

# Final Summative Assessment of the University of Exeter Enterprise Zone project



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## Executive summary

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### 1. Introduction

The final summative evaluation of the University of Exeter Enterprise Zone (UEEZ) Business Accelerator Programme was undertaken between November 2022 and May 2023. Funded by European Structural Investment Funds, the UEEZ aimed to accelerate the development of innovative STEM start-ups and SMEs across Exeter and Devon.

The report is founded on extensive qualitative and quantitative research including a review of financial performance; monitoring and evaluation data; 25 one to one interviews with stakeholders and project staff; and an online client survey.

### 2. Project context: What issues was the project designed to tackle?

The project responded to a Call under Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises. Delivered by SETsquared Exeter, it represented an extension and development of an earlier successful project funded by Research England Development. Following a project change request, the £1.2m Programme ran between April 2021 to 31<sup>st</sup> May 2023: a relatively short timescale for the range and depth of intensive support delivered.

Of course, much has changed since the application for funding was first submitted. There have been 3 Prime Ministers, a global pandemic and the worst UK recession since the second world war. This context has deepened the challenges facing both national and local economies and created a challenging environment for success. But the core issues remain as pertinent as ever and there is an urgent need to improve the UK's productivity and innovative potential. This theme is a key thread of the Industrial Strategy, the Business Productivity Review and 2021 Plan for Growth. The need for action is evident from local data and in the Heart of the South West, labour productivity is amongst the lowest in the country, the sub-region has a below average proportion of high growth firms together with a below average percentage of firms classed as 'innovative active'.

To tackle these issues, the UEEZ project had a number of objectives:

- To improve the business environment for innovative, Devon-based, start-ups and SMEs that have the aspiration and potential to achieve high growth.
- To accelerate their development through the provision of expert business acceleration support.
- To enhance the cohesion and collaboration within the regional innovation ecosystem.

In our view, the UEEZ project was well designed to meet an identified need. The original rationale for intervention remains relevant today and will continue to be so in the immediate future.

### 3. Project progress

Against this challenging backdrop, the project met or exceeded half of its target outputs. The shortfall against the target for 96 enterprises receiving non-financial support (C1) has in turn, affected progress against targets for C2 and C4.

High quality job creation (C8) and the launch of innovative new products and services (C28) have been a successful feature of the output achievement, contributing directly to the LEP's strategic ambitions.

By the project close £1,077,929.50 will have been spent against the ERDF expenditure profile. This is £144,171.96 or 12% under budget. Running barely over 2 years and with a slow start to recruitment,

inevitably this has had knock on budgetary impacts. The limited timescale has also meant that recruitment and retention have been issues with the loss of, or delays in recruiting key personnel. Covid-19 also had an impact on spend, reducing the ability to hold face to face events.

		<b>Achievement to Q1 23 plus forecast achievements to end Q2 23 (shown in brackets)</b>	<b>Target</b>	<b>Achievements and forecasts as % of target</b>
C1	Enterprises receiving support	67 (85)	96	88%
C2	Enterprises receiving grants	2 (11)	14	79%
C4	Enterprises receiving non-financial support	38 (75)	82	91%
C5	New enterprises supported	29 (34)	31	110%
C6	Private investment matching public support to enterprises (grants)	£2,320 (£25,679.90)	£38,080	67%
C8	Employment increase in supported enterprises	26.2 (31.2)	30	104%
C28	Enterprises supported to introduce new to the market products	20 (22)	19	116%
P11	Potential entrepreneurs assisted to be enterprise ready	38 (44)	20	220%

The pandemic also had a significant impact on outreach work which was a key part of the project. Partners' premises were closed down and the absence of events reduced the opportunity for networking and engagement.

Despite these difficulties, there was widespread agreement amongst stakeholders that the UEEZ has enhanced the workings of the local innovation ecosystem. It has brought partners together and provided a very different kind of support than has previously been available. More broadly, it was felt that the local support infrastructure is under-developed and concern was expressed that the momentum developed through this project is at risk without further investment in the type of support activities that have been delivered through the UEEZ project.

#### 4. Project delivery and management

The UEEZ project was based around the delivery of a tried and tested accelerator programme, however, ERDF funding and its requirements were new to the team. This, combined with university procedures, particularly in relation to finance and recruitment, led to delays in the start up and in ensuring that appropriate staff and systems were in place. Support from more ERDF experienced staff within the university could have helped address these issues. As a consequence, there was a certain amount of 'catch up' in compliance issues, although, as a testament to the project management, an on-the-spot verification visit (OTSV) in March concluded successfully.

As well as new processes, the extension of activities into Devon combined with the impact of the Covid-19 pandemic brought unanticipated challenges. As the project started, it was found that the

business support infrastructure across Devon was less developed and more fragmented than anticipated, requiring some strategic work to be done to bring coherence to the offer.

Reflecting on the staffing structure, staff were clear that for a project of this size and complexity a full-time project manager was needed from the outset, rather than the 0.5 post that was in the original bid.

The first stage of the programme – promotion, engagement and selection – was very successful and over-achieved against its targets. By the end of May 2023, it is expected that 598 attendances will have been recorded at 16 Sector Networking Events or Discovery Room events. Topics have included medical technology, health technologies, space data and sustainability in business. Within this phase, 2 day Entrepreneurs Workouts (EW) or hybrid 3 day events were run. Feedback from these events was very positive, with 58% describing them as ‘inspiring’, a further 29% as ‘motivating’ and the remaining 13% as ‘valuable’.

Moving on to the second stage of the programme, all new businesses joining SETsquared Exeter and accessing UEEZ the Acceleration Support were subject to a structured on-boarding process designed to establish their starting point, against which the impact of the subsequent business support interventions could be assessed. The Foundations Business Acceleration programme was at the core of the UEEZ project. Developed by the SETsquared team, it differs from conventional accelerator programmes which focus on securing investment, and instead focuses on understanding the ambitions of the founder and enabling them to develop a robust business based on best practice building blocks that can support a growth-oriented organisation.

The third stage of the programme involved the assignment of mentors from the SSQ team and Entrepreneurs in Residence. To the 12<sup>th</sup> April 2023, 740 hours of one to one mentoring have been delivered by key contacts in the UEEZ team. Entrepreneurs in Residence have delivered a further 609 hours of support (to 12<sup>th</sup> April 23). Clients were also able to apply for support from the Interim Executive grant scheme to access hands-on support to enable them to enact their strategy and achieve the strategic growth objectives. The grant funded 60% of the costs of employing Interim Executives for a maximum of 15 – 20 days at a fixed rate of £400 / day.

Despite the success of the marketing in terms of outputs, this element was severely affected by the impact of Covid-19. It frustrated efforts to build momentum in the early stages of the project as it was *“hard to make firm plans and forecast appropriately during successive lockdowns”*. The development of alternative virtual approaches inevitably absorbed additional resources. Staff also observed further impacts on the type of businesses engaged, the conversion to starts ratio, and limitations on the opportunities for networking amongst clients. A key message from the interviews in relation to marketing was that SSQ could have been better at promoting its achievements:

*“The story isn’t being fully told about what SETsquared does”* (Staff member)

*“I’m not sure we are necessarily seeing enough stories coming through.”* (Stakeholder)

In terms of the demand for the support provided, the overall view across the delivery team was that the project was successful in engaging with a wide cohort of SME businesses, broadly in line with expectations. It was noted that the project had attracted a few more companies at the pre-acceleration stage than had been expected, who in turn need a different type of support.

The outreach was a new untried element of the project and it was acknowledged that the amount of time and investment in outreach has not delivered the numbers of clients that might have been expected. It is difficult to know how much of an impact Covid-19 had in subduing demand. Several staff queried whether the rural economy of Devon generates the numbers of knowledge-intensive, high technology or research led companies that city regions do.

The core team has been supported by Entrepreneurs in Residence (EIRS), Advisors in Residence (AIRS), Mentors and Interim Executives. These have been seen as a real strength of the programme by

businesses and staff alike. In the UEEZ Client Survey the access to experts was identified as the main strength of the project with clients praising the quality, their accessibility and keenness to help:

*“Brilliant access to strategic partners and the EIR facility is without doubt beyond powerful.” UEEZ Client Survey 2023*

96% of UEEZ clients on the Foundations programme said it met their expectations. (June 21 to June 22) 56% rated it as ‘motivating’ and 22% as ‘inspiring’.

A tribute to the success of the project is that 97% of clients who responded to the UEEZ Client Survey would recommend it to other businesses.

Partners were clear that SETsquared’s contribution to the business support infrastructure has improved its coherence and cohesion. It is well respected and well placed to deliver value for the region. Partnerships with external stakeholders have been strong. Several stakeholders mentioned that their involvement with SETsquared has helped them to meet their own objectives. The project has complemented other services and added value. It has provided an accessible pathway into the university’s research and academic staff, which may otherwise have been too difficult to access. The success of the project is seen as largely due to the commitment of its staff who have brought energy and enthusiasm to the innovation ecosystem.

*“We need places to send the higher growth ones to push those businesses forward in a way that our, I guess, broader business advice and support won’t.” Stakeholder*

Stakeholders identified a number of strengths of the project, with the most frequently cited strength being the **passion and expertise of the team** followed by their **collaborative** efforts in building partnerships. The main weakness identified through stakeholder interviews and almost universally raised was the **nature of funding** which contributes to the stop/start nature of support and does not allow partners to build on what works.

## 5. Project outcomes and impact

The context, the short timescale for delivery and the hence the short time which has elapsed since clients embarked on the UEEZ project mean that the assessment of impact has to be treated with caution. Findings are based largely on the UEEZ Client Survey 2023 which achieved a 74% response rate, but this represents only 34 firms.

Respondents were able to identify significant impacts arising from their participation, with the vast majority identifying benefits in terms of:

- Confidence (84% said that the project had had ‘a lot’ or ‘a great deal’ of impact)
- Awareness of support (82% said ‘a lot’ or ‘a great deal’)
- Skills (82% said ‘a lot’ or ‘a great deal’)
- Aspirations (82% said ‘a lot’ or ‘a great deal’)
- Understanding of business management (74% said ‘a lot’ or ‘a great deal’)

*“I found the support around setting up a business incredibly helpful, particularly our ability to access SETsquared’s network to receive advice as well as discuss issues we were experiencing with the team.” Client*

In terms of specific outputs, for many clients it was ‘too early to say’. To date, the most significant impacts were increased collaboration (58%) and the ability to secure investments for R&D (58%). As a result of the support, two thirds of businesses had moved up a development stage.

Analysis of outputs and outcomes in relation to the project’s logic chain show it to have been overwhelmingly successful in meeting its objectives.



Data from the CRM system show that firms involved in the project have raised £2.5m of investment since they joined. The totals ranged from £10,000 to £750,000, with an average of £70,371, although most clients did not raise any investment by the time they had completed the project.

A further £1.2m was raised from grant aid. Again, most firms did not secure any grant aid, but of those that did, the amounts raised ranged from £5,200 to £0.5m averaging £33,243 per business.

In total, beneficiary businesses raised a total of **£3.7m income** over the baseline position.

According to the monitoring information **31.2 FTE** jobs have been or will be created by May 31<sup>st</sup> 2023 by businesses that have been supported.

Strategic Added Value is broadly the added value realised through co-ordinating and influencing activities that result in project outcomes being delivered by others, in addition to outcomes directly delivered through funded activities. We consider that the project has generated strategic added value through its support to partners and their engagement with the project. In turn, this has strengthened the local innovation ecosystem.

Furthermore, SSQ has played an important role in delivering against the university's strategic ambitions set out in its Strategy 2030 and around its 'vortex' ambitions, contributing to the university's achievements in many ways.

The stop/start nature of funding for the expansion of SSQ means that its work in the wider region is less secure in the longer term. This loss of momentum is seen as regrettable amongst partners.

Although estimates should be treated with caution, it is estimated that allowing for deadweight and leakage the project has generated 28.4 jobs and £5m GVA.

## 6. Value for money

Value for money (VFM) is usually assessed in relation to project outputs and impacts, benchmarked against other similar interventions. Value for money is normally assessed against total public sector cost – in this case we have used the figure of £1,049,929.6 (actuals and forecast) minus private investment (£25,679.90). The commonly used reference benchmark is based on national research conducted by Regeneris Consulting on behalf of DCLG (as was).

In terms of businesses assisted (C1), the costs are within the median figure which Regeneris suggest is appropriate. The high number of jobs supported (C8) relative to the number of enterprises supported also means that unit costs are around the median benchmark figure. On other measures, outputs delivered have been relatively expensive to deliver when assessed on a cost per unit basis. However, the support delivered through the UEEZ project is at a higher level of intensity and quality compared with some of the more generalist support available through ERDF. It should also be noted that due to the compressed timescale for support it is early to assess some of the longer-term outputs such as products to market, which may well come to fruition in the future.

## 7. Conclusions and lessons learned

The UEEZ project funded through ESIF and delivered by SETsquared has enabled the University to share its expertise in business acceleration, learn more about the needs of the business base beyond Exeter and work closely with partners to support the further development of regional business support services. The project has worked hard to develop partnerships which in turn has benefits for the university.

Delivery approaches have been good with high satisfaction reported by beneficiaries and clear benefits arising from support delivered to date. By tailoring approaches to the objectives of each firm, SSQ has been able to respond to varied support needs through a programme of provision that has been appropriate to needs. As a result, two thirds of clients have moved their business up at least one development stage.

**In terms of lessons learnt:**

- For the university, the time is right to develop a long-term strategy for SSQ, exploring the options for funding and revenue generation and setting out what the role of SSQ is in delivering the university's ambitions for regional impact and bringing clarity as to where it best adds value.
- For those designing similar interventions there is a need for a better understanding of innovation support needs within the region to identify who needs support and at what level, i.e. where is and what is the nature of need for acceleration support?
- For policy makers, the contrast between the achievement of the wider goals set out in the logic chain and the mixed achievement in terms of ERDF outputs demonstrates the need to ensure that broader success measures are in place. Any future programmes that aim to support innovation need to acknowledge that if the region is to improve its productivity these deeper, longer term projects are needed, but are more expensive to deliver.

**In a nutshell:**

*"To have to have a resource like this in the South West is really, really invaluable and I've been incredibly impressed with the programme." Stakeholder*

# 1. Introduction

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This report sets out the findings from the final summative evaluation of the University of Exeter Enterprise Zone (UEEZ) Business Accelerator Programme funded by European Structural Investment Funds across Exeter and Devon. The report builds on the mid-term evaluation which took place in April 2022. The evaluation methods have included a mix of qualitative and quantitative methods, employing both secondary and primary data. The evaluation has been designed to comply with Department for Levelling Up, Housing and Communities (DLUHC) guidance on conducting summative assessments, whilst also generating evidence for the University's Regional Engagement Team.

The Brief was clear, with a requirement to assess:

- The continued **relevance and consistency** of the project.
- The **progress** of the project against contractual targets.
- The experience of **delivery and managing** the project.
- The economic **impact** attributable to the project; and
- The cost-effectiveness of the project and hence its **value for money**.

The work of the SETsquared team in delivering its programme has taken place against the most challenging of conditions, beset by the impact of Covid-19; supply chain shortages and the deepest recession since the second world war. As local businesses seek to return to growth and innovation and regional rebalancing rise up the political agenda, this report reviews the success of the UEEZ Business Acceleration Programme, the challenges it faced and lessons learned.

## Method of approach

The approach to the evaluation has encompassed a mixture of primary and secondary research including the following:

1. A review of background documentation, the logic chain and mid-term evaluation review.
2. Financial performance review and analysis of performance monitoring data and evaluation feedback.
3. Surveys and consultation including:
  - 11 One to one interviews with SETsquared programme staff.
  - 14 One to one interviews with stakeholders and university staff.
  - A survey of client businesses supported by the programme, which generated a 74% response rate.
4. Reporting – draft and final reports.

