this would suggest the Leeds Digital Enterprise programme has created 773 gross Full Time Equivalent jobs. Based on the programme having a positive impact on 86% of all businesses, this suggests that the programme overall has helped the creation of **665 net additional jobs for the Leeds City Region economy**.

8 Qualitative Review

8.1 To support the Summative Assessment, a range of interviews were undertaken with key project staff and a selection of programme Board members during September and October 2022. This process included a session with the project staff team at Leeds City Council on 12th October 2022.

8.2 The interview questions covered key strengths and weaknesses, the quality of provision to businesses, the impact of COVID-19, views on the management and governance of the programme, lessons learnt and likely future need and demand for support.

8.3 One of the significant differences in the stakeholder engagement process for the second phase of the project is that West Yorkshire Combined Authority and Local Authorities (via pooled Business Rates) put in proportionately less as the project was extended, with a larger share of matched funding coming from Private Sector contributions to the grant pot.

Quality and Relevance of Offer

8.4 Feedback from across all partners about the Leeds Digital Enterprise programme has been overwhelmingly positive and it is a well-regarded and popular scheme, echoing the views of businesses. Particularly notable was the experience, skill and knowledge of the Advisor team and the importance and relevance of its offer to businesses. The programme had been a very visible component of the business support offer and had been very successful in engaging businesses that would not normally be associated with accessing digital technology support.

8.5 The pandemic had rapidly accelerated trends that were being seen in the wider economy towards increasing use of digital technology in business processes, remote and hybrid working and an increasing use of e-commerce. The Digital Enterprise programme had helped businesses to adjust to these changing relationships between customers, workforce and suppliers – but digital was only part of the solutions for businesses to achieve growth and the programme needed to fit well into a wider package of support for businesses.

8.6 As with many other ERDF projects during the COVID-19 pandemic and afterwards, there was a high level of staff turnover on the project which, coupled with the upheaval of the pandemic, affected both programme delivery and wider communication and business engagement.

8.7 One of the frustrations of partners of the Digital Enterprise programme was the speed at which the Voucher process was taking from referral through to decision making and any allocation of financial award to the business. Most of the other Business Grant programmes across Leeds City Region and West Yorkshire committed and defrayed their grant investment well in advance of their completion date – but the Digital Enterprise programme is clearly not in this position at this point in time.

8.8 Businesses, especially during the pandemic, needed investment and support there and then. The timeframe to turn around applications due to staff shortages and the process was hindering the effective allocation of Vouchers in a timely manner. It was stated that some businesses withdrew because of the time taken to process applications as they could not delay their co-financed investments.

8.9 During the depth of the pandemic restrictions, the project team also had to deliver a COVID Resilience Digital Grant scheme, which further drew on the very limited resources of the programme and was a significant contributor to issues of awarding of Vouchers during this period.

8.10 Partners generally felt later changes to the programme had had a positive impact in regard to processing applications in a timely manner. Moving the release of Vouchers from a phased process (with application windows being the only time when businesses can submit an application) to an open bidding process, had been seen as a significant improvement in the process. Recruiting additional Advisers to the programme in early 2022 and a resultant level of stability within the headcount has also resulted in a quicker turnaround of Vouchers.

8.11 Some partners felt that the processes involved in the Digital Enterprise programme were fairly linear, with support for businesses ending at the point of receiving a Voucher and limited aftercare was provided and very limited screening for referral back to the Growth Hub or Growth Managers for any additional or wider support that may be required.

8.12 The project has had issues in developing and making effective use of the programme CRM system, which came online in June 2021. with the original supplier going into administration in January 2022. This created a range of short-term issues in making best use of the CRM from this point onwards. These were ultimately resolved by drawing on an IT consultant for 2 days a month to make the system more user friendly and to allow some of the limitation to be worked around. The CRM system still currently only offers a limited amount of the capabilities originally envisaged.

8.13 It was felt one of the key benefits of the programme had been helping businesses to improve their resilience, both in terms of being able to adapt to the COVID-19 pandemic, but also longer term to other economic shocks, such as the current energy crisis. The impact on business resilience, which had been delivered through both the Voucher programme and the Digital Knowledge Exchange, has been largely invisible in the outputs and outcomes of the programme.

8.14 The programme was also helping businesses expand their capacity in times of a tight labour market by making better use of their current resources, deploying staff more effectively, helping businesses to recruit staff flexibly and in turn help businesses to grow without the need to relocate as they no longer reach operational constraints due to limited physical space and capacity as quickly as pre-pandemic.

8.15 The Digital Knowledge Exchange was seen as a good component to the Leeds Digital Enterprise programme and had been able to engage a wide range and number of businesses that needed a basic introduction to using digital, particularly in relation to marketing and social media. Umi were seen as a successful partner over the duration of the programme, despite the second contract ultimately falling short of its C1 targets.

8.16 However, it was cited that there was some overlap between the offering of the Digital Knowledge Exchange and other activity in the area including Digital Boot Camps and activity on the AD:VENTURE programme.

8.17 It was noted that some events and activity were more successful than others and the Digital Knowledge Exchange struggled to make its offer heard during the COVID-19 pandemic when all delivery had to move online. Some Digital Conferences were cancelled, which were major referral opportunities to drive businesses onto the programme. It also made it harder to evidence the involvement of businesses on the Digital Knowledge Exchange. Many businesses registered for online events and did not attend or did not see out the full duration of online workshops. It was felt that the Digital Audit/Health Check process offered by the Digital Knowledge Exchange struggled to keep up-to-date with the requirements of businesses.

8.18 During the COVID-19 pandemic, a significant number of Business to Consumer businesses wished to join the programme – but their general ineligibility for support under ERDF meant they either could not engage on the programme – or could not be counted as outputs if they did.

8.19 Although the Digital Knowledge Exchange programme completed in June 2022, there remains a library of Wistia webinars that form a legacy for the programme. The programme also provided an element of advice and referrals back onto the Voucher through the provision of a helpline for the wider programme.

8.20 The Digital Enterprise Top 100 was seen as a particularly positive outcome from the Digital Knowledge Exchange, first undertaken in 2019 and repeated in 2021 and 2022. The Top 100 had provided some real positive case studies of the impact the programme had had on local businesses and highlighted the depth of businesses the programme had engaged – including many businesses that would not be associated with deploying digital innovation.

Governance and Partnership

8.21 Overall, the programme was seen as well managed and well governed. Individual Programme Board members felt they could influence the programme and how it operated within their localities. Staff turnover has been an issue for the programme and as each staff member left, there was a gap created in terms of knowledge or process. This has meant relationships have consistently had to be reset at an operational level.

8.22 Management information was relatively comprehensive and helped partners to understand the uptake within their areas. It was felt that there were opportunities to have had better communication between the team and the partner Local Authorities, as this was generally only done at the quarterly management meetings.

8.23 There were good relationships with Growth Managers at the two Growth Hubs and the Digital Enterprise programme over its duration has been the most popular programme that the Leeds City Region Growth Hub have referred onto.

North Yorkshire Context

8.24 Craven, Harrogate, Selby and York have been active partners within the Digital Enterprise programme within the City Region geography. From April 2023 the move to create a Unitary County for North Yorkshire and a forthcoming Devolution Deal and Combined Authority for York and North Yorkshire have made it too complex for the programme to retain a direct delivery link into the County areas.

8.25 Partners within the Leeds Digital Enterprise programme from North Yorkshire Local Authorities stated that they wished they could remain part of the programme going forwards. It had added value to local businesses and been a positive force for change, especially during the pandemic. There was a feeling that demand remained for a similar programme, despite two (although complimentary) programmes operating across the area. Across York and North Yorkshire, the Digital Advantage programme offered consultancy grants up to £5,000 at a 40% intervention rate.

8.26 The breadth of geography across the wider Leeds City Region was seen to be a benefit rather than a hinderance or distraction from the programme. The geographical points of difference and the unique challenges and opportunities with the wider areas of Leeds City Region had led to innovation within the programme, a sharing of solutions and has brought a focus in areas like connectivity, which created opportunities for some of the urban areas within West Yorkshire to access activity more prevalent in rural areas and not normally associated with urban centres.

8.25 It was a programme that businesses still actively enquire about and there is still a strong pipeline of referrals from North Yorkshire. The Growth Managers across North Yorkshire also felt they had a good level of engagement with Digital Enterprise Growth Advisers.

8.26 Should North Yorkshire follow a similar path and develop interventions to support businesses in the digital space, there is a lot to learn and draw upon from the Leeds Digital Enterprise programme, especially related to the systems that are now in place to allocate, manage and monitor grants.

Forward Strategy

8.27 As the final Summative Assessment is being completed, the Leeds Digital Enterprise team at Leeds City Council submitted a successful Business Case to secure a share of the West Yorkshire allocation of the UK Shared Prosperity Fund that will fund a further iteration of the programme from 2023 onwards within Leeds, Bradford, Calderdale, Kirklees and Wakefield.

8.28 As with partners across North Yorkshire, it was noted that a programme like Digital Enterprise would be significantly missed if its offer were not available to local businesses. It was an easy sell for Growth Managers to businesses and there was clearly demand for a successor programme.

8.29 A clear benefit of the scheme has been ‘boots on the ground’, with individual advisors that are able to engage and support individual businesses and cover a specific geographical area. However, due to a variety of reasons, over the duration of the Digital Enterprise programme the Adviser team had developed a more transactional relationship with businesses with a strong focus on grant administration. This process was exacerbated during the pandemic when Advisers could no longer undertake site visits and the delivery of projects to businesses became more complex and time consuming.

8.30 The breadth of knowledge and skills of the team could be put to most effective use in the future getting involved in the decision-making process perhaps later than they could have bene to have more of an impact.

8.31 An equivalent to the Digital Knowledge Exchange is not anticipated to form part of any future project. It is understandable given there are other programmes (most notably Ad:Venture) that would be more appropriate hosts to a workshop and advisor based programme. The target market for the Voucher programme is aimed at a different type of business than engaged with DKE. Voucher clients are generally at different levels of digital maturity to those engaging on DKE.

8.32 Despite this separation of function, it was noted by stakeholders that it is important that future Voucher provision still retains some element of demand stimulation activity to explain and promote the objectives and also the offer of the programme to businesses.

8.33 There is an aim to introduce an initial triage stage within the expression of interest process. Some projects will be relatively simple in their implementation and of relatively low impact – and these applications should only require a more cursory input from Advisors.

8.34 For the more complex and impactful projects, it would add considerable value if Advisors were engaged earlier in the process. To achieve this, it would need to be reflected in how the programme is marketed to businesses and the messages presented to agencies like the Growth Hub and Growth Managers who refer onto the project. There may also be scope, within certain circumstances, to support businesses with a contribution towards specialist consultancy costs which in turn may reduce the demand on Advisor time.

8.35 Whilst the programme has improved its engagement with Growth Managers, there is scope to put in place a more formal process to pass businesses back (or onto) Growth Managers and to monitor this process as part of project. There are also very clear links with activity to promote digital skills amongst the workforce and to ensure there is appropriate leadership and management skills within businesses to successfully embed digital transformation and to have the vision to understand the potential across wider processes than the Voucher project.

8.36 Connectivity still remains an issue going forwards, both in the areas within North Yorkshire and even in the more urban areas of West Yorkshire. The solution to tackling these issues across both geographies will have to be decoupled going forwards and the solutions will need to be tailored towards the two circumstances. The programme was also designed before 'Project Gigabit' and the launch of Gigabit Vouchers – and the desire to drive up demand for gigabit capable connections. Any future connectivity scheme will need to reflect this new environment.

8.37 As the design of the latest programme will be occurring in a post-COVID-19 environment, the programme will need to reflect on now common hybrid ways of working within businesses. The programme will also need to work with businesses in a considered manner to understand how digital technology and hybrid working can be harnessed to improve business productivity and stimulate growth, with a more subtle move away from the focus on business resilience that was a priority during COVID-19.

8.38 As support to businesses moves into a post-ERDF climate, some of the constraints relating to sectors (especially the business to consumer sectors) will likely be removed and any provision will need to decide whether these are sectors that a digital business support programme wishes to support and if so, how this will impact on what any programme can offer. Any Digital Enterprise provision will need to align with the rest of the local business support offer – in terms of the sectors it prioritises, the processes it follows and its engagement approaches for businesses.