## Structure of the report

The remainder of this report has been structured as follows:

- Project context
- Project progress
- Delivery and management
- Outcomes and impact
- Value for money
- Conclusions and lessons learned

## 2. Project context: What issues was the project designed to tackle?

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### Aims of the project

The overarching aim of the project was to, *“improve the opportunities for innovative Devon-based startups and SMEs that have the aspiration and potential to achieve high growth and to accelerate their development through the provision of expert business support.”*

The project responded to a Call under Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises. It built on earlier business acceleration work funded by Research England Development and was designed to extend the offer to the Heart of the South West within the area eligible for ‘Transition’ funding support. Locally, this meant support was delivered within the local authority areas of Exeter, Devon, Plymouth and Torbay. The proposal aimed to significantly intensify the University of Exeter’s Enterprise Zone (UEEZ) outreach and engagement activities, particularly via Discovery Rooms, to reach those businesses across the region that were seen as best able to benefit. Principally, these were businesses which met the membership criteria of SETsquared Exeter and, where necessary, the gateway criteria of the Exeter Science Park. Typically, they would possess the following characteristics:

- Knowledge Intensity
- Innovation – in product, service or process
- Growth aspiration
- Scalability
- Appetite to collaborate around R&D

The proposal (referred to as the UEEZ project) set out the delivery of three stages of support, with businesses able to join at whatever stage was appropriate to their business – see The Customer Journey in Appendix 1. Broadly these comprised:

1. Promotion, Engagement and Selection
2. Integration, Foundations and Additional Support
3. Business Review, Interim Executives & Mentors via the SETsquared Partnership (SSQ)

A logic chain model underpins the approach.

The application was submitted in August 2019 and was designed to launch in April 2020, running through to March 2023. In fact, delays to the start date and the impact of Covid-19 led to a Project Change Request and a revised timeline running from April 2021 to 31<sup>st</sup> May 2023. While the aims and objectives have remained unchanged, the targets were revised as follows:

- an increase in enterprises receiving non-financial support to 82, an increase of 10.
- a decrease in enterprises receiving grants to 14, a decrease of 10.
- a decrease in private investment grants to £38,080, a decrease of £27,201.

Indicator	Original	Revised	Change no.	Change %
01 Number of enterprises receiving support	96	96	0	0.00%
02 Number of enterprises receiving grants	24	14	-10	-41.67%
04 Number of enterprises receiving non-financial support	72	82	10	13.89%
05 Number of new enterprises supported	31	31	0	0.00%
06 Private investment matching public support to enterprises (grants)	65,281.50	38,080	-27,201.50	-41.67%
08 Employment increase in supported enterprises	30	30	0	0.00%
28 Number of enterprises supported to introduce new to the market products	19	19	0	0.00%
11 Number of potential entrepreneurs assisted to be enterprise ready	20	20	0	0.00%

Table 2.1: Project change targets, original and revised targets

## Project funding

The project was funded by the ERDF on an overall intervention rate of c56%, providing £679,796.38 of revenue support against a total project cost of £1,222,101.46. Table 2.2 shows the financial breakdown as in the approved Project Change Request (PCR).

	Total project value
ERDF (Revenue)	£679,796.38
Public Match (Revenue)	£504,225.08
Private Match (Revenue)	£38,080.00
<b>Total Match</b>	<b>£542,305.08</b>
<b>Total Revenue</b>	<b>£1,222,101.46</b>

Table 2.2: The UEEZ project funding breakdown

## The policy context at the time of submission and on-going relevance

At the time of the original submission, the Call was seeking proposals which supported the UK Industrial Strategy and the Business Productivity Review 2019.

Prior to the pandemic – and as a key element of the UK’s post-Brexit economic strategy – the UK Government was trying to position and grow the economy by improving its competitive position. Accordingly, the core rationale set out in its Industrial Strategy is that while the Government is proud to have ‘*achieved near record employment rates.... Britain’s productivity has long lagged behind that of our competitors. At a time of astonishing technological advance, output per hour worked in the British economy has been weak since the financial crisis.*’

The Industrial Strategy points out that *‘many places are not realising their full potential. The UK has greater disparities in regional productivity than other European countries. This affects people in their pay, their work opportunities and their life chances’*. To address this, it asks LEPs to lead on the agreement of Local Industrial Strategies that *‘build on local strengths and deliver on economic opportunities.’*

The 2019 Government’s Business Productivity Review stresses the need to incubate and support the growth of **knowledge intensive SMEs with productivity potential** but highlights the challenges faced by businesses when implementing change and restructuring in readiness for an increase in productivity. The Review points to the complexity and fragmentation of support offers available. It also suggests that public or institutionally partnered services are seen as more trusted. In addition to this, responses to the review showed that potential beneficiaries of support services are unwilling to travel more than 30 minutes to access face to face business support.

Much has changed since 2019, but innovation and productivity continue to be at the heart of economic policy in the UK. This is evidenced from their prominent role in the 2021 Plan for Growth, which sets out the importance of innovation to UK prosperity.

As the Scale Up Annual Review 2022 published by the Scale Up Institute notes, the UK’s supportive ecosystem cannot afford to go backwards, given the headwinds and funding challenges ahead. It reports that *“In the current economic climate, the ecosystem is under great pressure as it is called on to deal with competing priorities. If the UK is to compete successfully with competitor economies, it is vital that we maintain a clear focus on enabling scaleup businesses to grow and flourish.”* Yet the ecosystem is fragile. 1 in 10 of the support services available are ERDF funded, raising concerns over the sustainability of future funding.

Locally, the Heart of the South West (HotSW) LEP Local Industrial Strategy (LIS) states that *‘The Heart of the South West will create an environment that stimulates business investment and competitiveness, making it one of the best areas in the UK to start and grow a business.’* It recognises a need to strengthen how its innovation assets and opportunities interact to form the ‘local innovation ecosystem.’ Its subsequent Build Back Better Plan includes a programme to enable *“transformation through effective business and innovation support.”*

The impetus behind this ambition is clear from the data:

- The Heart of the South West has one of the lowest rates of labour productivity per hour worked in the country. This partly reflects its economic structure which has a low representation of high-productivity sectors such as professional services and a higher representation of less productive sectors such as agriculture & fishing and utilities and tourism-related industries.
- On the most widely used measures of labour productivity the HotSW continues to lag the UK average. According to the latest data release<sup>1</sup>, HotSW has experienced slightly weaker growth in both main productivity measures between 2019 and 2020 - encapsulating some of the initial Covid lockdowns. Consequently, its relative position against the UK average has weakened further. On both measures the HotSW remains in the lowest third of LEP areas. This picture of relative underperformance is not unique to HotSW, the UK economy is characterised by lower productivity in largely rural areas.

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<sup>1</sup> <https://heartofswlep.co.uk/wp-content/uploads/2023/04/Economic-Growth-update-March-23-v-2.pdf>

- In 2018, 4.8% of Heart of the South West's business population were high-growth firms compared with 6.1% in the UK (based on the OECD 20% threshold); 12.6% were considered to be high-growth firms under the OECD 10% threshold. This placed Heart of the South West in the bottom quarter of LEPs on both 10% and 20% thresholds on this measure.
- The UK Innovation Survey 2021 published in May 2022 showed that between 2018 and 2020 there has been a national increase in the proportion of firms who are innovation active. In HoTSW the LEP is ranked 22<sup>nd</sup> out of 38 LEPs with 44.5% of businesses classed as innovation active, just below the national average of 45.7%.

## Project design – how the project aimed to address market failure

The project had a number of objectives designed to both improve **overall business support** within Exeter and Devon (the innovation ecosystem) *and* to **accelerate individual business growth**. Its aims were:

- To improve the business environment for innovative, Devon-based, start-ups and SMEs that have the aspiration and potential to achieve high growth.
- To accelerate their development through the provision of expert business acceleration support. The support includes access to experienced entrepreneurs and business people through a range of mechanisms ranging from long term independent direction and advice, to short term, hands-on interventions in client businesses. The project also enabled access to professional service practitioners able to provide independent business support to address regulatory and administrative business challenges.
- To enhance the cohesion and collaboration within the regional innovation ecosystem.

These objectives were to be delivered via the structures and capabilities of the SETsquared Exeter Business Accelerator. SETsquared Exeter is part of the SETsquared Partnership established in 2002 and currently comprised of six research intensive universities. Since 2015 the SETsquared Partnership has been independently ranked by the UBI Index as the Global Number 1 University Business Incubator. Accordingly, the SETsquared team are experienced in providing specialist business support to address the challenges faced by start-ups and early stage small businesses which have an aspiration to deliver high growth, scalable businesses.

The project was designed to enable businesses across Devon to access support from local partner locations, reducing the need for duplication of support activities, and allowing the range of business support providers to focus on working with specific business types and interventions. In this way, the project was designed to facilitate the development of the local innovation ecosystem to ensure that businesses are able to quickly identify the support most applicable to them.

The project's rationale was seen as soundly based by local stakeholders. They reported that the innovation ecosystem is perceived as being under-developed in the South West peninsula and SETsquared is seen as a unique presence in that sphere outside Bristol and Bath. SSQ's association with the university is reported as a considerable asset, enabling it to leverage relationships with the university and contributing to the strengthening of university/external partnerships. Conversely, its position outside the university campus in the Science Park is generally seen as a strength, making it feel part of the business community it seeks to support and giving it its own identity. Its base at the Science Park also offers a valuable physical presence that has provided a useful resource for its partners.

## Summary points

- Despite the very different context between 2023 (as the project draws to a close) compared with when the bid was submitted in 2019, the need for productivity improvements and innovation remains a consistent challenge to the UK and the Heart of the South West economies. Specifically, rural economies such as the Heart of the South West, face challenges caused by geography, lack of critical mass, sectoral mix, an ageing population and low population density which means that innovation-led growth is subdued. The Levelling Up policy indicates that promoting enterprise growth and innovation remains one of the most important tools to try to drive opportunity for all.
- The project was well designed to meet its aim of improving the opportunities for innovative Devon-based startups and SMEs to accelerate their development through the provision of expert business support. Later sections will show that the project had a flexible response to the Covid-19 pandemic, but ultimately, the impact did affect its ambitions and outputs.
- As well as focusing on individual business support, the project had the dual aim of enhancing the business support infrastructure to work better for partners and the business community.
- Overall, the UEEZ project has met an identified need. The original rationale for intervention remains relevant today and will continue to be so in the immediate future.



### 3. Project progress

#### Introduction

This section of the report provides an independent assessment of the achievements of the UEEZ project. It focuses on progress against milestones and horizontal principles as well as progress against contracted targets for outputs and spend.

#### Spend and outputs

The table below presents the overall targets and progress against UEEZ's outputs and spend which includes cumulative outputs to the end of March 2023 and cumulative expected achievement by the end of Q2 2023, shown in brackets.

		Achievement to Q1 23 plus forecast achievements to end Q2 23 (shown in brackets)	Target	Achievements and forecasts as % of target
C1	Enterprises receiving support	67 (85)	96	88%
C2	Enterprises receiving grants	2 (11)	14	79%
C4	Enterprises receiving non-financial support	38 (75)	82	91%
C5	New enterprises supported	29 (34)	31	110%
C6	Private investment matching public support to enterprises (grants)	£2,320 (£25,679.90)	£38,080	67%
C8	Employment increase in supported enterprises	26.2 (31.2)	30	104%
C28	Enterprises supported to introduce new to the market products	20 (22)	19	116%
P11	Potential entrepreneurs assisted to be enterprise ready	38 (44)	20	220%

**Table 3.1: UEEZ project achieved and forecast achievement to Q2, 2023 against targets.**

Cost Category	Actual spend to date (Q1, 23)	Remaining Forecast to Q2, 2023	Actuals + Remaining Forecast	Original budget total	Budget underspend
Total	£792,905.96	£285,023.54	£1,077,929.50	£1,222,101.46	-£144,171.96

**Table 3.2: Actual and projected spend against the ERDF budget**

Key points to note are:

- Spend – It is expected that by the project close £1,077,929.50 will have been spent against the ERDF expenditure profile. This is £144,171.96 or 12% under budget.
- Outputs – the target for 96 enterprises receiving non-financial support (C1) will not be met. In turn, this affects progress against targets for C2 and C4.
- However, the project does expect to reach its targets in relation to new enterprises (C5); employment outputs (C8); new products to market (C28); and twice as many entrepreneurs will be assisted to be enterprise ready as expected (P11).

The following sections set out a breakdown of expenditure and the individual project outputs against targets. Data used is actual achievements to the end of Q1 2023.

### Spend

More detailed analysis of the spend breakdown shows that most of the shortfall can be attributed to an underspend on salaries and consultancy. In terms of salaries, delays in recruitment of the Project Support Officer and Business Support Manager and the loss of the marketing manager during the project, (who after some delay, was replaced with a post of fewer hours), contributed to an underspend of around £70,000 or 8% of the budget. The reduction in spend on the marketing manager is also reflected in marketing underspend, which was also exacerbated by Covid-19 and the restrictions it placed on several aspects of spend e.g. face to face events, room hire, travel etc.

The budget for consultancy covered expenditure on Entrepreneurs in Residence and the Interim Executives. As noted in later sections, the Interim Executive programme was slow to get going and uptake has been well below target, leading to a significant reduction in relation to consultancy costs (down 61%). In part, this reflects the fact that clients accessed business support at a lower intensity during the pandemic which slowed their rate of development and readiness for the grant award. Originally, the Interim Executive grant was designed to be awarded in the second period of the Business Acceleration programme, after the initial 6-month period at the earliest; in practice it took much longer than this, meaning that more recent recruits could not benefit within the project period.

Cost Category	Actual spend to date	Remaining Forecast	Actuals + Remaining Forecast	Original budget Total	Actual and forecast spend relative to the budget.
Salaries	£626,765.11	£187,711.60	£814,476.71	£885,140.40	-£70,663.69
Consultancy	£4,400.00	£32,470.00	£36,870.00	£95,200.00	-£58,330.00
Marketing	£9,753.61	£13,200.00	£22,953.61	£27,300.00	-£4,346.39
Office Costs	£1,166.64	£6,885.70	£8,052.34	£18,000.00	-£9,947.66
Other Revenue	£56,805.83	£16,599.50	£73,405.33	£63,690.00	+£9,715.33
FRIC 15%	£94,014.77	£28,156.74	£122,171.51	£132,771.06	-£10,599.55
Total	£792,905.96	£285,023.54	£1,077,929.50	£1,222,101.46	-£144,171.96

**Table 3.3: Actual and forecast spend assessed against the budget**

It should also be noted that despite the extension of the project to the end of May 2023, delays meant that the project did not start until April 2021, leaving two rather than three years for implementation.

It was noted in the mid-term evaluation that several team members were frustrated with inefficient financial reporting arrangement and, in particular, the time it takes to administer the procurement of goods and services and manage project budgets. The latter was attributed to an internal issue within the University. At the time it was said that, *“The one thing that jumps out .... is the financial reporting*

*and the ability to sort of track and monitor budgets still obviously seems to be an issue. On a personal level, I found that quite challenging. ... [Knowing where your budget versus spend is] shouldn't be a major challenge, but we consistently failed to do this. I still can't see all my individual budget lines. I'm managing it on spreadsheets."*

These frustrations have persisted to the end: *"We're almost about to close the project and I, as a budget holder who was written in as part of the granular budget, still don't have proper oversight of my budgets because of the university's processes. It's not an individual's fault, but the organisation's lack of structure in how it supports disparate projects.... That element of support was not there."*

This feedback and the underspend suggest a real need for the university to develop better systems to enable staff running externally funded projects to keep track of the detail their budget spend.

### **Enterprise Support (C1, C2 and C4)**

As at Q1 2023 the UEEZ project had supported 67 SME businesses across Devon. This puts the total for C1 outputs at 19 below the end-of-project target at this stage. Forecasts of another c16 business C1 outputs mean that 88% of the overall target will be achieved by project close. It should be recognised, however, that this relatively modest figure represents a very small share of the c600 attendees who have been through the filtering process (the Discovery Rooms and Sector Networking Events). The project was not a general business support programme, but designed for businesses who could demonstrate knowledge intensity, innovation and a business model with the potential to scale in specific sectors. Although the Engagement process was able to attract hundreds of businesses, the intention was that this stage would act as a filter for a smaller number of those who could benefit from acceleration support.

It should also be noted that a number of staff considered that the outputs were not properly structured to reflect the intensive support given. For instance, founders/businesses who came through Business Acceleration Programme generally received between 30 – 40 hours of support, well over the 12 hours of business support claimed. This is the level of long term intensive support deemed necessary to support long term business growth.

As can be seen, despite the shortfall in the number of companies supported, achievement against P11 (potential entrepreneurs) C8 (job creation) and C28 (new products to market) all exceeded their targets. It was said that this original misallocation reflected a lack of experience in European funding within the SSQ team. The lighter-touch C1 form of support (a minimum of 12 hours support) did not necessarily fit with the underlying objectives of the project, with some feeling that the project became somewhat target driven in the latter stages.