8.39 After six years of delivery, the programme has developed significant tangible and intangible infrastructure, such as a reasonably functioning CRM system, established and tested application processes, institutional knowledge of processes and an established brand and network.

8.40 Traditional measures of impact have focussed on product development and job creation, but there are a much wider range of impacts that can be unaccounted for. The scope of the UK Shared Prosperity Fund does include a wider range of outcomes, especially relating to product and process development and accessing new markets, which provides another potential area of focus for future provision. However, the key outcomes are likely to be improved productivity and business resilience and better and higher paid jobs, rather than significant increases in new jobs. These are still not reflected as outcomes within thew UKSPF monitoring processes.

8.41 The Leeds Digital Enterprise programme has been relatively well embedded into the local business support eco-system, but there are also wider linkages that could be made in any future provision. There is a consideration about how Digital Enterprise can screen businesses to identify future growth barriers or support needs and can link with wider digital skills and leadership and management activity. On the back of this process, businesses can be referred back to other relevant provision via the Growth Managers (or some form of aftercare/follow up be provided) so the programme is judged to be not as linear.

8.42 This is important so that the project can focus on the areas it is best equipped to help businesses in, but also to ensure there is no overlap with other business support provision, nationally and within West Yorkshire.

9 ERDF Cross Cutting Themes

Contribution to ESIF Horizontal Themes

9.1 All European Structural and Investment Funds operate with two key cross-cutting themes that need to be incorporated into a project's design, delivery and monitoring. These are Sustainable Development and Equal Opportunities and non-Discrimination. The two cross-cutting themes also need to draw from local priorities in these fields.

Equalities and Diversity

9.2 Equalities and Diversity has featured as a prominent feature of the current England ERDF programme. The requirement to embed equalities and diversity in projects has been passed on to the Leeds Digital Enterprise programme in the way it engages businesses, the way the project has delivered its services and the way the project has monitored its outcomes and impacts.

9.3 Within the Grant Funding Agreement, Leeds City Council stated the programme would ensure no beneficiaries would be excluded on the basis of their characteristics and a range of needs will be considered during the design of the programme.

9.4 The beneficiaries that completed the business survey cited a range of positive outcomes with relation to equalities and diversity, notably through the creation of work placements and Apprenticeships, but also in opening up opportunities to join the workforce for additional part-time and home based or flexible working jobs.

9.5 Within the context of COVID-19, the Vouchers and Digital Knowledge Exchange opened up significant opportunities for the workforce to work from home and avoided additional staff having to be placed on the furlough scheme or even made redundant. Supporting working from home has helped keep many individuals who were at risk from health complications from COVID-19 safer, although this has not been a direct planned outcome of the project.

9.6 The support and investment from the Digital Enterprise programme has also enabled businesses to offer services and products to a broader market place – particularly through the use of social media. Many businesses are working to support the delivery of more effective public services as part of Local Authority, NHS and voluntary sector supply chains.

Sustainable Development

9.7 Promoting sustainable economic development and tackling the climate emergency is a key priority for Leeds City Council, as it is for constituent partners. the Leeds City Region LEP and the West Yorkshire Combined Authority. There is a joint commitment by the Combined Authority and the Leeds City Region Enterprise Partnership to become the UK's first zero carbon city region and have been declarations of climate emergencies by all councils within West Yorkshire.

> "*We want West Yorkshire to be a place where everyone can enjoy the economic, health and environmental benefits of a net-zero carbon economy by 2038*", West Yorkshire Combined Authority

9.8 Within the business survey, businesses were asked about the impact the Leeds Digital Enterprise programme on the environmental performance of the business. A total of 12% of businesses stated the programme had had a very positive impact in this area and 32% a positive impact (44% combined). A further 9% stated it was still too early to tell if there had been any impact.

9.9 Businesses were invited to provide any wider areas of benefit the project had had, and there was coverage of helping to reduce energy costs, but no other quotable mentions of environmental benefit or carbon reduction.

9.10 The investments of the Voucher schemes have generally enabled activity within businesses that have enabled more sustainable business practices that have resulted in waste minimisation, travel reduction (linked to working from home during COVID-19), reduced energy use and businesses implementing a range of more efficient processes.

10 Business Case Studies

Case Study: Maxton Design

Founded in 2012, Leeds-based business Maxton Design is one of the best known and fastets growing retailers in the UK car modification market. Maxton Design was supported with a Digital Growth Voucher worth over £2,700 for the development of labelling software to automate the shipping process as well as purchasing new laptops for warehouse staff and the creation of new marketing content.

"*We had a lot of steady growth in the years since we were founded and then its just blown up over the last few years and I really put that down to taking on the digital space and growing our presence on social media. Customers nowadays expect products on their doorstep the next day*."
Billy Clayton, Office Manager

Maxton Design's digital warehouse management system, that automatically prints out labels and shipping information, has increased shipping capacity to 700-800 orders per week. Not only does this massively reduce the room for human error, which could further delay the delivery process, it also enables much better communication between the office and warehouse.

In 2022 the company increased its warehouse space from 6,000ft^2 to 34,000ft^2 to hold more stock and the streamline ordering processes.

Looking ahead, Billy and the team are hoping to use digital technology to improve their aftersales processes further, so they have a better grasp of customer sentiment and feedback.

Case Study: Power Sheds

Bradford based shed manufacturer, Power Sheds have used digital technology to grow to multi-million pound turnover company in a little over 3 years. Power Sheds was formed in 2019 by CEO Jack Sutcliffe and Simon Hobson.

The shed industry tends to be made up of more traditional businesses which have a tried and tested businesses model and are perhaps yet to be convinced of the benefits of new technologies.

Digital technology has been at the heart of everything Power Sheds has done. Jack and Simon had a clear vision for how they were going to disrupt the market for garden buildings.

Power Sheds received a Connectivity+ Voucher to the value of £3,000 to upgrade the company's broadband connection.

Power Sheds used an innovative approach to design that massively reduced lead times from the six-to-eight week industry standard. Jack explains;

"If you buy a shed, it can take a long time to receive it because it's difficult to deliver. With the help of some computer aided design and digital software, we designed a shed that fits on a pallet that can be delivered through the pallet network"

This has meant the shed can be delivered next day. This revolution in logistics is a big part of why Power Sheds has seen such exponential growth over the last three years. From a standing start the company grew to employ 95 staff and produce 700 sheds in year three.