### **Grant Support (C2)**

As businesses progressed in terms of acceleration, the intention was that they could apply for support from Interim Executives. The Interim Executives were to be charged to the business at a fixed rate of £400 per day with clients approved for the grant able to reclaim 40% of the costs, leveraging private investment into the project at the same time. A misunderstanding at the outset over whether businesses who had been supported prior to the start of the UEEZ project could benefit from the grant scheme together with delays in recruiting Interim Executives meant that the numbers in the original bid had to be lowered in the Project Change Request.

Given that C2 and C4 outputs are subsets of C1 outputs it is unsurprising that these too have fallen short of their targets. The C2 outputs (enterprises receiving grants) allied with C6 outputs (private investment raised) have recorded the lowest performance levels. There are various explanations for

this, but a key factor is that a further 10 businesses had originally been expected to join the Interim Executive Scheme and went as far as arranging the scope of the work, but due to constraints such as time, finances etc withdrew their interest.

From the perspective of project staff, it was recognised that the processes of application for and recruitment of Interim Executives takes time, but it was suggested that ERDF requirements do not put the business front and centre, with an onerous amount of paperwork to be completed to secure a relatively small amount of funding. In turn, this has been exacerbated by ERDF compliance processes which meant that the executives had to go through a recruitment process and go into a 'pool' before they could be deployed. All of this has meant that this element of the project took a long time to get up and running and the required processes have made it quite administratively intensive to run.

### **Job creation (C8)**

As at the end of Q2 2032, it is forecast that 31.2 FTE new jobs will have been created through the project, just above the end-of-project target of 30. Given the shortfall in enterprises supported this is an impressive achievement. Furthermore, the jobs generated are of high quality and include the recruitment of a:

- Senior software developer
- Software developer engineer
- Scientist
- UX designer
- Marketing manager
- Data analyst

These are the types of jobs that the Heart of England LEP is trying to generate within the sub-region as outlined in its Local Industrial Strategy which includes the aim of improving the "retention and recruitment of those with technical and higher-level skills."

### **New product development (C28)**

In terms of new-to-the-market products (C28), as at the end of Q2 2023, it is expected that 22 businesses will have introduced such products, against an end-of-project target of 19.

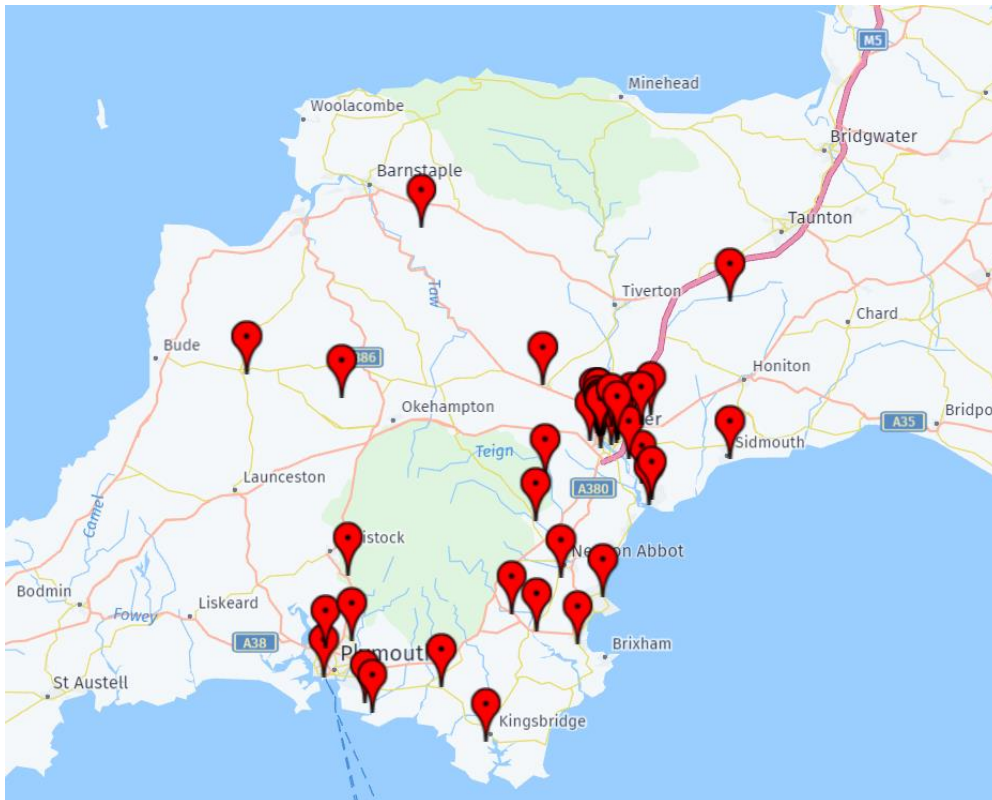
The pandemic, falling investment and weak demand has meant that businesses have largely been focused on staying on keeping going rather than launching new products. Given this background, the overachievement of this target demonstrates the clear value of the support the businesses have received. Products include, new software applications, new e-commerce platforms, a new VR training programme, and a new e-bike.

## **Outreach and geographic coverage**

The aim of the project was to extend access to business acceleration services beyond greater Exeter, broadening the geographic coverage of the SETsquared business support offer and supporting more balanced growth of the knowledge-intensive economy across Devon. It was expected that the majority of participants in engagement activities would be from the Transition Area.

The intention was that through the development of new partnerships with providers of more 'generic' forms of business support in other geographic areas, a pipeline of new early stage businesses capable of engaging with innovation activities would be generated. A dedicated Business Community Manager was included in the project, charged with forging partnerships and collaborative actions with other service providers across the wider ecosystem.

As can be seen from the map below, mapping of the businesses supported as C1 outputs, a mixture of Exeter and Devon based businesses have been supported, with 31 or 56% of the total from the wider Devon area.



Map from <https://www.collierpickard.co.uk/>

### Map 3.1: Distribution of businesses supported up to December 2022.

Despite the relatively small number of outputs achieved beyond Greater Exeter, the outreach into Devon, Plymouth and Torbay was universally acknowledged as beneficial to the region, enhancing the offer, and supporting actions to secure inward investment into the peninsula.

In interviews to explore the impact of the outreach, staff acknowledged that *“it’s been incredibly difficult to recruit outside of Exeter.”* This was attributed to two main factors:

(1) **The impact of Covid** brought unanticipated challenges. Key partners with business incubator space like CoTIE and NODE opened just before the economy was closed down in March 2020, so the UEEZ project was not able to make the links with potential clients direct and there was no vehicle to communicate through. This meant that the Business Community Manager, who had expected to be intensively networking, did not have the partners or events to allow that to happen. Even now, occupancy rates have not fully recovered. Additionally, whilst the project hoped that its work would become an intrinsic part of the pipeline for EPIC, (the Electronics and Photonics Innovation Centre) in Torbay, either their clients were not eligible or were in the wrong sectors. In turn, partners were seen as less willing to champion the UEEZ and refer on businesses because they were busy trying to fill their own spaces. Delivery processes also had to be changed to overcome the lack of face-to-face meeting opportunities.

(2) For the delivery team, **the business support infrastructure across Devon was less developed and more fragmented** than anticipated, requiring some strategic work to be done to bring coherence to the offer. *“It’s a disparate network that is just not connected.”*

To tackle this, the team developed the Business Support Providers Forum. This was designed to align with the objectives of the UEEZ and although not funded through ERDF it was an integral part of the engagement process. Through the Forum, better lines of communication between partners were developed, which in turn has helped present a cohesive offer for the South West region. This work is seen as a success by staff and stakeholders alike. Through the Forum, *“communication happened much better across the board and helped the transition of clients and members and beneficiaries.”* Nevertheless, it was considered that there is further work to be done now as to how the team can support partners – *“there’s some real organisational structural work to be done.... I would like to see further thought about how we support those partners as well as engage with them.” (SSQ staff)*

## Horizontal principles

The strategic context provided by the University of Exeter through its Equality and Diversity policies and Environment and Climate Emergency Policy Statement mean that the ESIF horizontal principles have been embedded in the design of the project. The University of Exeter holds the Athena Swan Silver Award in recognition of its efforts to foster gender equality and is ranked in the top 200 LGBT employers by Stonewall. The University also holds ‘Two Ticks’ status, awarded in recognition of its being Positive About Disabled People.

In line with these policies and the ESIF Gender Equality and Equal Opportunities Mainstreaming Plan the following practices have been adopted in the implementation of the UEEZ project:

- All recruitment activity has been carried out in line with the University of Exeter equal opportunities policy.
- The project team undertook appropriate equality training, with advice and guidance obtained where necessary from equality bodies or experts.
- UEEZ events have always been accessible and did not discriminate against any delegates. Events were held at different locations and at different times, to encourage beneficiaries from harder to reach areas of Devon to attend.
- The needs of those with caring responsibilities were taken into account and all accessibility requirements were considered when planning venues.
- Catering took account of differing needs.
- A wide range of communication methods were used including targeted communication to promote equal participation in events, using different formats and media.
- Project information and publicity complies with inclusive communication protocols and can be made available in other formats on request.
- The project team reflects after each event and asks for feedback.

In terms of equality and diversity, the make up of the business population supported largely follows that of the wider business population, with female founders in the minority. 18% of businesses supported through the Acceleration programme have one or more female founders. This compares with data from the Rose Review of Female Entrepreneurships 2023<sup>2</sup> which shows that female-led companies accounted for 20% of start ups in the UK in 2022.

To try to attract more women founders the project has used targeted communication (female case studies for example) to promote equal participation.

A wide age range of entrepreneurs has been supported with the biggest group aged between 35 and 44.

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<sup>2</sup><https://www.natwestgroup.com/news-and-insights/latest-stories/enterprise/2023/feb/the-alison-rose-review-of-female-entrepreneurship.html>



In respect of the ESIF sustainability goals, the UEEZ is governed by the University of Exeter 2022 Environment and Climate Emergency Policy Statement. One positive impact of Covid-19 has been the adoption of hybrid working practices, increasing home-working and allowing for hybrid events, thereby reducing the need to travel. These approaches will be sustained beyond the lifetime of this project.

Whilst the project has not had any specific environmental goals, the project aims to prepare businesses to survive, transform and thrive sustainably, meeting their needs without compromising the ability of future generations to meet their own needs. Furthermore, the background of the firms supported (STEM and innovation-led acceleration) naturally means that many of the firms supported are engaged in developing and supporting sustainable businesses. For example:

**Binit** is a next-generation tech-led waste and recycling super broker, disrupting the UK's recycling and waste industry. Led by 3 female founders, they are now helping leading brands like Specsavers, Pizza Express, and Dominos manage their waste effectively and sustainably. They are also working with top-tier commercial fleet operators to accelerate their transition to electric mobility. Not only will this have a significant positive impact on air quality, but it will also help the UK achieve its net zero ambitions.

**Remit Zero** is an emission-free replacement for domestic, gas and oil-fired boilers.

Discovery Room events have also been run around sustainability including 'improving knowledge and practical steps in the quest for decarbonising business'; 'the future of farming'; and 'Future proofing your business through sustainability'.

## Summary points

- The project has underspent by £144,171.96 or 12%, largely as a result of reduced staffing and consultancy costs. It should be remembered that the project was short. Running barely over 2 years and with a slow start to recruitment, inevitably this has had knock on budgetary impacts. The limited timescale has also meant that recruitment and retention have been issues with the loss of, or delay in recruiting, key personnel.
- Covid-19 also had a huge impact on the ability to hold face to face events such as Founder Club meetings and Discovery Room events thereby reducing spend. This has been compounded by administrative challenges and a clear need for better internal financial processes to ensure that budget holders can track budgets.
- The requirements of ERDF funded projects can be difficult to understand for those unfamiliar with the programme and it has taken operational time for the team to understand ERDF nuances including eligibility, State Aid, ERDF expenditure & claims, and outputs. Given the expertise in European Funding in the Innovation Impact and Business Directorate, but lacking in the UEEZ project team, there are clear lessons to learn about the sharing of expertise between staff to ensure that appropriate targets are set; and staff with relevant expertise in project support are in post from the outset.
- The project is based around intensive acceleration support and we consider that the focus on C1 targets has somewhat skewed activity away from the more in depth support in which SETsquared excels. Again, more support from the university when preparing the bid could have helped the team learn lessons from other EU funded projects and structure their outputs differently and better aligned to the offer.
- High quality job creation and the launch of innovative new products and services have been a successful feature of the output achievement, contributing directly to the LEP's strategic ambitions.

- The pandemic had a clear impact on the project's ability to deliver successful outreach activity and to attract firms from the wider Devon area. What it is not possible to say is how much of an impact this has had and whether the pipeline of innovative firms in the rural areas is there. There is limited intelligence on the numbers of the project's target audience outside Exeter, i.e. *"innovative Devon-based startups and SMEs that have the aspiration and potential to achieve high growth."* We do not have geographic data on attendees at the Discovery Room/Sector Networking events which were designed to act as a funnel for membership. It would have been useful to assess the proportion that were suitable for the project from Devon as opposed to Exeter.
- Despite the limited numbers of businesses from Devon benefitting from support, partners were unanimous that there have been clear and significant benefits to the innovation system from the participation and leadership of the SETsquared team. The evaluation has found that the nascent innovation ecosystem is fragile and the loss of European structural funds and slow post-covid recovery mean that the momentum developed through this project is at risk without further investment in the type of support activities that have been delivered through the UEEZ project. The Business Support Providers Forum developed alongside this project has been welcomed and the delivery team have been seen as a key partner in strengthening the ecosystem. It is important that with the ending of this project, existing relationships are maintained and further developed. This will benefit both the University and the partnership.



## 4. Project delivery and management

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### Introduction

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

### Governance and management arrangements

The project has been based within the University of Exeter's Innovation Impact and Business (IIB) Directorate and the accountable body for the UEEZ project has been the University of Exeter.

Regular update meetings on progress have been made by the Head of Business Support, to IIB's Director of Regional Impact. Project progress, e.g. against spend or deliverables, is a standing agenda item for discussion at regular one-to-one meetings between the two.

The project's quarterly reports are shared with the University's Business Engagement Innovation Group. Information is collected on spend, output delivery and on any key issues or challenges faced. Major issues and risks impacting on individual projects or across the portfolio of projects are discussed as well as any actions required.

Within SETSquared Exeter the core project delivery team meets on a weekly basis. Smaller working groups focus on engagement and the Business Foundation programme.

Oversight of the EiR engagement with clients is recorded through the CRM systems. Meetings between the Incubation Manager and the EiR team are held regularly.

By the time SETSquared successfully obtained European funding for the Business Acceleration Project it had operated for almost a decade, most recently with Research England Development funding. The requirements of the ERDF programmes with its associated level of scrutiny, evidence and monitoring requirements were new to the team, none of whom had prior experience of European projects. This, combined with what were seen as overly bureaucratic university procedures, particularly in relation to finance and recruitment, inevitably led to delays in the start up and in ensuring that appropriate staff and systems were in place. In turn, this led to a certain amount of 'catch up' in compliance issues, however, as a testament to the project management, an on the spot verification visit (OTSV) in March concluded successfully.

The team has been supported by accounting and central finance within the University, but differs from a traditional ERDF project because there is no research element. Several team members have been frustrated with budgeting arrangements.

This lack of experience and expertise in EU funding in turn fed into the design of the project. As the project reaches a close it is evident that there was no allowance for the end of funding and hence little planning for 6 or 12 months time. New clients face a drop-off in support.

The original bid made much of the expertise in European programmes available in the Innovation Impact and Business (IIB) Directorate and more involved support from the IIB team would have eased some of these difficulties.

As well as new processes, the extension of activities into Devon combined with the impact of the Covid-19 pandemic brought unanticipated challenges. Essentially, the business support infrastructure

across Devon is less developed and more fragmented than anticipated, requiring some strategic work to be done to bring coherence to the offer.

## Delivery Structures and Team

The project has a flat management structure with the Project Manager (a 0.5FTE post) line managing five members of the team. The allocation of 0.5 of a project manager role to the UEEZ was generally seen as a mistake, with a need for a full-time project manager available from the outset. A full-time project support officer was not appointed until November 2021, some six months after the project start. As noted in the previous section, the short-term nature of funding also made it more difficult to recruit staff, for example, to replace the marketing manager without delay.