Key to the success is the way Power Sheds has invested in improving the customer experience of buying sheds online.

Jack says *"We've introduced augmented reality on the website so you can see what the shed would look like in your garden before you buy."*

Power Shed's impressive growth is set to continue, not just in the UK market but internationally. The company is working with now of its timber suppliers in the US to launch its sheds in the American market and will continue to adopt a digital first approach to make it happen.

Case Study: COPTRZ

Steve Coulsen and Paul Luen launched Leeds based drone training and equipment provider Coptrz in 2016. The team now services 2,500 active customers across the UK and works with the leading drone suppliers.

Coptrz have applied for both a Digital Growth Voucher and a Connectivity+ Voucher to support the growth of their business.

Bringing together the latest drone technology with the technical training and support available through the Coptrz Academy, James and the team have developed a 360 degree solution for anyone looking to deploy drones.

James Cheetham, Marketing Director, stated *"We are in a really good place in the market and we want to continue to be there. We want to keep up with demand without losing quality of service and not just be a great business for our customers, but a great employer and a great place to work in Leeds"*

In 2022 Coptrz was named as one of the top 1000 fastest growing companies in Europe by the Financial Times.

Case Study: VTR North

Established in 2005, VTR North is an award-winning production company, and has worked with a raft of big brands including Jet2, Sky Betting and Gaming, and Channel 4.

From TV and radio commercials to Automated Dialog Replacement (ADR) (re-recording audio) for Hollywood films and BBC dramas like Downtown Abbey, VTR North has vast experience of audio production.

The development and improved capabilities of digital devices such as smart phones and tablets have, in recent years, removed barriers to producing a range of media content, from photos to videos and voice recordings. Yet according to Spencer Bain, Managing Director at Leeds-based VTR North, audio quality is critical for many businesses as part of their communications strategies to create authentic content.

Over the past few years, the podcast market has seen substantial growth and popularity which is only set to continue as podcasts are now a key media source. Understanding the market need and growth potential, VTR North made the strategic decision to invest in building a bespoke podcasting studio. By reconfiguring the space at their office in Leeds, VTR North can now offer clients a seamless service with a studio that allows up to four people to interact, with both audio and visuals being recorded, as well as the possibility to live-stream.

"In a world where people are time poor internal and external communications are critical for businesses to share their messages with their audiences. Sharing these messages in a way that doesn't interrupt what someone is doing but can be digested while doing other things is becoming more important

"Podcasts are a great channel to address this challenge, and in recent years the appetite to produce and consume podcasts has grown, whether listening through headphones, smart speakers, or laptops," says Spencer.

Digital Enterprise awarded VTR North a Digital Growth Voucher worth £9,850, 40% of the total project cost. This was used to purchase a range of hardware and software to fit out the studio to be able to live webcast, including microphones, a camera and headphones.

The new podcast service has excited many of VTR North's current clients, and as the podcasting market continues to grow it creates a new revenue stream for the company and potential for additional jobs.

Commenting on Digital Enterprise Spencer said, "Being able to offer this podcasting service to clients creates another revenue stream for us, which is instrumental for the continued growth of the company, as well as hopefully creating a few more jobs at VTR North."

"The whole process with Digital Enterprise has been great from first applying to being assigned an Advisor. I knew what equipment I wanted for the studio, but it was great to have someone I could speak to about the application process to help guide me through it."

Case Study: **EthOss**

Founded in 2013 by Peter Fairbairn, a world-renowned Dentist, and Dr Paul Harrison, a leading Bone Regeneration Product Expert, EthOss designs and distributes products that use the latest generation of biomaterial for use in dental and oral surgery.

Since selling its first product in 2015, the Bradford-based company has grown to distribute its bone regeneration products to over 60 countries around the world.

Due to the intricate nature of the EthOss products, the company has seen an increase in demand for the education and training it provides. The training, which is performed on patients in real-time, had previously been carried out onsite in small groups. To continue to innovate, and with the aim of educating more people faster and more efficiently, the business decided to invest in its online training academy.

With funding secured from Digital Enterprise, EthOss has been able to equip its Silsden and London practices with an audio and video system allowing them to film the surgery for it to be shared online. Like many businesses COVID impacted EthOss, with travel bans and maintaining space from others, the onsite training wasn't feasible. This meant plans for the online academy were expediated, to ensure the business could continue to train and educate surgeons.

Digital Enterprise awarded EthOss a Digital Growth Voucher worth £6,500, which was 50% of the £13,000 investment for the equipment. Through being able to educate more people around the world, EthOss envisages the rate of adoption of its products to dramatically increase.

The investment in the training academy has also facilitated a new role at EthOss, the Education and Training Co-ordinator, who will support the business in organising the delegations of those that sign up to receiving the training.

Peter Wheeler, General Manager at EthOss Regeneration said: "*Adapting our training academy to take place online was always our plan but COVID-19 accelerated the need, and so investing in the technology has been a really important step for us. Being able to film the procedure close up means it's less invasive for patients and we're able to reach and train more surgeons, more efficiently and across a greater number of countries, so a real win-win*".

Commenting on the Digital Enterprise programme, Peter continues: "*Access to advice and funding via Digital Enterprise helped us to take this important and strategic step much sooner, accelerating both the growth of the business and the adoption of our bone regenerative technology in an increasing number of international markets.*"

Case Study: **Livewell**

Leeds-based automated self-service vending machine provider, Livewell, is a company that has embraced both product and process innovation at every stage to navigate through COVID-19 and the disruption it caused.

As a business providing refreshment solutions to schools, offices, healthcare, hospitality, and leisure facilities, Livewell had to rethink its whole operation when the pandemic struck.

Fortunately, the company's continual investment in technology and innovation meant that routes to market remained open. It has become well positioned to expand and take advantage of new opportunities.

Livewell was founded in 2006 around the same time as Jamie Oliver's School Dinners campaign, which sought to improve the quality and nutritional value of meals at a typical British school. Following their success with drinks in schools across the North of England, Livewell decided to diversify their product offering and tap into new markets. Technology has played a leading role in enabling this, as has the support the company received from the Digital Enterprise programme.

Through two cycles of grant funding and expert advice, Livewell has implemented a new telemetry system to get remote access to sales and performance information and contactless payment infrastructure to meet growing demand for cashless transactions across its vending estate.

Livewell Director, Aaron Prout, says: "*In terms of the Digital Enterprise grant, we've also been able to bring in a vending management system that helps us manage our stock levels and sales performance and shift to contactless payments*."

Aaron has also learned that digital transformation is simply a must for any business that wants to be competitive in the future.

He says: "*Automation is here to stay, and the way customers and consumers are engaging with suppliers means that meeting their requirements is much more digitally driven. Based on our experience, without embracing digital transformation, it's a huge risk that you remain relevant and competitive from a cost perspective*. U*nless you're growing, you're going backwards. You can't afford to stand still*."

Case Study: **Involution**

Digital transformation brings different benefits to businesses. One of the things that is almost universal is the time savings that come from introducing technology and building systems that automate day-to-day business processes. Having made some serious progress on its own journey into the digital world, workwear and merchandising business Involution is feeling the time benefits and feeling increasingly bullish about future growth.

While almost every business strives to make money and increase profitability, the same attention is not always given to saving time and becoming more efficient.

For Leeds-based workwear, clothing and merchandising specialist, Involution, its digital transformation journey is one that began in earnest around 2015, when Operations Director, Nathan Cookson, and the team realised they needed to do things differently if they wanted to grow.

Nathan began looking at Enterprise Resource Planning (ERP) and CRM software that would enable the full business to be run and managed online. But there was nothing on the market that suited Involution's needs so the team decided to make their own.

Nathan explains: "*We've been on a journey towards building a fully bespoke ERP and CRM system that manages the entire business, from a customer ordering online all the way through to production, planning, stock, accounts and then out of the door.*"

Involution's unique system is running 85% of the functions that it was designed to do, as well as driving efficiencies in other areas. To develop such a system Involution looked to the support available through the Digital Enterprise scheme, working closely with the Digital Advisors to secure a grant they would part-fund the development costs.

Nathan says: "*The great thing with Digital Enterprise is that it is very responsive, and the team were very active on questions and answers. As soon as our project finished, we reached out to them and claimed our funding and the money came back to us very quickly*."

Looking ahead, Involution will continue building out its end-to-end ERP and CRM system. Digital adoption has been a big part of why turnover has increased 250% over the last seven years, enabling the company to onboard 30 new hires. And the company has a keen eye on reaching the £10 million turnover mark by 2025.

The business is a great example of the digital revolution taking place across the City Region and is living proof of the time savings these techniques can provide.

Case Study: XR Games

As a young boy, creating video games as a career seemed near-impossible for Bobby Thandi. Now, as Founder of Leeds based XR Games, he is bringing those dreams to reality for himself and others. Here, he discusses how the business now occupies a coveted place on a global stage.

XR Games, established in 2017, has built a reputation as a leading specialist in full scale immersive augmented reality [AR] and virtual reality [VR] content, alongside games for PC, mobile and console, and works with some of the biggest brands in global technology.

Its delivery of Angry Birds Under Pressure in 2019 was a critical success. It was voted by the public as a TIGA Game of the Year 2019 Finalist and awarded 'Best for Entertaining the Kids' by Forbes. The game was credited with making VR more accessible to gamers of every level.

The project cemented XR Games' relationship with Sony Pictures and enabled a new relationship with US giant Unity Software, which has led to XR Games becoming the first gaming studio in Europe, the Middle East and Africa to become a Unity Channel Partner.

Another major collaboration with Sony Pictures has just been announced in Forbes, with the two collaborating on Zombieland VR, paving the way for the continued growth of the proud Yorkshire business and its 28-strong team.

And considering the business is still in its infancy, a huge amount has been achieved in a very short time. Established with the support of Bobby's then an employer Dubit, who gave him their backing alongside financial investment to achieve his gaming studio dream, Bobby built on his experience to earn the opportunity.

Since that initial investment, XR Games has gone on to receive more support, including help from Digital Enterprise. Being awarded a Digital Growth Voucher and Connectivity+ Voucher the company was able to invest in hardware and software, as well as improve its internet connection – technology vital to the running of the business and which helped XR Games expansion plans.

"*Through the funding we've received date we've been able to get involved in the development of some big VR and console games and there are lots more exciting projects in the pipeline*," says Bobby.

"*The continuing demand for gaming, which has only increased during lockdown, has meant there is a lot of investor interest. We've been able to step things up during lockdown with our seamless move to home working, which has allowed us to continue to work as we normally would, with only a skeleton staff in the studio. That hybrid model is very sustainable for us*."

As a business that needs to stay on top of developments in tech to ensure its reputation and place in the market continues to build, XR Games already has its eye on the next likely phenomenon in technology. Going forward, XR Games is certainly on an upward trajectory, and new opportunities to join the fast-growing business arise continually.

Having longed for such a career chance as a boy, Bobby is now proud to create these for other young people. And as someone who himself is living his dream, with his business growing on a global scale from his native Yorkshire, Bobby is proud that XR Games has been named in the Digital Enterprise TOP 100.

"I think it's always nice to have some external validation for what you're doing, and I think it's very exciting the XR Games has been recognised," adds Bobby.

"There is certainly a lot more to come from us and it's very nice to be recognised at this stage of our journey."

Case Study: **ShopAppy**

Since 2016, Bradford-based ShopAppy has been working with cities, towns and villages across the UK, creating a commission-free online 'shop window' to allow customers to browse, book and buy local products in one online transaction, or buy vouchers to spend at a future date.

Pre-pandemic, ShopAppy spent years promoting the importance of shopping local and supporting independent businesses. From March 2020, their digital offering went from being optional to essential for retailers across the country.

Huge numbers of businesses were forced to close their shops completely, while others struggled with a significant fall in customer numbers - and without any digital presence, the scale of the problem they faced very quickly became apparent.

This is where ShopAppy was able to step in to help those businesses, supporting local high streets in a way that had never been more badly needed, enabling them to go from no digital offering at all, to having an order and click-and-collect service in a matter of minutes.

In four years, founder Jackie Mulligan and her team - 2 full-time, one part-time - had bought on board 29 towns across the UK. But in nine months of 2020, that number swelled to 150. The team also grew to 20 to keep pace with the unrelenting growth, as businesses nationally clamoured to be part of ShopAppy and the digital opportunities it could offer to help ensure their survival during the pandemic.