The mid-term evaluation highlighted an issue of silo working and a lack of communication amongst all members of the delivery team. In interviews for this final evaluation, it was said that the interim evaluation helped restructure the programme for the better. Issues around silo working were addressed through the initiation of weekly meetings. Staff were said to better understand the relevant outputs and finances and communications were better integrated. Overall, it was said that the project became more focused as it became more established, *“The process has evolved well.”* Staff member

## Delivery Processes

The project delivery activities have been segmented into 3 stages, each containing 3 segments, listed below:

### 1. Promotion, engagement and selection

This first stage involved the delivery team promoting the project via marketing campaigns using a wide range of methods including social media, print and video case studies. All promotional material was shared with business support partners and members of the innovation ecosystem to increase the awareness of the services available and to encourage the signposting of appropriate businesses.

The client selection process was designed around a series of “Discovery Room” events. This was based on a model, successfully delivered in Cornwall, designed to increase SME awareness and utilisation of new technologies and innovations. The events were open to all members of the business community but targeted at new and early stage businesses which were interested to develop an understanding and awareness of how such technologies might be adopted. The aim was to attract 480 participants in Discovery Room Workshops and 450 in Sector Networking Breakfasts representing a total of 280 unique eligible enterprises. In fact, the success of this element means that to the end of May 2023, it is expected that 598 attendances will have been recorded at 16 Sector Networking Events<sup>3</sup> or Discovery Room<sup>4</sup> events. (Note: clients may be recorded more than once). Topics have included medical technology, health technologies, space data and sustainability in business.

All these events were delivered hybrid via Zoom and in person, either at the Exeter Science Park or at eight different venues across Devon (such as Plymouth, Torbay, Paignton and Barnstaple). They have involved 57 external speakers and/or panelists and 14 University of Exeter academics and researchers thereby broadening and strengthening the links between the university and business community.

Through this engagement activity the project was designed to attract applications to join the SETsquared Exeter UEEZ project. Applicants were assessed for ERDF / UEEZ project eligibility as well as the potential to meet the SETsquared Exeter criteria.

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<sup>3</sup> Sector Networking Events (SNE) are typically morning sessions. SNEs were held on 13 April 2021, 15 September 2021, 17 November 2021 and February 2022.

<sup>4</sup> Discovery Room events are usually ½ or full day events. These have been held on 20 October 2021 and 23 March 2022.

The final stage involved attendance at a 2 day Entrepreneurs Workout (EW) or hybrid 3 day event. The Entrepreneurs Workout is a tried and tested business support programme that has been delivered many times across the SETSquared Partnership. Following the EW, an assessment was made of the participants, considering their knowledge intensity, growth potential, founder skills, aspirations and coachability. Those felt best able to benefit from the SETSquared UEEZ project were then offered a 6 month membership and the ability to engage with the full range of ongoing support provided from the UEEZ.

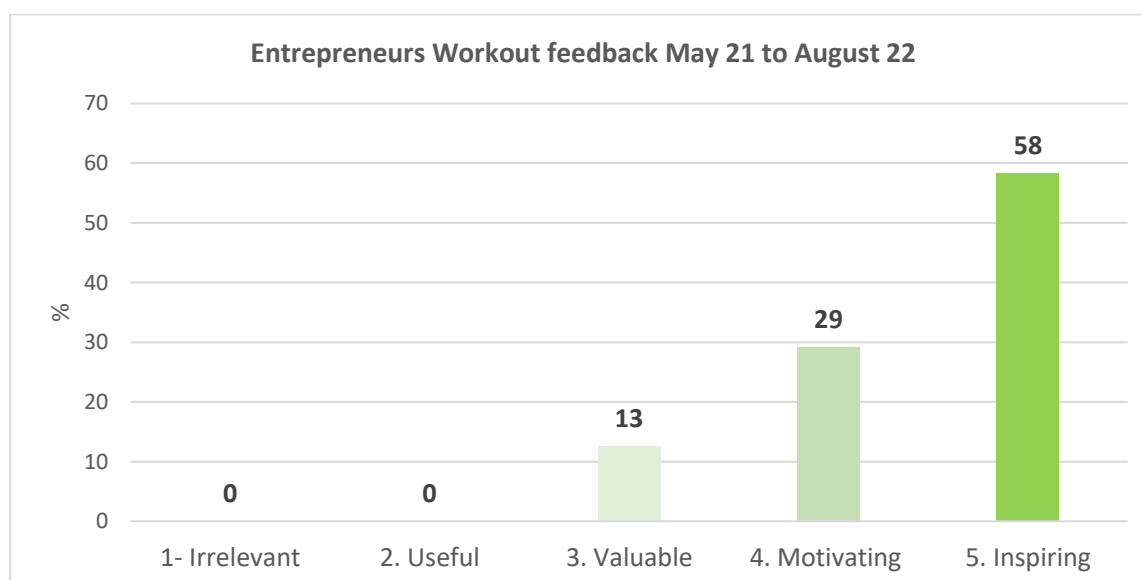
38 early-stage founders or potential entrepreneurs have completed the Entrepreneurs Workout (EW) in 8 groups. All the participants in these cohorts completed. A further, 10 individuals have registered for the fourth cohort (starting on 9<sup>th</sup> April 23). Participation in the EW is important as completions count as C1 contractual outputs.

Feedback from the EW events has been very positive, with more than half describing it as 'inspiring'. Participants<sup>5</sup> were unanimous that the course had met their expectations. The quotations below give a flavour of participants' views:

*"Great content, well explained and constructive."*

*"WOW! Fantastic 3 days. Essential, Invaluable, Inspirational!"*

*"Has been very good support and the signposting has been incredible. Helping us grown the business with ideas has been amazing."*



Source: Evaluation data. Note- where more than one rating was recorded the highest value has been used in the above chart.

**Chart 4.1: Feedback from the Entrepreneurs' Workout**

<sup>5</sup> Data from May 2021 to January 2022

## Stage 2: Integration, Foundations and Additional Support

### *Integration*

All new businesses joining SETsquared Exeter and accessing UEEZ the Acceleration Support were subject to a structured on-boarding process designed to establish their starting point, against which the impact of the subsequent business support interventions could be assessed. This structured process was formalised into a Business Engagement Toolkit (BET) which is repeated throughout a client's term in the UEEZ acceleration support. This process included an overview not only of their quantitative business performance metrics such as turnover, staffing and investment, but also qualitative aspects such as the expectations of the founders, their aspirations and an assessment of their own capabilities. Following this process, the business would be assigned /allocated a key UEEZ contact and an Entrepreneur in Residence (a business support mentor), who would take responsibility for identifying and introducing the client to further specialist support as required.

### *Foundations*

The Foundations Business Acceleration programme was at the core of the UEEZ project. Developed by SETsquared Exeter UEEZ, the Foundations programme is an accelerator programme which, rather than being based solely on securing investment in the participating businesses (like many accelerators), instead focuses on understanding the ambitions of the founder and enabling them to develop a robust business based on best practice building blocks that can support a growth-oriented organisation.

The Foundations programme has two streams of activity:

- **Fundamentals**  
Delivered by the Advisor in Residence team, the Fundamentals stream supports the development of the essential regulatory and administrative aspect of business management.
- **Strategy and Skills**  
Delivered by the Entrepreneur in Residence team, the Strategy and Skills stream is focused on helping participants to develop the softer skills of business management including strategy, business development and team development.

Each element of the Foundations programme is designed to introduce the concepts associated with the subject in a participative workshop. The clients are then be expected to discuss embedding the principles of the content into their businesses with their lead Entrepreneur in Residence who will be able to support that process.

### ***Additional Support***

Alongside the Foundations programme there are a number of additional support elements which the UEEZ project participants are able to access. Aside from the Founders Club which is a core value-adding feature of the UEEZ project, these support interventions did not draw on project funding from the core ERDF UEEZ project as they have been developed and delivered by pro-bono partners or other sources of funding. The SETsquared Exeter Business Acceleration team were involved in facilitating the support delivery and facilitating client involvement. Elements included:

- **Founders Club**

An action-learning "Chatham House" rules group of up to 15 Founders – no more than 1 from each business – offering an opportunity for UEEZ clients to share experiences. Delivered over regular lunches with a guest speaker, the Founders Club was designed to encourage the development of a mutually supportive community. It acts as a vital forum for action learning and the establishment of peer networks. Facilitated by local experts, the series stimulates learning, collaboration, and critical review.

By project close there will have been 8 sessions of the Founders Club across 3 theme groups: health tech, scaleable technology and product development. 39 businesses had been engaged and 6 external specialists involved.

- Advisor in Residence (AiR) Drop in Surgeries**  
 Each of the AiR partners regularly base themselves for mornings at the Science Park Centre and accept surgery style drop-ins from clients to discuss current challenges or answer specific questions. *Delivered pro-bono by the AiR partners, the AIRs have delivered 105 hours of support across 18 Drop in Surgeries.*
- Bitesize Seminars**  
 Developed in response to emerging challenges – such as the introduction of GDPR regulations – or a common theme identified in a number of client businesses, the bitesize sessions are smaller, less frequent workshops. *Provided by business support partners as an element of their programmes.*
- Partner Referral**  
 Particularly focused on the University of Exeter, but including other Knowledge Base partners, appropriate connections were to be made for UEEZ clients to be able to access innovation support & collaboration; skills, knowledge and resources via projects such as KTPs and Degree Apprenticeships. *Referrals made by UEEZ team to project partners to deliver the support interventions.*

### Stage 3: Business Review, Interim Executives & Mentors and SETsquared Partnership

Stage 3 involved the essential process of regular meetings to review progress, establish objectives, and identify additional, specialist support requirements in line with the BEIS Business Support Framework. This process could lead to the assignment of mentors or the opportunity to apply for grant funding to support the appointment of Interim Executives as well as connections to further support from the wider SETsquared Partnership.

#### **Interim Executives & UEEZ Key Contacts**

As a result of the Business Review process, alongside the regular support interventions from Entrepreneurs in Residence, further specialist support was provided via:

- UEEZ Key contacts:** To the 12<sup>th</sup> April 2023, 740 hours of one to one mentoring have been delivered by key contacts in the UEEZ team. Entrepreneurs in Residence have delivered a further 609 hours of support (to 12<sup>th</sup> April 23).
- Interim Executives:** Clients were able to apply for support from the Interim Executive grant scheme to access hands-on support to enable them to enact their strategy and achieve the strategic growth objectives. The grant funded 60% of the costs of employing Interim Executives for a maximum of 15 – 20 days at a fixed rate of £400 / day.

#### **The acceleration programme**

*“It's a real sort of privilege to be on the accelerator and not everyone gets through.”*

The most common reason for not getting through to the acceleration programme was not enough R&D or lack of STEM focus. 40 businesses are currently being supported as part of the business foundation and acceleration programme in seven UEEZ cohorts. 7 of these participants joined this

stage of the programme following completion of the Entrepreneurs Workout: most therefore came to the programme from other routes. Of these 40 participants:

- All had met with an EiR once a month, so each business has at least 6-10 sessions with an Entrepreneur in Residence. 609 hours of EiR support has been delivered so far<sup>6</sup>.
- All had attended at least one Foundations programme session and 7 had attended all the sessions.
- 39 had attended a Founders Club session.

As founders typically stay within the acceleration programme for between 6 and 12 months, few of the ESIF funded cohorts have graduated from the programme yet. In hindsight, staff said that the team would have built in a more tapered ending to the support. As designed, the closure of the project is resulting in too steep a drop off for clients. This has been exacerbated by the context in which the project has operated, so although the support has been in place for two years, those years have been exceptional.

## Feedback on Stage 1 processes

Covid-19 has had a major impact on the project, as have difficult trading conditions and the cost of living and energy crisis. Government data shows that between April and June 2020, the height of the first national lockdown, national GDP fell by a record 19.4% before rebounding 17.6% as the country reopened over the summer. Compared to the pre-pandemic level, UK GDP in Q4 2022 remains 0.8% below the previous level. Furthermore, between 2020 and 2021 the number of small businesses in the UK fell by 6.5%.<sup>7</sup> These unprecedented conditions had a number of impacts:

- **Impact on marketing:** The mid-term evaluation found that the pandemic necessitated a delay in the delivery of promotional activities that were originally conceived as in-person events. The development of virtual approaches inevitably absorbed additional resources to “*sort the logistics required to shape and pull something together [online]*”. In this sense, Covid had frustrated efforts to build momentum in the early stages of the project as it was “*hard to make firm plans and forecast appropriately during successive lockdowns*”. Key partners, such as CoTIE and NODE were closed down reducing opportunities to engage with their clientele. The absence of in-person events (UEEZ and others’) reduced opportunities for cross-marketing.
- **Impact on the numbers engaged:** While the project was engaging with the anticipated numbers of a founders overall through its promotional and marketing activity, “*a lower conversion to starts*” had been observed. Covid-19 meant that the SETSquared conversion rates used to set targets for the project were “no longer applicable” to this new context. Moreover, interest has fluctuated, possibly due to government’s furlough scheme which temporarily at least, provided furloughed employees with the opportunity to engage with the Entrepreneurs Workout as a means of exploring the viability of their ideas.
- **Impact on the type of businesses engaged:** The pandemic had influenced the nature of business ventures coming forward with higher than anticipated numbers of “*process driven software, service type businesses*” and fewer “*hardcore engineering companies or things with a physical product because people weren’t building physical things at that time*”. Furthermore, due to a lot of regional redundancies and furlough during the pandemic, there was a spike in

<sup>6</sup> Up to 12<sup>th</sup> April 2023

<sup>7</sup> <https://www.fsb.org.uk/uk-small-business-statistics.html>

more early stage businesses applying for support. As a result, although the numbers were good, there was a shift from high growth high tech businesses to those at an early stage, (ideation).

- **Impact on the opportunities for networking:** While it was possible to deliver *content* virtually (i.e. in online Discovery Room events) founders had fewer opportunities to network with other participants on the programme. In feedback from staff, stakeholders and businesses there was a clear consensus of the value of face to face networking, which was lost in the earlier stages of the project.

### ***Marketing and promotion***

While the pandemic had a huge impact on the project, the use of social media to compensate where possible has been extensive as documented in a social media summary for 2021/22. LinkedIn data shows that by the end of 2021, SETSquared Exeter had 700 followers, gaining more than 350 views. By April 2023 this had risen to **1,186 total followers. Engagement with the site has risen 365% in the past year.**

Despite the success of social media engagement, feedback from staff indicated that *“Marketing is our weakest area.”* It was said that messaging has not been clear or consistent. Individual staff were doing things differently, without a clear structure as to who is posting what or when, leading to a duplication of effort. The project lost its marketing officer part way through the project and with such a short project it has not been feasible to fill this position, so the marketing that is being done is not optimal.

Not all stakeholders were aware that the project was ERDF funded, despite the use of logos on publicity materials. The project was a continuation of an earlier RED funded programme and some had not realised that there had been a change.

Several staff and stakeholders expressed frustration that SSQ could have been better at promoting its achievements:

*“The story isn’t being fully told about what SETSquared does”* (Staff member)

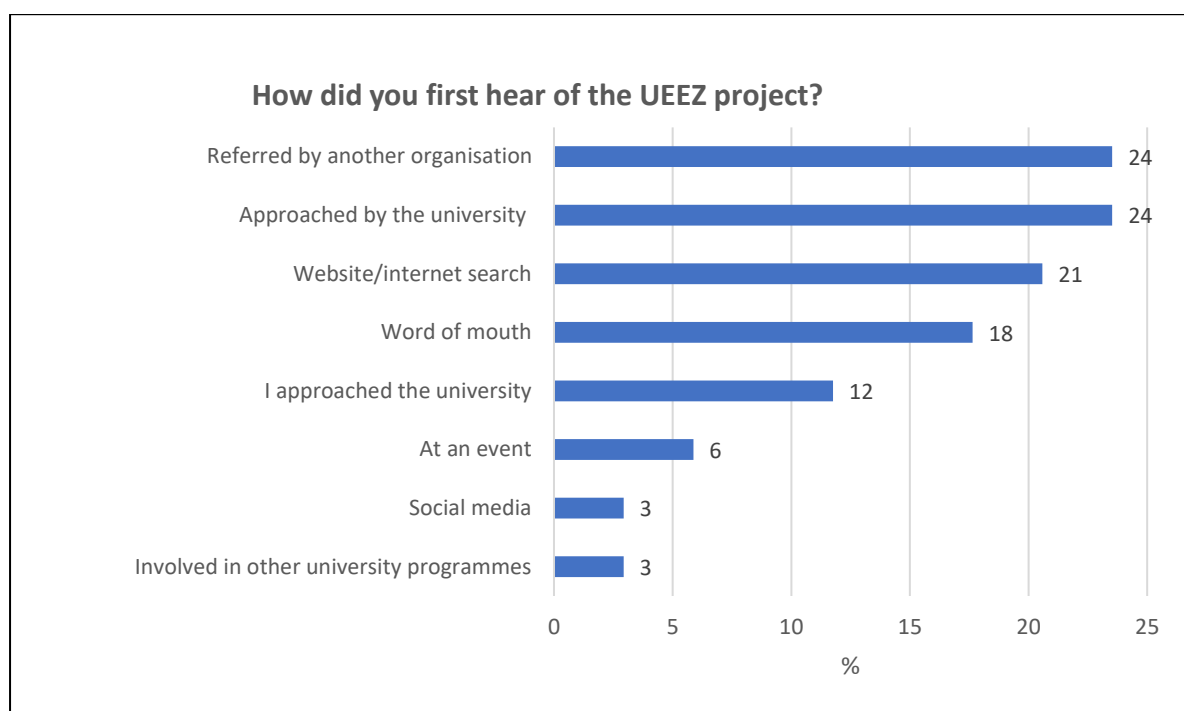
*“I’m not sure we are necessarily seeing enough stories coming through.”* (Stakeholder)

*“How do you tell people that you’ve done a really good job?”* (Staff member)

As can be seen from the above synopsis of the offer, the project has been **complex** and this has caused difficulties in explaining it to prospective clients in simple soundbites. Businesses have had little prior knowledge of what an accelerator is and the team has had to work hard to explain it in simpler ways, but to a certain extent have had to rely on their reputation to get people engaged. This complicated messaging needs addressing in any future project, so that what SSQ delivers can be encapsulated in a simple elevator pitch.