"*Customers like the idea of buying local but also want the instant ability to buy things online that they get from the likes of Amazon. This was a big learning curve for a lot of businesses in a short space of time. Pre-COVID-19 people were spending £1 in £5 online – during the pandemic that became £1 in £3. It became the case that they were missing out, they were losing revenue by not being online*," says Jackie.

For ShopAppy to support these many businesses, significant investment was made into upgrading its own website and e-commerce platform and new partnerships were developed with Visa and NatWest to enable it to service the demand it knew was coming. This added to the support it had received previously from Digital Enterprise - Digital Growth Voucher funding that had helped the company enhance its site for the growing demand.

"*The voucher enabled us to develop better tech after our first iteration on the site, we were able to scale more quickly, as we had a better and more developed product*," Jackie explains.

Through the snappily-titled Project Pandemic Pivot, ShopAppy scaled quickly, changing its business model, and innovating its technology in early March, so it could be ready for when the global pandemic hit the UK.

"I was really worried about COVID-19 and was looking at what was happening in Wuhan, thinking 'We need to get ready for when that comes here' - the work I'd done in a previous job showed me that with a pandemic, it was when it would happen, not if," says Jackie, whose background in academia saw her research future trends where such events were clearly a significant threat.

"We worked hard on a major upgrade of our site and were all set up for day one of lockdown, enabling businesses to continue to trade. The agility of our business enabled others to carry on."

11 Value for Money

11.1 Ensuring value for money for European Union Structural Funds investment is a key component of the ESIF programme and of current Summative Assessment guidance. As of Claim 14, the Leeds Digital Enterprise 2 project had defrayed a total of £15,822,676 and is anticipated to contribute to a net increase of 665 jobs at an average cost of £23,793 per job (lower than the first Digital Enterprise programme at £29,898 per net job created).

11.2 The cost per business supported (C1 outputs - 1,380 in total) has been £11,465 per businesses (higher than DE1 at £7,612). These figures incorporate the cost of Vouchers awarded to businesses, which increased in overall size in DE2 compared to the first phase of the project.

11.3 According to a report by Regeneris on the anticipated unit costs per output across the 2014-20 ERDF programme, the median benchmark for jobs created across ERDF projects should be £30,000, although this was based on research undertaken in 2013[14]. The net cost per job created is around a quarter lower than the Regeneris mean cost and the programme does not have job creation as a key driver of its outputs. Job creation is not a criteria within the Voucher scheme processes.

11.4 With regards to businesses supported, the mean benchmark unit cost for a medium intensity business supported output is £34,000, with a median unit cost of £10,400. This suggests the Leeds Digital Enterprise 2 Programme sits at around the median cost of business support but is considerably below the mean benchmark.

11.5 On this basis the Digital Enterprise 2 Programme has offered **very good value for money** for the key outputs it has delivered to date. The relevant C1 unit costs for the Voucher Schemes and Digital Knowledge Exchange (although excluding any central overheads) were £2,387 for the Connectivity+ Vouchers, £6,444 for the Growth Vouchers and an estimated £2,407 for the Digital Knowledge Exchange[15].

Return on Investment and Gross Value Added

11.6 Based on a net increase of 665 jobs within the Leeds City Region economy and the latest Gross Value Added (GVA) per filled job of £46,400[16], the overall impact of the Digital Enterprise Programme on sub-regional GVA is expected to be £30.8m per annum. If the Digital Enterprise Programme supported an indirect increase in productivity of 10% across these employees, this would result in an increase in Gross Value Added across the City Region of £34m per annum and if these jobs are sustained over a five-year period into the future, it should create a net economic return of £9.7 for every £1 invested **and £19.4 for every £1 of ERDF invested**.

[14] Regeneris Consulting (2013) England ERDF Programme 2014-20 Output Unit Cost and Definitions
[15] Based on an estimated Digital Knowledge Exchange budget of £600,000
[16] 2017 Regional gross value added (balanced) per job filled, ONS

12 UK Shared Prosperity Fund

12.1 The Leeds Digital Enterprise programme is part funded through the Leeds City Region allocation of European Regional Development Fund. The successor to the current programme will be part-funded by the UK Shared Prosperity Fund (UKSPF).

12.2 The £2.6bn UK Shared Prosperity Fund (UKSPF) is the replacement fund for European Structural and Investment Funds and a key driver for post BREXIT regional growth policy. The vision for the fund is based around the following objectives:

- Boost productivity, pay, jobs and living standards, especially in those places where they are lagging.
- Spread opportunities and improve public services, especially in those places where they are weakest.
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
- Empower local leaders and communities, especially in those places lacking local agency

12.3 The fund has an overarching objective of building pride in place and increasing life chances, covering three Investment Priorities, Community and Place, Supporting Local Business and People and Skills. These priorities are then linked to the 'missions' contained within the Levelling Up White Paper.

12.4 Allocations have been made across all lower tier and unitary Local Authority areas and Combined Authorities, delivered against a now submitted Investment Plan. West Yorkshire Combined Authority has been allocated £80,846,557 under the scheme between the 2022/23 and 2024/2025 financial years (which includes around £12m for the Multiply adult literacy programme).

12.5 Most UKSPF is predominately revenue funding, with the core offer being 90% revenue in 2022/23 and decreasing to 80% revenue in 2024/25 – although Local Authorities can express a preference for their funding mix within their Investment Plans. Rural areas receive an additional Rural England Prosperity Fund top up (from DEFRA) which is in the form of a capital only grant. This is particularly relevant to the partners within North Yorkshire. West Yorkshire Combined Authority have received an allocation of just over £2.5m and York and North Yorkshire £5.4m

12.6 Going forward, the economic geography on which funding and investment will be made will change and the UK Shared Prosperity Fund is administered by the West Yorkshire Combined Authority (covering Leeds, Bradford, Calderdale, Kirklees and Wakefield) and provisionally the individual Districts and Boroughs within North Yorkshire until April 2023, then by the new Combined Authority.

12.7 York and North Yorkshire are currently preparing a Devolution Deal with Government which is likely to lead to a new Mayoral Combined Authority across the North Yorkshire area and the County (excluding York) is currently preparing to reorganise into a single Unitary County Authority from April 2023.

12.8 This significantly changes the context for any future funded activity to support businesses in general and any succession planning for the Leeds Digital Enterprise programme in particular. It is unlikely there will be scope for the same level, if any, joint working across the North Yorkshire based areas of Leeds City Region. The focus will primarily if not exclusively be on West Yorkshire, with North Yorkshire similarly looking at their own opportunities in this area.

12.9 The relevant output and outcome indicators for the UK Shared Prosperity Fund are much more flexible than those associated with the European Regional Development Fund. This in turn will make it easier for a complex programme like Digital Enterprise to resonate its performance against outputs and outcomes. This includes:

Output Indicators

Number of businesses receiving grants: a numerical count with no discernible financial limits, which allows for smaller grants with match funding – rather than the £1,000 ERDF investment required.

Number of businesses receiving non-financial support: The non-financial support has to be geared towards the business improving their performance in terms of profitability or productivity and support needs to involve direct interaction with the business. Although support is anticipated to be ongoing, there is no 12-hour requirement.

Number of businesses engaged in new markets: Businesses that have been supported that have subsequently launched a product into a market they had previously not engaged with - which can be a domestic or international market.

Outcome Indicators

Jobs Created: Based on jobs (FTE equivalent) created as a result of any support received. The job must be new, permanent (12 month duration) and is relative to the employers hours for a full time working week. Construction jobs are not included. The ERDF equivalent was net increase in employment.

Jobs Safeguarded: Based on jobs (FTE equivalent) safeguarded and at risk of being lost within 6 months before any support received. The job must be new, permanent (12 month duration) and is relative to the employers hours for a full time working week. Construction jobs are not included. Business owners can be included in the count

Number of businesses adopting new to the firm technologies or processes: Businesses that have been supported that have subsequently used a new technology or process different from those previously used.

Number of businesses with improved productivity: Businesses that have been supported that have subsequently improved productivity, measured gross value added per hour worked or gross value added per worker.

Number of premises with improved digital connectivity: Premises that have improved broadband speeds (commercial, public or residential). The measure being increased speeds within no lower or upper thresholds attached – unlike previous ERDF outputs.

12.10 It has already been covered in the Strategic Contexts section that digital transformation can be a key driver for productivity, and productivity is a key driver for growth and Levelling Up. It is important to reflect also that Levelling Up is a much wider agenda than just economic growth and covers aspects including health and wellbeing, education and civic pride and engagement. Investing in digital technology in the SME community can, if appropriately identified through monitoring, have a broader impact on outcomes and efficiencies in these fields also.

12.11 Within the Business Case submission to UKSPF for a third phase of the Digital Enterprise programme, the Digital Knowledge Exchange activity has been removed as it has been deemed, after consultation, that digital workshops would be better placed amongst other activity that has a focus on small and micro businesses and start-ups. This was predominately the audience of the DKE aspect of Leeds Digital Enterprise.

12.12 This leaves focus of the third phase of the programme on supporting growth businesses to utilise digital to improve their productivity and profitability and safeguard and create well paid and highly skilled jobs in the round.

12.13 Within the West Yorkshire UK Shared Prosperity Fund Investment Strategy there are six key Investment Priorities, against which there is scope for a Digital Enterprise programme to contribute towards five:

IP1: Good Jobs and Resilient Businesses

12.14 Making sustained improvements in business productivity has been a long standing challenge for the UK economy, and the challenge is more pronounced across the Midlands and North. Improving productivity has been a key component of the Levelling Up White Paper and is a key headline challenge for the West Yorkshire Investment Strategy.

12.15 Digital Enterprise has shown it can help businesses adapt to changing circumstances through the COVID-19 pandemic, particularly with regards to resilience. This has included adapting rapidly to changing markets and accommodating remote and flexible working.

12.16 Coming out of the pandemic, the programme has also demonstrated it can help businesses adapt to the cost of living and energy crisis. Increases in input prices will require a further focus on productivity improvements to keep the business competitive. Longer term, investment in digital will lead to a demand for higher skilled and higher paid positions.

12.17 The Digital Enterprise programme has demonstrated over all phases of its delivery that the right investment in a business's digital infrastructure can improve productivity whilst also creating employment and digital technology is not predominately a 'replacement' for labour demand, but an enhancer of labour demand. This has clearly been demonstrated in the survey results and case studies.

IP2: Skills and Training for People

12.18 Whilst there is no direct training provided by the Leeds Digital Enterprise programme, the activity gathers intelligence on some of the gaps in digital and other skills from the businesses that are supported. Some of the workshops and conferences have impacted knowledge to business owners about digital challenges and opportunities and going forwards there is much more scope to signpost businesses to providers that can assess and develop the skills of their workforce.

IP3: Creating a Great Place and Accelerated Infrastructure

12.19 The UK Shared Prosperity Fund in West Yorkshire is partly to be used to enable the acceleration of infrastructure delivery, in turn support the quality of place and environment within West Yorkshire. The revised Digital Growth Voucher scheme will allow some investment in broadband infrastructure linked to wider digital projects, and the use of that infrastructure, to support and drive economic growth. Investment will improve the speed and reliability of connectivity and in turn increase the range of products made available by suppliers.

IP 4: Tackling the Climate Emergency

12.20 The Investment Plan draws upon the important role that businesses can play in abating the climate emergency. The Digital Enterprise programme has invested in a number of technological solutions that have helped reduce carbon emissions, reduce waste and improve efficiency. Examples range from enabling a paperless office, to implementing cloud data storage, which uses far less energy than traditional servers. There was also investment in solutions improving connectivity and communications, which removes the need to travel through video conferencing and remote working solutions and using delivery mapping technology that optimises route plans and reduces journeys and therefore carbon emissions.

IP 6: Culture and Creative Industries

12.21 Finally, the Digital Enterprise Programme not only supports individual businesses embracing digitalisation, it also stimulates demand for local suppliers of digital and creative services. The cultural and creative industries are increasingly inter-twined with the digital sector as brand and web development functions merge, new visual technologies are adopted such as virtual and augmented reality (such as in the context of the gaming industry), that have been adapted for use by architects, interior designers or property agents as examples. Technology is also increasingly being utilised in the arts and events sectors as an enabling creative medium.