Although staff and stakeholders were relatively negative about the marketing, beneficiaries told a different story through the UEEZ Client Survey. Asked how they had first heard of the UEEZ, responses highlighted the breadth of ways in which they were engaged. 24% said they had been referred by partners; 24% had responded to direct approach and 21% found it through the website:





Source: UEEZ Client Survey 2023 (Multiple response)

#### Chart 4.2: Ways in which clients became aware of the UEEZ project (%)

94% of clients said they were clear about what the project was about when they joined. 97% said that the project was delivered in a way that was easy to access.

In terms of the demand for the support provided, the overall view across the delivery team was that the project was successful in engaging with a wide cohort of SME businesses, broadly in line with expectations. It was noted that the project had attracted a few more companies at the pre-acceleration stage than had been expected, who in turn need a different type of support. The UEEZ Client Survey confirmed this view in that 2 out of 3 businesses were engaged while they were setting up, with the remaining third already trading. *“We were at the very stage of setting up the business so the topic based weekly schedule was perfect for us to give a general understanding of the different components to account for when setting up a company.”*

As can be seen from the data below, clients had multiple support needs and reasons for joining the project. The vast majority had become involved with the aim of growing their business and accessing new markets. Over two thirds acknowledged that they needed mentoring support:



Reasons for joining the UEEZ project	Nos.	%
Growing my business	30	88
Accessing new markets	30	88
Understanding more about how to access finance and investment	27	79
Looking for mentoring support	23	68
Developing new products, services or processes	21	62
Setting up my business	17	50
Improving business and management skills	16	47
Looking to link with networks of similar individuals and/or business	16	47
Understanding how to use technology more effectively	13	38
Improving business performance through innovation and/or technology	12	35
Improving existing products, services or processes	11	32
Improving people management skills/staff recruitment	6	18
Retaining my customers	2	6
Reducing costs	2	6
Other misc.	1	3

Source: UEEZ Client Survey 2023 (Multiple response)

**Table 4.1: Reasons for joining the UEEZ project**

## Outreach

One of the new elements funded through the ERDF project was 2 full time officers to promote the offer and engage partners. This element was generally seen as very important, even though its impact is not effectively captured in the ERDF outputs, for example, several hundred business people have attended the Discovery Room Events. While delivery staff were expecting to promote the project through partnership work, co-working spaces were empty because of Covid – *“I think we just haven't had the vehicle to communicate with the audience.”*

Despite the perceived value of the outreach, it was acknowledged that the amount of time and investment in outreach has not delivered the numbers of clients that might have been expected, and in this respect, it is difficult to know how much of an impact Covid-19 had in subduing demand. Several staff queried whether the rural economy of Devon generates the numbers of knowledge-intensive, high technology or research led companies that city regions do.

Nevertheless, the project has resulted in stronger partnerships and by building on these there is the potential to continue to provide a support offer beyond Exeter but without investing the same resource. Feedback from local partners showed that SETSquared is well respected and well placed to deliver value for the region: *“It's vital, because even with the ERDF at its peak, there weren't so many programmes really out there for the more innovative, high growth businesses.” Stakeholder*

The development of the Business Support Providers Forum alongside this project has helped formalise links and develop partnerships in a way that has been welcomed.

Overall, from a partner perspective, the outreach beyond Exeter into Devon, Plymouth and Torbay was universally acknowledged as beneficial to the region, enhancing the offer and supporting actions to secure inward investment into the peninsula. There was a general appetite that the offer should be available more widely, with the forthcoming move to a unitary authority in Somerset and the opening

of the Digital Innovation Centre providing new opportunities. One interviewee cited the lack of a SETsquared presence in Somerset and Dorset as a weakness of the project.

*“It should be South West-wide if we're going to make sure we can connect with those businesses that can really benefit.” Stakeholder*

There was a strongly held view that to be effective in Devon there is a need to have a continual presence hosting regular events and demonstrating commitment, so as to be seen as fully embedded in the region. There was concern that with the ESIF funding coming to an end in May 2023, SETsquared will retreat from Devon, reinforcing the stop/start nature of engagement with local businesses.

## Feedback on Stage 2: Integration, Foundations and Additional Support

The core team has been supported by Entrepreneurs in Residence (EIRS), Advisors in Residence (AiRS), mentors and Interim Executives. These have been seen as a real strength of the programme by businesses and staff alike:

*“The mentors and interims that we have been able to attract to work with businesses is absolutely unprecedented and the calibre of people is off the scale.” Staff member*

In the UEEZ Client Survey the access to experts was identified as the main strength of the project with clients praising the quality, their accessibility and keenness to help:

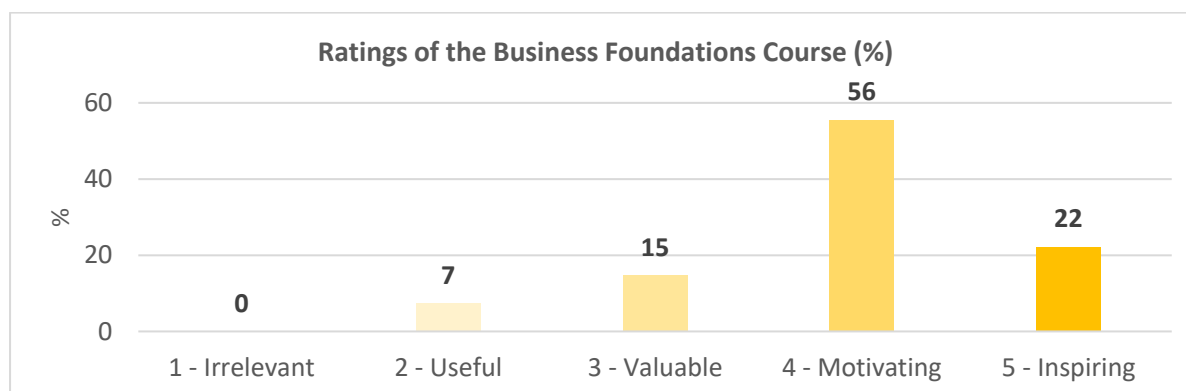
*“Brilliant access to strategic partners and the EIR facility is without doubt beyond powerful.” UEEZ Client Survey 2023*

96% of UEEZ clients on the Foundations programme said it met their expectations. (June 21 to June 22) 56% rated it as ‘motivating’ and 22% as ‘inspiring’. Feedback included the following:

*“The sessions I have attended have been helpful. In addition, I get a lot of positives from meeting fellow founders. I know it's difficult getting busy people to meet socially but there is a benefit for sharing our experiences with other founders. Irrespective of our sectors it is clear our emotions and challenges are all the same.”*

*“SETsquared have enabled me to develop the project to its current stage and without them this idea would unlikely have become a reality.”*

*“I have felt a very real sense of genuine enthusiasm and support throughout the sessions - something that is so valuable to entrepreneurs.”*



Source: BFP evaluation forms June 21 to June 22

**Chart 4.3: Feedback ratings from the Business Foundations Course**

Staff, stakeholders and clients were clear that in-person interaction is a key element of the project and although hybrid working has been adopted *“there is no substitute for in person attendance because of value of being in the room and networking. It’s a brilliant intervention.”* Staff member

### **Feedback on Stage 3: Interim Executives, EiRs & Mentors, SETsquared Partnership and the acceleration programme**

As discussed in Chapter 3, achievements of outputs in terms of the use of Interim Executives have been below target for the reasons outlined earlier. Whilst the value of such support is not in doubt, it was important for the team to make sure that the grant was awarded when the client is able to gain maximum benefit from the intervention. Businesses also needed to be able to fund their share of the costs and the support had to address significant strategic priorities in the business which would lead to a step change in performance. With far more early-stage businesses than expected, fewer businesses met the criteria for this element of support. By March 2022 only 21 businesses had been supported through the project, so most of the businesses supported since then (56) will not have reached the appropriate stage to benefit from the Interim Executives. EiRs have been “reluctant to push” this element of the programme as clients need to be ready for its intended transformation.

#### **The SETsquared Partnership and the quality of the project**

A tribute to the success of the project is that 97% of clients who responded to the UEEZ Client Survey would recommend it to other businesses. From the point of view of partners, SETsquared is well respected and well placed to deliver value for the region. Partnerships with external stakeholders have been strong and SSQ’s contribution to the business support infrastructure is said to have improved its coherence and cohesion. Reflecting this, a number of stakeholders mentioned that their involvement with SETsquared has helped them to meet their own objectives. SSQ is seen as an excellent collaborator, keen to support others, for example, through joint events and acts as a useful partner in a genuinely two-way relationship which generates cross referrals. Through its engagement, the whole support structure across Exeter and Devon is seen as stronger. It complements other services available and adds value. It has provided an accessible pathway into the university’s research and academic staff which may otherwise have been too difficult to arrange. The success of the project is seen as largely due to the commitment of its staff who have brought energy and enthusiasm to the innovation ecosystem. Individual staff members have taken up voluntary positions to support the work of other stakeholders, for example, as a competition judge or through lending their own personal expertise and knowledge base.

The quotations from stakeholders below give a flavour of the comments:

*“We need places to send the higher growth ones to push those businesses forward in a way that our, I guess, broader business advice and support won’t.”* Stakeholder

*“It has worked really well.”* Stakeholder

*“It definitely meets a need in terms of business acceleration.”* Stakeholder

*“To have to have a resource like this in the South West is really, really invaluable and I’ve been incredibly impressed with the programme.”* Stakeholder

SETsquared is seen as a unique presence in the innovation space outside Bristol and Bath. Its association with the university is a considerable asset enabling it to leverage relationships with the university and contributing to the strengthening of university/external partnerships.

## Strengths

Stakeholders identified a number of strengths of the project, with the most frequently cited strength being the **passion and expertise of the team** followed by their **collaborative** efforts in building partnerships – *“a real desire to do things collaboratively, they are not protective of things.”* Other strengths include:

- Its reputation and good visibility
- Its function as an access point to the university
- The physical space it offers for entrepreneurs and partners
- The way it has enhanced the business support network through its outreach and knowledge transfer
- A focus on innovation which differentiates SSQ from other forms of support
- The assets of the wider SETsquared partnership

## Weaknesses

The main weakness identified through stakeholder interviews and almost universally raised was the **nature of funding**. As with all grant funding this means that projects come and go and just as a momentum starts to develop the project comes to a halt. It also means that as a condition of funding there are restrictions on the businesses that are eligible for support – either because of geographic limitations or because steady state businesses cannot benefit from the expertise the project offers.

*“Problem of grant funding, it is stop start. By the time the brand is known the programme comes to an end. It’s difficult around funding, what is the role of the university?”*

*“Is it forever going to be a grant funded something?”*

In turn, grant funding imposes certain measures of success which fail to capture the value of the support provided, particularly in relation to the success of partnership development.

Other issues raised include:

- A lack of join up with Bristol SETsquared which would enhance the offer in the region
- Weak links with students e.g. no connection with the Entrepreneurs’ Society
- The context in which the project operated, i.e. Covid-19 and recession
- A perception of overlap in some instances with others in the tech sphere
- It is very complicated to understand the offer
- Questions were raised as to whether there is enough quality in the pipeline of eligible businesses. *“Is there enough quality in the region?”*
- Not enough clarity about what success looks like
- Not enough publicity about success, for example case histories, *“I don’t think they sell themselves”*.

## Acceleration programme

In terms of the calibre of clients, those taken on to the acceleration programme were of high quality, but it was noted that in order to maintain throughput, businesses were recruited on to the accelerator at an earlier stage than the team might otherwise have done. These businesses require more pre-acceleration support as a result.

Given the very specialist support available through the project with its specific focus on innovation and STEM sectors, a number of people interviewed for the evaluation raised the question as to how many knowledge intense, high technology impact or research led businesses there are of this type in Devon. There was some feeling that there is no significant pipeline of eligible businesses that have not been reached by the project: *“As a result of the economic climate we have not had the outputs from the partners that we were expecting, but it could be that those businesses are not there.”* And *“You get to a sort of a point of saturation to some extent.”* Further research is needed to assess the depth and breadth of innovation business needs in the South West peninsula, with a number of stakeholders suggesting that established businesses could learn much from the support but have not been eligible. Essentially there is a need to know **where is the flow of innovation happening?**

It also became clear to the staff that they cannot simply duplicate what they offer in Exeter across rural Devon, there needs to be a more nuanced understanding of needs and differentiation in the approach. This has implications for the university’s ‘vortex’ ambitions. Whilst the evidence is clear that accelerators work, the translation of a model developed in a large metro area into a smaller city such as Exeter in a distributed rural region is not without its challenges. Although Devon more than adequately fulfils some of the proposed prerequisites for success, including having major travel links with motorway, rail, and air travel, and having a high quality of life, it has an ageing and dispersed population and limited commercial space. This highly dispersed rural population and subsequently equally dispersed industrial and commercial areas lead to economic isolation. This is clear in the decline of towns such as Barnstaple, whose overall economy has suffered due to its over reliance on single industries and few economic links with neighbouring areas. Similarly, Devon has traditionally had no dominant sector or specialisation except for tourism and leisure. This means that the economic benefits of clustering as seen in, for example, London (financial services) or Leeds (web services) are absent. The UEEZ project was designed as a “Hub and Spoke” model to overcome this isolation and create a virtual network of talent and resources across the whole county. As a precursor to a proposed South West Technopole, the project has found that in fact, there is a need to build capacity in the innovation ecosystem, if entrepreneurs are able to effectively access the whole region’s world class facilities expertise and support.

## The project design

The project is being delivered largely as designed albeit with a focus on hybrid delivery where appropriate. The programme is highly flexible with some elements common to all founders but with the ability to “flex” support to “get the founder to the right level”. In fact, flexibility and adaptability have been cornerstones of the project as the team have strived to respond to unforeseen challenges posed by Covid-19.

Reflection suggests that the project design is robust: *“Promotion, engagement, and selection as a big part of what we do and then we get [founders] into the programme and that becomes a more intensive interaction for the next 6 months. Not every founder that accesses the EP will move into the “acceleration stage” and there will be attrition as founders access what they feel they need: I still feel the customer journey is right for what we are trying to achieve.”*

*“The programme is really, thorough.... there’s a huge amount of content.”*

## Monitoring: Information collation and management

The lack of experience in ESIF projects fed through to the slow development of a system for capturing the necessary outputs. The implications of a move from RED funding to ERDF funding were not appreciated by staff and there was work to be done to ensure that delivery staff fully understood the parameters of the funding.

The Project Support Officer was not appointed until 7 months after the project had launched meaning that there was a certain amount of catch up and backtracking to ensure the relevant information was collected and collated.

In theory, the information captured through the Business Engagement Toolkit would provide a comprehensive basis for capturing essential data about each client; in practice, data is incomplete. This has made it difficult to undertake an analysis of the baseline position for the supported businesses in terms of their pre-support financial position and employment. To date, little information has been collected relating in a post-support context i.e. post-support financial information. Although an Exit Interview was built into the process this has not been widely carried out. The absence of comprehensive post-support information makes it difficult to capture any commercial impact of the project (see Chapter 5: Impact).