12.22 Overall, the Digital Enterprise programme shows a good fit against the Investment Plan, although the outputs and outcomes indicators, as with the ERDF programme, do not really allow the programme to demonstrate its wider range of economic and business benefits. The focus of UK Shared Prosperity Fund on West Yorkshire and a smaller geography should allow for some operational efficiencies.

13 Conclusions and Recommendations

Conclusions

13.1 The Summative Assessment has identified that businesses and partners found the Digital Enterprise programme to be a much-needed component of publicly funded business support across the Leeds City Region. The programme was well regarded by businesses, who provided very positive feedback on all aspects of the programme and found the processes involved in engaging in Digital Enterprise easy. The programme was also a valuable tool to help businesses adapt to the restrictions of COVID-19 through supporting adaptations, which was identified as a key success of the programme by both businesses and stakeholders. It has subsequently helped businesses adapt to energy price rises through improving productivity.

13.2 Digital Enterprise is well embedded into sub-regional business support infrastructure, with a high level of referrals from the Growth Hub and partner Local Authorities.

13.3 As the ERDF funded programme draws towards its close, Digital Enterprise will meet an agreed level of expenditure and performance by the end of June 2023. The programme is projected to support around 1,700 businesses with either a minimum grant of £1,000 or 12 hours of support and advice by its completion date and will have engaged a significantly higher number who didn't meet output thresholds or who couldn't be claimed.

13.4 Any underperformance has generally been down to the impact that COVID-19 has had on capacity, how the programme could be delivered and managed and how the pandemic changed circumstances across the business community. The nature of demand changed considerably at a time of change within the delivery team in terms of headcount and moving activity exclusively online. The team also had to co-ordinate an additional grant scheme during COVID which further impacted on capacity.

13.5 As with the first phase of the programme, the Digital Knowledge Exchange generally attracted businesses at an earlier stage in their digital transformation and they used the programme to understand the landscape and look at options for incorporating digital solutions into their business, predominately to expand their marketing reach. This activity in particular suffered during the pandemic.

13.6 Businesses that received a Digital Growth or Connectivity Voucher were generally more developed on their journey towards digital transformation and were able to be more specific about their digital needs. They were generally more willing to invest in IT in the business. This investment was usually focussed on overcoming barriers to growth or to streamline process or administrative functions that would increase their capacity to deal with and expand their customer base.

13.7 The business survey identified a significant range of wider impacts of the Digital Enterprise programme on businesses, which did not form part of the relatively narrow set of performance measures. Over 76% of businesses stated there was a positive or very positive impact on business resilience, and 70% stated a positive or very positive impact on productivity and profitability.

13.8 Although job creation was not an output for the programme, it is a key aspect if the Summative Assessment process. The programme has created an estimated 773 gross Full Time Equivalent jobs. As 86% of survey respondents stated the programme had a positive impact on their activity and growth, this suggests that the programme overall has helped the creation of 665 net additional jobs for the Leeds City Region economy. These jobs in turn are expected to generate £34m of GVA per annum. Over a five-year period, this should create a net economic return of £9.70 for every £1 invested and £19.4 for every £1 of ERDF invested.

13.9 The project has delivered very good value for money for its current performance and level of expenditure, including compared to some peer ERDF projects.

13.10 Leeds City Council on behalf of the West Yorkshire Local Authorities has submitted a successful Business Case to the West Yorkshire UK Shared Prosperity Fund that will continue the programme for a third phase. The business case focuses on the Voucher aspect of the programme (in a single combined voucher scheme) and using available resources to deliver more impactful digital transformations within businesses. Some of the key lessons learnt in the section below have been considered within the submission.

Recommendations and Lessons Learnt

13.11 Firstly, whilst a comprehensive workshop-driven business development programme will not be a component of the UK Shared Prosperity Fund business case, it is important that some element of capacity is built in to undertake some demand stimulation activity, to provide outreach and marketing on the offer of the programme and provide a conduit for advisors to engage with businesses in advance of submitting a Voucher application.

13.12 The relationships with Growth Managers will probably remain the most important for the programme. Digital Enterprise and the Growth Vouchers have been the most referred to programme. The relationship is important in terms of ensuring suitable referrals onto the programme and sharing intelligence. The Digital Enterprise process needs to develop a feedback mechanism to assess whether the investment in digital technology has created or exacerbated other issues within the business that need to be referred back into the Growth Managers and wider business support ecosystem.

13.13 This will be particularly important to support leadership and management capacity and to support workforce to adapt to the inevitable process changes as businesses undergo digital transformation. The link to digital skills has been a prominent issue across both phases of Digital Enterprise.

13.14 Whilst the programme has invested significant resources into developing its management systems and processes for Vouchers, the role of the Adviser within this system needs to be considered – so they can spend more of their time working with businesses earlier in the process rather than spending time on procedural compliance. Moving to a triage system and two different tiers of Vouchers should help with this process - with a smaller, fast track application for smaller grants and a more embedded approach for more impactful and larger vouchers

13.15 In order to achieve this, there needs to be consideration made as to how businesses engage with the Digital Enterprise earlier in their decision-making cycle. Businesses are being referred onto the programme for a grant/voucher by many partners and by this point the business can be relatively fixed in their decision-making processes. How the project is sold and marketed to businesses and how partners view the role of the programme may need to be subtly changed to reflect and achieve this.

13.16 The increasing flexibility of the UK Shared Prosperity Fund compared to ERDF may also allow some limited investment in external and impartial consultancy expertise for the businesses to help inform wider digital deployment and investment decisions. This may take some pressure off the Advisors and also attract businesses to engage with the team at an earlier stage.

13.17 The changes to funding eligibility will also mean previous sector constraints in place with ERDF will be removed and the programme will need to consider how it can respond to this in terms of offer, prioritisation and likely levels of demand (which may significantly increase as more businesses become eligible in the B2C sectors).

13.18 Finally, there needs to be a process set in place in the monitoring of individual business projects where a wider set of outcomes can be captured and quantified during as part of the support/investment. This may need to be a self-reported outcome for the business – and may take the form of a quantitative impact score. This could focus on:

- Potential value to the business of accessing new markets
- Improvements to business resilience
- Ability to work in a more agile and flexible manner
- Productivity improvements