## Summary points

- The roll over of tried and tested processes, systems and structures from the RED project meant that delivery provided a clear customer journey. However, change to the management and reporting systems to meet ERDF requirements would have benefitted from drawing in experienced personnel to the project delivery team. Lessons learnt from the university's previous ESIF evaluations could have been used to better support the delivery of the project.
- From a slow start, the project has developed and adapted as it has progressed and the CRM systems now in place as the project closes have largely been well implemented.
- The project team responded well to the findings of the mid term evaluation and successfully adapted processes to address concerns raised at that time.
- Despite the impact of Covid-19, and loss of a part-time marketing officer (replaced with a post of fewer hours), engagement activities have led to the project exceeding its engagement targets and reaching a significant number of local businesses. Good use has been made of social media to promote activity.
- The initial engagement in Discovery Room events and Sector Networking events did not translate into as much further engagement as expected, partly because of the nature of the businesses attracted being at a pre-acceleration stage. As a result, SSQ are better informed about the nature of business demand in the rural areas and well-placed to respond to those needs in the future. There does remain a question, however, as to how much latent demand there is for acceleration support in rural Devon.
- Feedback from each of the elements of the project has been overwhelmingly positive.
- Perhaps reflecting the question around latent demand as well as the impact of Covid-19 on partner activity, the outreach has been less successful than anticipated, but it must be acknowledged that the work has taken place against very challenging circumstances. The outreach work has nevertheless achieved well in respect of strengthening partnerships and improving the local innovation ecosystem. This remains work in progress and partners expressed concern that project funding for SSQ activity in the region inevitably means that momentum is lost when a project ends, raising questions over its longer term legacy.

- Individually and collectively the delivery team have made a significant contribution to the attainment of partners' objectives through their commitment, enthusiasm and energy.



## 5: Project outcomes and impact

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### Introduction

This section of the report focuses on wider outcomes and impacts arising from the UEEZ project with reference to the business experience, stakeholder views and the project logic chain. It also considers the project's additionality and Strategic Added Value. It is important to note that as a small project, and despite a good response to the UEEZ Client Survey, the number of responses is inevitably small. Furthermore, not all businesses responded to key questions around financial impact making it difficult to draw robust conclusions on GVA and additionality.

### Outcomes and the logic model

It is clear from the impact measures identified in the logic chain that the success of the UEEZ Business Acceleration Programme should not simply be measured through an increase in start-ups, jobs or new products but that entrepreneurship skills can also have wider benefits by deepening entrepreneurs' human capital attributes and drive (self-reliance, skills development). These 'softer' outcomes are difficult to define and quantify, but through qualitative information gained from the UEEZ Client Survey we aim to provide an overview of the wider impacts.

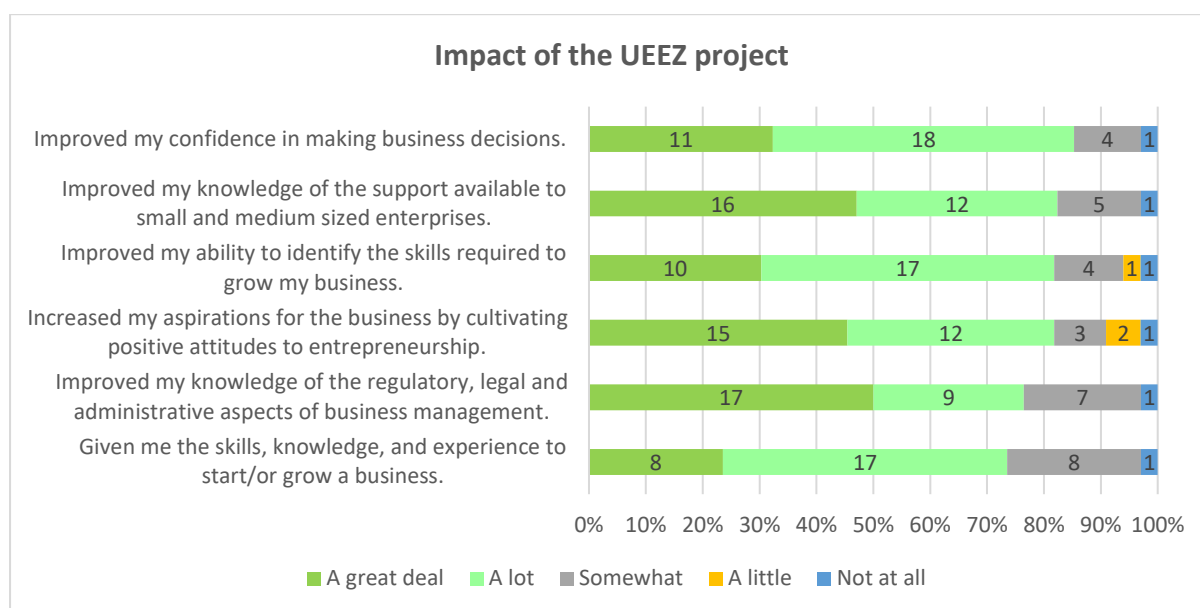
Another challenge is the difficulty of establishing how the programme has translated latent propensities for growth and innovation into actual *short-term* increases in entrepreneurship outputs against a very challenging backdrop. 2020/21 was one of the least auspicious times to launch the programme as businesses faced the onset of the Covid-19 pandemic and the aftermath of Brexit. This has not only had knock-on effects on planned delivery (breakfast meetings etc) but on firms' ability to survive and invest. Indeed, the UK innovation Survey 2021 showed that *"issues related to the coronavirus (COVID-19) pandemic were the highest rated barrier to innovation."* It noted that: *"Key themes from businesses who gave comments on the UKIS 2021 survey, were that issues related to the coronavirus (COVID-19) pandemic and withdrawal of the UK from the European Union were the major barriers to investing in innovation."*

It should also be noted that the maximum time for impacts to become evident is for those who joined the project just 18 months ago. For more than half the cohort it is barely a year since they have completed their programme. In this section, therefore, we focus on the reaction, immediate (knowledge) and intermediate (behaviour) outcomes set out in the logic chain model.

The UEEZ Client Survey on which these findings are based generated 34 responses, equivalent to 74% of the cohort to December 2022.

Respondents were able to identify significant impacts arising from their participation, with the vast majority identifying benefits in terms of:

- Confidence (84% said that the project had had 'a lot' or 'a great deal' of impact)
- Awareness of support (82% said 'a lot' or 'a great deal')
- Skills (82% said 'a lot' or 'a great deal')
- Aspirations (82% said 'a lot' or 'a great deal')
- Understanding of business management (74% said 'a lot' or 'a great deal')



Source: UEEZ Client Survey 2023

**Chart 5.1: Respondents' views on the impact of the UEEZ project on their skill and knowledge levels (numbers of responses shown on the data points)**

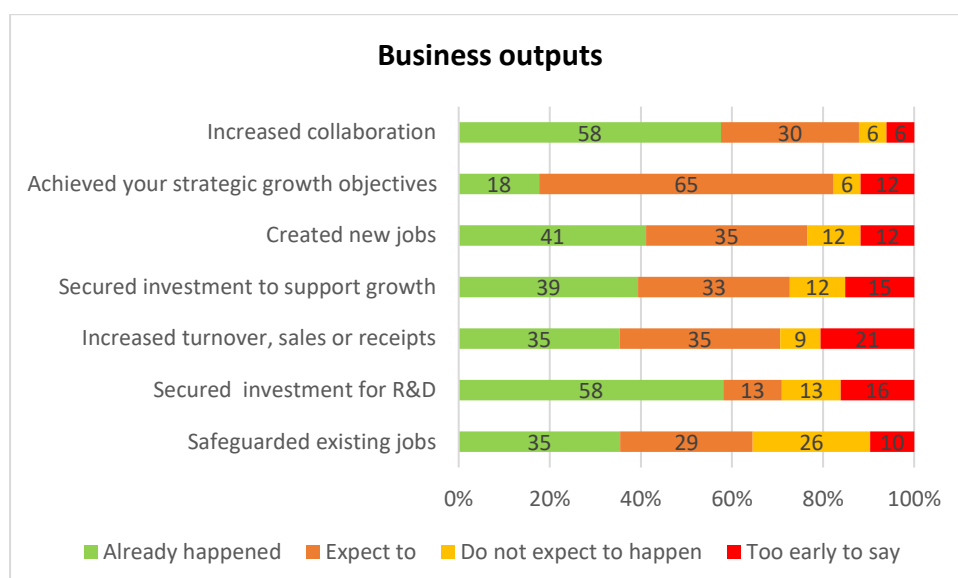
When asked what was of most value from the project, answers were many and varied, with different aspects appealing to each business:

*"My EIR has been brilliant and has been the most critical piece of the whole process, personal touches to direct and utilise resources when and where needed."*

*"How to evaluate business ideas and innovation. The best approach for considering growth into new markets. How to develop a clear value proposition and structure business documents and commercials aligned to that."*

*"I found the support around setting up a business incredibly helpful, particularly our ability to access SETsquared's network to receive advice as well as discuss issues we were experiencing with the team."*

In terms of specific outputs, it can be seen from the chart below that in most cases, these had not been realised to date and respondents thought it 'too early to say' or that they expected the outputs to be realised in the future. To date, the most significant impacts were increased collaboration (58%) and the ability to secure investments for R&D (58%). Only small minorities did not expect to achieve the outputs listed. Just 18% were at the stage where they had achieved their growth objectives, reflecting the limited time that has elapsed since receiving the support.



Source: UEEZ Client Survey 2023

### Chart 5.2: Expectations and achievements (%)

When they joined the project, 35% were at the development stage, 47% were at start up and the remaining 18% had started up and were growing. As a result of their involvement, **two thirds had moved up a development stage.**

In terms of the support received, respondents reported that they would like to have seen more advice and assistance around finance, grant aid, funding and investment.

Qualitative responses on the strengths of the project are difficult to quantify but clustered around:

- The access to experts. Eg *“Free access to professional experts/mentors and ability to network with other local innovators.”*
- The benefits of networking and collaboration, e.g. *“Great place for entrepreneurs to meet and share experiences benefiting from this support to aid growth.”*
- The skills, expertise and enthusiasm of the staff, for example, *“The amount of support/guidance and advice that is provided from a very knowledgeable team of people. Also the ability to access that support/guidance and advice from the team and the wider network.”*

Several commented favourably on the Science Park facilities and the fact that the support was free.

The following table assesses the extent to which the project has achieved the outcomes set out in its Logic Chain:

Stage and identified outcomes	Evidence	Assessment (Green for achieved/red for not achieved)
<b>1. Promotion and engagement</b>		
<b>Reaction</b>		
Employers accessing online materials	<ul style="list-style-type: none"> <li>Between April 22 and April 23 the SSQ website has received over 22,000 page views.</li> <li>The LinkedIn account has generated 1186 followers.</li> <li>24% had joined the project as a result of social media/website</li> </ul>	
% participants referred to the programme by partners	<ul style="list-style-type: none"> <li>Despite several partners' premises being closed because of Covid-19, 24% of beneficiaries had been referred by partners.</li> </ul>	
Participants' satisfaction with: <ul style="list-style-type: none"> <li>content (useful)</li> <li>delivery (accessible)</li> </ul>	<ul style="list-style-type: none"> <li>97% would recommend the project to other employers.</li> <li>97% said that the support was easy to access.</li> </ul>	
Companies reached	<ul style="list-style-type: none"> <li>Over 500 businesses have attended events.</li> </ul>	
<b>Immediate outcomes</b>		
Greater level of awareness among SMEs of the support available from the project and the wider ecosystem.	<ul style="list-style-type: none"> <li>76% of businesses reported that they were more positive that support for businesses like theirs was available in Devon.</li> </ul>	
SMEs attend and participate in networks.	<ul style="list-style-type: none"> <li>85% of employers had increased or expected to increase their collaboration.</li> <li>82% had built networks.</li> </ul>	
Awareness of effective business applications of new technologies and innovations.	<ul style="list-style-type: none"> <li>59% had engaged in innovation activities.</li> <li>22 firms had been supported to introduce new products to market.</li> </ul>	
<b>Intermediate outcomes</b>		
Labour market status of potential entrepreneurs (individuals) Prior to receiving support, 6 months after and 12 months post support	<ul style="list-style-type: none"> <li>Data on labour market status at baseline is recorded on the CRM, but not at subsequent periods post support. Although reported in the UEEZ Client Survey, anonymous responses mean that change has not been measured.</li> </ul>	N/A

<b>2. Progression</b>		
% enterprises moving up at least one developmental stage: (1) development; (2) start-up; (3) growth; (4) expansion; and (5) maturity	2 out of 3 businesses had moved up at least one developmental stage (UEEZ Client Survey 2023)	
Change in annual R&D spend	<ul style="list-style-type: none"> <li>58% had secured investment for R&amp;D.</li> <li>13% expected to secure investment for R&amp;D.</li> </ul>	
Enterprises supported to introduce new products to the market	Given that more firms were at pre-acceleration stage than anticipated, this outcome is ambitious nevertheless, the project achieved 116% of its target. Furthermore, the UEEZ Client Survey 2023 showed that 41% had improved or developed an existing product or service. 68% had promoted their product or service and 59% had developed a new product/service.	
New product and service and process innovations introduced as a direct result of the project	<ul style="list-style-type: none"> <li>59% had developed a new product/service.</li> </ul>	
% enterprises registering a patents or expecting to do so	<ul style="list-style-type: none"> <li>None identified in the UEEZ Client Survey 2023</li> </ul>	
Collaboration with knowledge base	<ul style="list-style-type: none"> <li>85% had been engaged with the knowledge base. (UEEZ Client Survey 2023)</li> </ul>	
<b>3. Selection</b>		
Improved understanding of viability of business idea	<ul style="list-style-type: none"> <li>Information not available. It is feasible that those not eligible for the programme may well have found that their business idea was not viable and they did not proceed further, this would be a successful outcome but there is no data on this.</li> <li>97% said that the project had given them the skills, knowledge, and experience to start/or grow a business.</li> </ul>	Not directly available

4. Integration		
Greater understanding about how the project could help	<ul style="list-style-type: none"><li>94% of clients said they were clear about what the project was about when they joined. 97% said that the project was delivered in a way that was easy to access.</li><li>85% said the project had improved their confidence in making business decisions either a 'great deal' or 'a lot.'</li><li>74% said that the project had given them the skills, knowledge, and experience to start/or grow a business 'a great deal' or 'a lot'.</li></ul>	
Confidence that the project staff will deliver		
Innovation investment: Growth in R&D investment by supported enterprises		
	See above.	
5. Foundations		
% supported enterprises identifying need for external finance successfully securing this investment	<ul style="list-style-type: none"><li>Since joining the programme (May 21 to Dec 22) businesses have raised <b>£3.7m</b> of investment /grants. Of this, <b>£2.5m</b> has been raised in investment and <b>£1.2m</b> in grants.</li></ul>	
6. Business Review and additional support		
	<ul style="list-style-type: none"><li>Outcomes captured in the above</li></ul>	

## Scale of positive commercial and employment impacts

Firstly, it is important to highlight that whilst financial commercial and employment information was collected as part of the Business Engagement Toolkit process at the start of joining the project, this was not routinely collected post-support. Moreover, the baseline information is incomplete making comparisons of growth and change unviable. Using the 35 companies for which data was collected in the CRM system, analysis shows that:

- Firms involved in the project raised £2.5m of investment since they joined. The totals ranged from £10,000 to £750,000, with an average of £70,371, although most clients did not raise any investment by the time they had completed the project.
- A further £1.2m was raised from grant aid. Again, most firms did not secure any grant aid, but of those that did, the amounts raised ranged from £5,200 to £0.5m averaging £33,243 per business.
- In total, beneficiary businesses raised a total of **£3.7m income** over the baseline position.

Given the wide range of investment and grant aid raised by a small number of the cohort, the data is not considered robust enough to use the averages to provide estimates of how much the whole cohort has raised.

The UEEZ Client Survey 2023 data is not comparable since it asked for data for the last financial year and includes debt in the total monies raised but is included here for completeness. Again, not all

employers provided figures. Of those that did, the figure most commonly raised was between £50k to £100k:

	<b>Nos</b>	<b>%</b>
<£5,000	2	9.1
£5001 - £10,000	0	0.0
£10,001 - £20,000	2	9.1
£20,001 - £50,000	1	4.5
£50,001 - £100,000	9	40.9
£100,001 - £250,000	2	9.1
£250,001 - £500,000	3	13.6
£500,000 - £1m	3	13.6
<b>Totals</b>	<b>22</b>	<b>100.0</b>

Source: UEEZ Client Survey 2023

**Table 5.1: Amounts raised through grants, debt and equity in the past financial year**

It was noted earlier that 79% of clients had joined the UEEZ project in order to understand more about how to access finance and investment. Of those that had raised funds in the past financial year, a wide range of funding sources had been successfully accessed with notable successes in relation to angel investors and Innovate UK:

<b>Funding sources</b>	<b>Nos.</b>	<b>%</b>
A Team Foundation	1	5
Angel investment	6	29
Be the Earth Foundation	1	5
Digital Catapult	1	5
Directors Loan	2	10
EPIC	2	10
Google	1	5
Higher Education Innovation Fund	1	5
Impact investors	1	5
Innovate UK	6	29
Local Authority	2	10
Max Planck Foundation	1	5
Ofwat Innovation Fund	1	5
Personal/Friends and family	2	10
QantX	2	10
Swigg Finance	1	5
UK Government	1	5
Venture capital	2	10

Source: UEEZ Client Survey 2023

**Table 5.2: Sources of finance used by clients in raising through grants, debt and equity in the past financial year (multiple response)**

According to the monitoring information 31.2 FTE jobs have been or will be created by May 31<sup>st</sup> 2023, by businesses that have been supported.



## Wider societal/environmental impacts

With a focus on STEM companies, the work in which many founders are involved will bring wider societal benefits beyond the commercial benefits to the business. Case studies undertaken by SSQ show that, for example:

CreatioXR is a tech company creating Augmented Reality applications for cultural and heritage attractions to make immersive experiences available to people at as many sites as possible, broadening the experience for visitors, not just a privileged few.

Kyne is an early years neuro-inclusive learning platform with built in screening for literacy learning differences providing 'real time' diagnostics for children.

Although the wider benefits that these and other businesses engaged in the UEEZ project cannot be quantified, it is clear that many of the supported businesses have the potential to generate long-lasting impacts. The legacy of the project in terms of these wider benefits could be significant if the supported SMEs are able to continue to progress their plans.

## Strategic Added Value

Strategic Added Value is broadly the added value realised through co-ordinating and influencing activities that result in project outcomes being delivered by others, in addition to outcomes directly delivered through funded activities.

### Supporting partners to achieve their objectives

For its partner, Tech Nation the project has provided a useful funnel for early stage businesses and complements their offer. It has provided a valuable entry into the local tech ecosystem. Tech Nation gets a pipeline of referrals and collaboration was said to be effective. The example was given of one of the staff acting as a judge for the regional final of the Tech Nation rising stars competition. Tech Nation also has a monthly national ecosystem network call which benefits from significant levels of engagement from SSQ Exeter: "They make a huge contribution."

As noted above, 29% of clients who have raised funds in the last financial year have successfully accessed Innovate UK funding. Innovate UK (IUK) report that the project has worked really well. The regular drop-in surgeries run by IUK and cross-referrals between IUK and UEEZ mean that the businesses learn about relevant funding when they are at the appropriate stage. From a funding point of view, this model provides something that could be replicated with other partners to improve access to finance for businesses based in the south-west.

Staff at one of the incubation centres in North Devon were clear that the project has helped with communication and joint working: "*North Devon, particularly will be a lot stronger for that.*" It was reported that EPIC and SETsquared's partnership work has led to increased engagement between EPIC tenants and the University of Exeter, whilst providing value to EPIC tenants through the provision of business support drop-in sessions, 'taster' sessions with SETsquared AiRs, and helping promote ease of access to university resources through involvement in the Torbay Hi-Tech Cluster. One of EPIC's objectives is to accelerate business growth and the project has helped achieve that.

It was said that there were genuine two-way relationships so that those businesses that have not been eligible or suitable for the UEEZ offer have been signposted on to other agencies: "*There's a concerted effort to try and join up in that way really, which I think I think works.*"

The SETsquared team were also praised for their knowledge transfer in helping grow the quality of support each partner can deliver beyond Exeter, thereby raising standards across the board.

Stakeholders were clear that much of this was due to the energy, drive and commitment of the SSQ delivery team.

A particular strength of the project has been the added value it has brought to the achievement of the University of Exeter's strategic objectives to deliver value for the region. The University of Exeter Strategy 2030 states that, "We are a global university with regional, national and international impact and relevance. In our region we will be a university embedded in our community, increasing opportunities for our local residents and taking a leading role in the prosperity and success of the region."

The Strategy contains a number of commitments including ambitions to:

- Work with partners to **"increase the productivity of regional businesses, grow new jobs and support sustainable growth."**
- *Commit our resources – intellectual, physical and human – to increase skills levels and to support the region in becoming an international hub for net zero, clean growth and nature recovery.*
- **Attract start-ups and entrepreneurs to the region**, providing skills development for green and digital transformation and building the South West into an international leader in climate action, biodiversity and natural capital.

SSQ has been a key delivery partner in the delivery of these strategic ambitions, although, as noted earlier, it has been less successful in telling the story of its achievements in this respect. Through its success in the UEEZ project and before that, the RED funded programme, it has demonstrated that it has a business acceleration model that works. It has collaborated well with partners to help them achieve their objectives and is acknowledged to have helped strengthen and develop the support infrastructure available to businesses. Businesses are now more open to seeking collaborative ventures with the university and SSQ has opened doors to this engagement.

With the University's ambitions to become a "Vortex" Institution (one which drives the creation and growth of its regional innovation ecosystem through investment in Innovation and Entrepreneurship (IE) programmes), the contribution of the project has been clear:

- It has strengthened partnerships – for example through the establishment of the Business Support Providers Forum.
- It has benefitted local businesses and hence delivered against partners' objectives.
- Tapped into firms' corporate social responsibilities through the recruitment of Advisers in Residence to strengthen the innovation ecosystem.
- Developed new relationships, commercial and research opportunities.

The involvement of the University and the Heart of South West LEP in the Massachusetts Institute of Technology Regional Entrepreneurship Acceleration Program (MIT REAP) project has demonstrated the role of 'innovation' and 'entrepreneurship' - especially in the form of innovation driven start-up enterprises - as a critical priority in the global innovation economy. In turn, innovation is a driver of productivity and growth. Through its work in supporting businesses to develop and apply new processes, products, services and business models, the project has helped drive the local economy in this direction.

The UEEZ Client Survey 2023 further demonstrates that through this project the University's links with the business base have been strengthened:

- 91% said that they were more likely to engage with the university in the future as a result of their experience.
- 85% had strengthened their involvement with either Exeter or another SSQ university. Significant minorities had engaged with the university in different ways, thereby broadening its reach and accessibility.

	Nos	%
Used university facilities (charged or otherwise)	20	59
Collaborated in any way with an academic from one of the SETsquared universities	14	41
Had another interaction with a SETsquared university, such as license IP/consultancy,	9	26
Taken on board a Knowledge Transfer Partnership associate	7	21
Co-authored a paper with an academic from one of the SETsquared universities	5	15
Other misc.	5	15
None	5	15
<b>Total</b>		<b>100</b>

Source: UEEZ Client Survey 2023

**Table 5.3: Ways in which UEEZ clients have engaged with the university. (Multiple response)**

### Establishing and strengthening relationships

As discussed through this report, one of the key positive outcomes has been the role of the project in strengthening relationships in the business support infrastructure. In all, the UEEZ has nurtured over 50 strategic relationships resulting in the sharing of knowledge, insight and opportunity. Partners include:

- Research institutes
- Local authorities
- Support providers
- Advisory services
- Community initiatives,
- Networks
- Innovation consultants
- Financial institutions
- Cluster groups

Through the project, the team has helped other support providers understand their role in the wider support ecosystem, strengthened links between them and helped build a more coherent offer for SMEs in the sub-region. In fact, two of the projects original objectives relate to the ecosystem:

- To improve the business environment for innovative, Devon-based, start-ups and SMEs that have the aspiration and potential to achieve high growth.
- To enhance the cohesion and collaboration within the regional innovation ecosystem.

Feedback from stakeholders and clients suggest that these objectives have been met.

### Sustainability and legacy

With the ending of the project, partners did feel that the long term sustainability of that collaboration and cohesion is in some doubt: *"I think my concern generally - because we saw this with the Impact Lab- is that when the grant funding stops, the activity stops"*. There are memoranda of understanding with bilateral partners and as a separate entity, not reliant on ERDF funding, it is likely that the Business Support Providers Forum will continue. However, when asked about the future, partners expressed concern about the ending of the project, arguing that it should be scaled up across the

peninsula rather than scaled back: *“This is really not the time to scale back. It is important to be consistent and important for the university to reaffirm its commitment to innovation.”*

*“In these hard times it is important that this continues. We have worked so hard to get things where they are. One of unintended consequences of Covid it that there is more money and expertise in the region than ever before and at present that is not being used in the region so that provides a huge opportunity to build on. EU funding drying up was never meant to be an enduring source of finance but it has validated the model, so to not continue it would be a lack of faith in the university’s own capabilities.”*

There is seen to be a real opportunity to move forward without some of the reporting and procedural constraints that comes with an EU mandate. There was a general appetite that the offer should be available more widely, with the forthcoming move to a unitary authority in Somerset and the opening of the Digital Innovation Centre providing new opportunities. SETSquared has shown the model works and that there is demand. Several also raised the need to address the productivity of larger firms by boosting innovation. *“I think that there’s a lot of focus on new companies, new businesses, start-ups, and growth acceleration. I think there’s less in terms of support for existing businesses.”*

There was also the suggestion for a clearer focus, exploiting the need for a global accelerator operating locally by honing in on one specialism, building on the university’s strengths in climate, data and the environment to deliver one exceptional world-class programme. *“I think their priority should be to try and streamline really. To work out that what they’re offering and where it’s being offered.”* It was said that there is a real need to understand the pipeline, assess where SSQ adds value and to be clear about the offer.

It was considered that more could be done by the university in relation to its regional role: *“What is the role of the university in driving innovation out of the university into the business sphere? (both research spinouts and student entrepreneurs)? Clearly the university has a role in that, and then what’s its role with businesses out in the wider sphere?”*

With the ending of EU funding the issue of how the subregion funds the business support activity it needs in order to transform its prospects has come to the fore. The IPPR estimates that the replacement for EU funds, the UK Shared Prosperity Fund (UKSPF) represents a 43% cut each year.<sup>8</sup> Unlike EU funds the settlement is for 3 years rather than 7 years and the IPPR argues that this does not allow for the strategic thinking and succession planning to support regional growth. Although the university is committed to taking a leading role in the prosperity and success of the region, historically it has relied on additional grant funding to support the work of SSQ. In turn, this compromises the extent to which SSQ can develop a consistent presence beyond Exeter. In the light of the university’s strategic ambitions to become a vortex university, the question arises as to how it can fund this regional ambition over the longer term.

## **Additionality and deadweight**

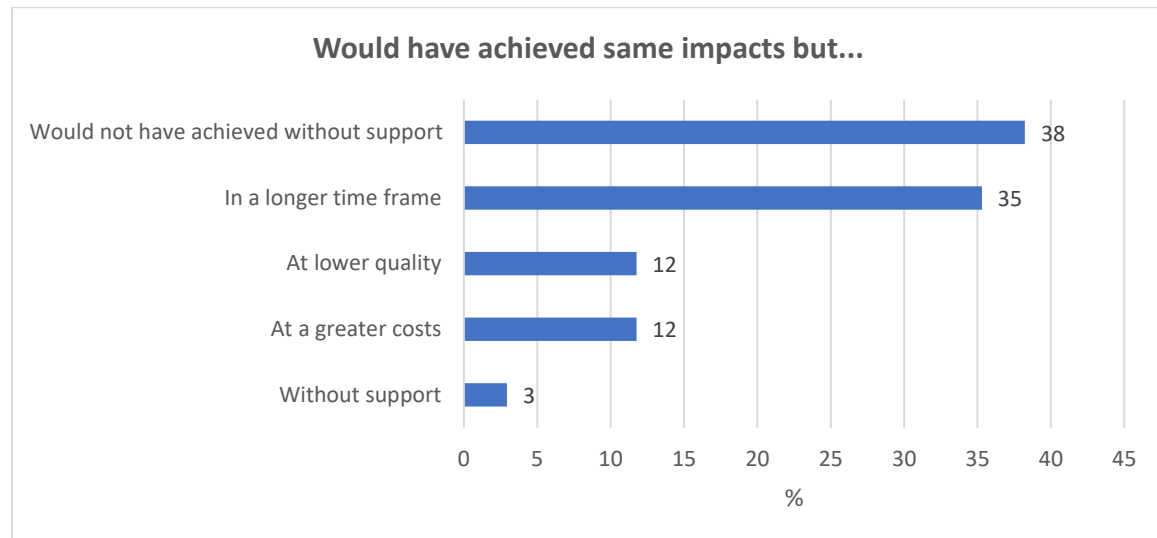
Although the assessment of the project is positive it is important for ERDF projects to consider how much difference a project has made. Additionality and deadweight are two sides of the same coin. Additionality refers to the added value of a project or programme, generating an effect that would not otherwise have occurred without the intervention. Deadweight, by contrast, refers to an

<sup>8</sup> <https://www.ippr.org/blog/the-shared-prosperity-fund-what-can-we-learn-from-government-s-plan-to-replace-eu-funds>

outcome that would have occurred regardless of any intervention. Both measures are part of a core set of indicators that must be considered in the evaluation of performance.

The UEEZ Client Survey 2023 asked beneficiaries whether they could have achieved the impacts they had (e.g. investment raised/ jobs created) without the support of the UEEZ project. Responses highlighted high levels of additionality.

- Pure additionality was high with almost 4 out of 10 (38%) saying they would **not** have achieved the same impacts at all without support.
- 35% said it would have taken them longer
- 12% said the impacts would have been of lower quality
- 12% said it would have cost them more.



Source: UEEZ Client Survey 2023

**Chart 5.3: Clients' assessments as to whether they would have achieved the same impacts without the UEEZ project support.**

In terms of deadweight, only one client (3%) considered that they could have made the progress they had without support.

## Assessment of impact

Through the UEEZ Client Survey 2023 it was clear that the impacts were wide-ranging. As a result of their involvement, 8 out of 10 entrepreneurs had built networks and 3 out of 4 had applied for funding/finance. 6 out of 10 had developed a new product, service or process:

	Nos of respondents	% of total
Built networks	28	82
Applied for external funding or finance	25	74
Prepared and/or reviewed a business plan	23	68
Conducted market research	23	68
Promoted your product or service	23	68
Successfully secured external funding or finance	21	62
Innovated - Developed a new product, service or process	20	59
Invested own money	18	53
Devoted yourself full time to the business	17	50
Organised a start-up team	14	41
Collaborated on R&D activity	14	41
Improved and/or developed an existing product or service	14	41
Looked for premises, facilities and/or equipment	8	24
Acquired premises, facilities and/or equipment	7	21
Applied for a licence or patent	0	0
None of the above	2	6
Other misc.	1	3

Source: UEEZ Client Survey 2023

**Table 5.4 : Impact of the UEEZ project (Multiple response)**

Finally, it is important to also factor in the possibility that the support received from the UEEZ project may not have been the only support received by the business – either through public or private sources. In other words, how much of the positive impact could be specifically attributed to UEEZ support?

Benchmark data for relatively generic ‘individual enterprise support’ is set out in the table below together with additionality adjustments at a sub-regional level<sup>4</sup>. No equivalent benchmark data is available for the more intensive support offered by the UEEZ project and the data is now relatively old, but no alternatives are available. Other issues in relation to Gross Value Added (GVA) mean that there are further difficulties with the calculations in that:

- Baseline information for turnover was only collected for a proportion of businesses that were supported (58%).
- By the time of the Summative Evaluation few exit interviews had been completed and of those that have been, little quantitative information was produced in a robust manner through this exit process, for example, revisiting the baseline information to understand changes against the baseline financial position of the business. The project is currently asking for the update data through the Business Engagement Toolkit for each business.
- Whilst it was hoped that further information would be supplied through the UEEZ Client Survey, only 14 firms supplied financial data meaning that any estimates based on these figures are unlikely to be robust. Of those who responded, 6 replied that their turnover was nil, i.e. they had not started trading.

Consequently, the small sample of responses to these specific impact-focused questions does not allow us to robustly extrapolate quantified impact across the whole supported cohort. In terms of the baseline information that was collected by the project, the data does highlight that the project did support many businesses who were at a relatively early stage in their development. 58% of businesses with a recorded turnover, appeared to have been pre-trading i.e. their reported annual turnover was zero. This means that the median average figure was nil. Otherwise, turnover levels ranged from £1,200 to £621,000. Figures in the table below should therefore be treated with caution.

Factor	Explanation	Data	Benchmark <sup>9</sup>	Comments
Deadweight	i.e. would the outcome have happened anyway without support?	Survey data suggests this was low with just 3% reporting deadweight	Regional median benchmark of 49.5% Mean = 47.3% (+/- 3.7% at 95% confidence level)	At 3% this is well below the regional benchmark. Given small sample sizes it is suggested that a conservative figure is used of 20%
Displacement	i.e. has the intervention taken market share from elsewhere in the Programme area (for example, has business growth been at the expense of other businesses in the area)?	This information was asked in the application form. The evidence suggests that displacement would be low, given that many supported businesses are serving national/global markets, or that they are providing relatively specific and new product offerings.	Regional median benchmark of 28.5% Mean = 30.8% (+/- 4% at 95% confidence level)	It is suggested that a low figure may be appropriate – 10%
Leakage	i.e. have any benefits accrued to non-target beneficiaries (for example, has job creation been supported outside of the respective LEP area)?	Not asked in the UEEZ Client Survey 2023, however, eligibility checks suggest this would be negligible	Regional median benchmark of 5% Mean = 12.9 (+/- 6.2% at 95% confidence level)	Regional benchmark adopted in absence any other data

<sup>9</sup> BIS Occasional Paper No 1. Research to improve the assessment of additionality (October 2009)



Multiplier effects	i.e. further economic activity stimulated by the direct benefits of an intervention associated with income and supply chains	Not available.	Regional median benchmark of 1.4 Mean = 1.44 (+/- 3.5 at 95%	Given the finding that many firms were pre-trading it is unlikely that this will be significant at this stage. Regional benchmark is adopted
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Given the incomplete data collected through the survey, evidence of job creation via C8 outputs is the most reliable way of estimating the GVA impact through an employment-led approach. As noted elsewhere, this analysis should be treated with caution and the robustness of the GVA impact is questionable. Although 2 out of 3 businesses said they had moved up a developmental stage since joining the project, many businesses were supported at an early stage and therefore pre-commercial impact.

Evidence does show that 31.2 FTE jobs have been supported as a result of the project. If those jobs match the typical productivity levels found within the wider Devon, Plymouth and Torbay economy (in 2020 this is estimated by the ONS to be £45,125), we could estimate a very indicative GVA impact. On an annual basis this would equate to c£1.4mn GVA. However, since the jobs created tend to be at the higher skilled, professional grades, in our view it would be more appropriate to use the estimates of productivity generated by the Exeter economy. The Heart of the South West LEP's Oxford Model<sup>10</sup>, gives Exeter a GVA/FTE of £60,200 at September 2017. Using this figure, an annual GVA of £1.9mn is derived. If those jobs persisted for 2 years it would increase to c£3.8mn and for persistence for 3 years it would equate to £5.6m – this assumes no 'decay' of those benefits over time i.e. the association of those jobs to the original support weakens over time. This should also be viewed as gross impact.

<sup>10</sup> <https://heartofswlep.co.uk/wp-content/uploads/2018/11/Economic-Modelling.pdf>

This is an illustrative exercise only, with earlier caveats around its robustness to be taken into account. In the table below the upper assumption of 3 years persistence in those jobs created has been used based on the 31.2 jobs claimed by the project as a C8 output.

Impact indicator		UEEZ project performance at time of project closure	
Employment (Unit = FTEs)		Measure	Adjustment
	Gross impact	31.2	
	Deadweight	20%	-6.2
	Displacement	10%	-3.1
	Leakage	5%	-1.6
	Multiplier	1.4	20.3
	Net additional	<b>91.1%</b>	<b>28.4</b>
<b>GVA</b>			
	Gross impact	£5.6m	
	Deadweight	20%	-£1.1m
	Displacement	10%	-£0.55m
	Leakage	5%	-£0.27m
	Multiplier	1.4	£3.58m
	Net additional	<b>90.4%</b>	<b>£5.0m</b>

In sum, estimates suggest that, allowing for deadweight, displacement, leakage and multiplier effects the project could have generated 28.4 jobs and £5m GVA.

## Summary points

- That the project benefitted the individual businesses supported is not in doubt. Qualitative data from the UEEZ Client Survey 2023 shows that even in the short time since receiving support, clients have improved their skills, confidence, aspirations and awareness of the business support available in the South West.
- In terms of measurable outputs, for most it was too early to say that they had been achieved, but expectations of investment, jobs and growth were high. Much of the success of the project was down to the staff, the experts and the opportunities to network, with SSQ's base on the Science Park seen as another bonus.
- Across each of the 3 stages of the programme, SSQ has achieved the ambitions it set out in its logic chain.
- Between them, beneficiary businesses raised a total of **£3.7m income** in grants and investments since joining the project. A wide range of funding sources had been accessed, with particular success achieved with one of the project's partners, Innovate UK.
- 31.2 FTE new jobs have been created by firms involved in the project.
- The evidence suggests that the project provided good levels of additionality. Businesses confirmed that the positive outcomes that have been achieved through the project would not have occurred without the support provided, or certainly occurred more slowly, at a lower quality and/or greater cost.
- The project has generated strategic added value through its support to partners and their engagement with the project. In turn, this has strengthened the local innovation ecosystem.

- The strategic ambitions of the university set out in its Strategy 2030 and around its 'vortex' ambitions emphasise its role as a key player in the SW economy, helping grow the regional economy and supporting innovation. SSQ has played an important role in delivering against these goals, contributing to the university's achievements in many ways.
- The stop/start nature of funding for the expansion of SSQ means that its work in the wider region is less secure in the longer term. This loss of momentum is seen as regrettable amongst partners.
- Although estimates should be treated with caution, it is estimated that allowing for deadweight and leakage the project has generated 28.4 jobs and £5m GVA.

## 6. Value for money

Value for money (VFM) is usually assessed in relation to project outputs and impacts, benchmarked against other similar interventions. Value for money is normally assessed against total public sector cost – in this case we have used the figure of £1,049,929.6 (actuals and forecast) minus private investment (£25,679.90). The commonly used reference benchmark is based on national research conducted by Regeneris Consulting on behalf of DCLG (as was). A series of benchmarks was developed for the proposed 2014-2020 programme, based on DCLG data from the 2007 to 2014 programme<sup>11</sup>. Of course, these benchmarks are now beginning to be quite dated; but no more recent benchmarks are available. It is also important to note that the benchmark cost per output are based on historical prices, whereas the cost per output for the UEEZ project is shown in current prices. Therefore, they are not directly comparable due to price differentials (although some adjustments have been made to these by assuming that the benchmark figures are equivalent to 2010 prices given it was a midway point in the programme being evaluated (2007-2014)).

### Assessment of cost effectiveness

Indicator	Actual and project performance to May 31 <sup>st</sup> 2023	Unit cost	Regeneris Research Benchmark	Assessment
C1: Number of enterprises supported	84	£12,499	The mean cost was £34,000 (£42,500 in 2022 prices) The median cost was £10,200 (£12,700 in 2022 prices) The lower quartile was £4,700 (£5,900 in 2022 prices) Regeneris suggest a range of £2,500 to £4,700 (£3,100-£5,900 in 2022 prices) is used as a starting point. For a more intensive business assist the median of £12,700 (2022 prices) public sector cost per business assist could be used as a starting point.	
C5: Number of new enterprises supported	34	£30,880	The mean cost was £116,000 (£145,000 in 2022 prices) The median cost was £17,000 (£21,200 in 2022 prices) The lower quartile was £3,500 (£4,400 in 2022	

<sup>11</sup> England ERDF programme 2014-2020: Output Unit Costs and Definitions. A final report by Regeneris Consulting

			prices) Regeneris suggest using the lower quartile figure of £3,500 as a starting point	
C8: Employment increase in supported enterprises	31.2	£33,651	The mean cost was £71,000 (£88,700 in 2022 prices) The median cost was £25,700 (£32,100 in 2022 prices) The lower quartile was £11,500 (£14,400 in 2022 prices). Regeneris suggest that the lower quartile figure is only relevant for a lower intensity business support and recommend that a figure of £26,000 (£32,500 in 2022 prices) gross cost per job is used as the starting point	
C28: Number of enterprises supported to introduce products new to the market	22	£47,724	The mean cost was £94,000 (£117,500 in 2022 prices) The median cost was £28,000 (£35,000 in 2022 prices) The lower quartile was £15,600 (£19,500 in 2022 prices) Regeneris recognise that this is a complex definition. In this instance a unit cost based on the median total public sector cost per business assisted would reflect an intensive assist to support innovation, the average of the lower quartile would reflect a less intensive lower level of support.	

## Key points to note:

- Comparison against benchmarks on a number of key indicators show a mixed picture. In terms of businesses assisted (C1), the costs are within the median figure which Regeneris suggest is appropriate. The high number of jobs supported (C8) relative to the number of enterprises supported also means that unit costs are around the median benchmark figure. On other measures, outputs delivered have been relatively expensive to deliver when assessed on a cost per unit basis. There are many good reasons why unit costs should and do vary due to the intensity, nature or quality of support. This is illustrated in the large

differences between the mean and median costs reported above. The support delivered through the UEEZ project is at the higher level of intensity and quality compared with some of the more generalist support available through ERDF. We also note that due to the compressed timescale for support it is early to assess some of the longer term outputs such as products to market, which may well come to fruition in the future.

- Covid-19 has had a significant impact on target achievement, and delays at the start foreshortened the delivery time.
- The benchmark costs relate to ERDF outputs only. In this case it is important to recognise that almost 600 people in Devon and Exeter were supported through the project and much staff time was spent in activity to provide a funnel for ERDF activity. Further, the BEIS research paper *“The impact of business accelerators and incubators in the UK”* shows that the most common intermediate outcome related to accelerator or incubator participation involves start-ups changing their approach to strategic planning, i.e. a difficult impact to measure, certainly in the short-term. The cost calculations also exclude considerations such as the impact on the beneficiary businesses themselves, the wider strategic impact of the project, and the way in which it has strengthened university/business relationships for the long term.

Notwithstanding the above points, it is clear that the intensity of support delivered by SSQ and the numbers needed to generate a filter through to more intensive support is relatively costly to deliver when assessed against standard benchmarks and it is important that benchmarks for more intensive support are used where available.

## Summary points

- When measured against the benchmarks, the costs of delivery of the UEEZ project are mixed. Regeneris Research comment in their report on the development of the benchmarks that the range of support from generic business support to grant funding means that there is huge variability in the costs of delivery. The UEEZ was an intensive business support model so its costs per unit are at the higher end of the scale. Some underperformance also contributes to the per unit costs being higher.
- The funding for the outreach contributed to delivery costs but in pure value for money terms has failed to deliver the volume of outputs expected.
- A comparison with the ERDF outputs and the programme’s logic chain better illustrates that the ERDF outputs are a very narrow measure of what has been achieved. Partnership was key to the project’s ambitions and its work in this respect has provided considerable strategic added value which cannot be quantified.

## 7. Conclusions and lessons learned

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### Introduction

In this final chapter, we set out our conclusions on the success of the project and lessons learned for (i) the University of Exeter; (ii) those designing and implementing similar interventions; and (iii) policy makers.

### Conclusions

The UEEZ project funded through ESIF and delivered by SETsquared has enabled the University to share its expertise in business acceleration, learn more about the needs of the business base beyond Exeter and work closely with partners to support the further development of regional business support services. The project has worked hard to develop partnerships which in turn has benefits for the university.

The evaluation has shown that across some measures the project has underdelivered against its ERDF targets. Delays in project approval were beyond the team's control and undoubtedly impacted on the start date. But lengthier than anticipated recruitment and some staff turnover mean that – on a project dominated by staffing costs – it has underspent.

The impact of the pandemic has, without doubt, had a significant impact on activity and whilst the team responded well by adapting its services and marketing it was unable to make up for lost time. The profound impact of venue closures on partner activity meant that the pipeline of businesses that the team expected to generate did not come to fruition and even now, it was said that activity in start ups has not returned to pre-pandemic levels.

Delivery approaches have been good with high satisfaction reported by beneficiaries and clear benefits arising from support delivered to date. By tailoring approaches to the objectives of each firm, SSQ has been able to respond to varied support needs through a programme of provision that has been appropriate to needs.

The UEEZ Client Survey showed almost unanimous approval for the support that clients have had, and numerous benefits were identified, not least in people's confidence in Devon as a place to do business. But the goals of the project also revolved around partnerships, and the team played an important role in bringing together a partnership of support providers across Devon. There is evident regret that as the project has developed momentum, this could be lost as funding ends.

### Lessons for the university

The mission of the SETsquared Partnership is to: “turn innovation into thriving business and drive economic growth within our regions and across the UK.” Building on SSQ's track record, the end of the project and shift in the funding regime mean there is time to reflect on the role of SSQ in delivering the University's strategy, to assess where it can add most value, and how it can be funded over the long term for the benefit of the South West region. The UK Shared Prosperity Fund is unlikely to enable the region-wide delivery that partners wish to see. Further, the intensive nature of the support offered means that any similar project will not deliver the short-term outputs at volume that funders may seek. Whilst most core funding for SSQ comes from the university and there are limits to the funding the university can commit, the impact it has had to date is significant, albeit at a small scale. In our view, the time is right to develop a long-term strategy for SSQ, exploring the options for funding



and revenue generation and setting out what the role of SSQ is in delivering the university's ambitions for regional impact and bringing clarity as to where it best adds value.

It has been noted in the evaluation that the knowledge and expertise around ESIF funding within the IIB was not shared with the SSQ team who had no prior experience of European funding. Better liaison and oversight could have helped with the development of appropriate output targets and overcome some of the difficulties the project experienced at the outset. Given the university's experience of European funded projects there appears to have been limited sharing of lessons learned.

Although comprehensive tools for data collection were in place, there were significant gaps in key baseline and exit data. The university could make more of contractual obligations with beneficiaries to ensure that critical financial and employment outputs are collected.

### **Lessons for those designing and implementing similar interventions**

There has been some debate over the nature of demand for support which has been lower outside Exeter than anticipated, the businesses that have been engaged may not be best suited to the support available or they are unable to achieve target outcomes (e.g. employment creation, the ability to secure new orders or introduce new products). Whilst the project had the expertise to respond flexibly to needs and make the necessary adaptations, this has impacted on outputs. There is a need for a better understanding of innovation support needs within the region to identify who needs support and at what level.

Flexibility has been important, not only to respond to changing circumstances but also to respond to demand. These adjustments to the programme have ensured that activity is effective without altering the reasons for intervention or outcomes sought. Understanding where changes are needed will have helped improve the experience for both staff and beneficiaries.

### **Lessons for policy makers**

The offer of a lead in period would allow strong performance from the start. Approval processes assume that projects can quickly build momentum from the point of approval. Where approvals need to be in place ahead of staff being recruited there is an inevitable lag in activity starting that causes projects to be behind profile from an early stage. Building a lead in period into contract awards that allow preparations to be made so projects can hit the ground running from their official start date could help to overcome this challenge and maximise the resources available for delivery.

Pre-acceleration support around innovation and product development has been in demand from Devon businesses and there has been less demand from start ups than anticipated. Several staff and stakeholders queried the extent of latent demand for innovation support and it is recommended that more work is undertaken to assess where rural business support needs lie, including from innovation-active established businesses.

The stop/start nature of funding does not allow for the sustained growth of the innovation ecosystem. The UK Shared Prosperity Fund (focused on local authority districts) is unlikely to provide adequate funds for the cross-border partnership activity that is needed in the peninsula.

The evaluation does demonstrate some value for money in terms of several ERDF outputs but this narrow definition does not measure the real value of the more intensive work with businesses, rather than light-touch support i.e. equivalent to the C1 12-hour support. The contrast between the achievement of the wider goals set out in the logic chain and the mixed achievement in terms of ERDF outputs demonstrates the need to ensure that broader measures of success are in place. Any future

programmes that aim to support innovation need to acknowledge that if the region is to improve its productivity these deeper, longer term projects are needed, but are more expensive to deliver.

## Appendix 1

# SETsquared Exeter UEEZ Customer Journey

