

A grayscale background image shows a hand placing a puzzle piece into a larger assembly. The puzzle pieces are light gray, and the hand is positioned on the left side of the frame, with fingers gripping the piece.

# North East Business Support Fund (4)

## Final Evaluation Report

*On behalf of NBSL*



**European Union**  
European Regional  
Development Fund

April 2023

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Prepared for NBSL

## The North East Business Support Fund (4): Final Evaluation

FINAL

April 2023

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New Skills Consulting is a leading UK economic regeneration and funding consultancy. Combining expert knowledge with a practical hands-on approach, we help our clients develop and deliver successful projects.

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# 1 Introduction

The North East Business Support Fund 4 (NEBSF 4) was launched in County Durham in January 2018, building on the success of previous NEBSF projects delivered across the North East region. NBSL secured ERDF resources to deliver the project to SMEs based in County Durham.

The project sought to increase economic growth in the county, by enabling SMEs to implement business improvement projects. SMEs could benefit from a grant subsidy towards the cost of specialist consultancy support and / or participate in a two day Masterclass to help improve key aspects of their business performance.

Originally, the project was scheduled to complete in December 2020. However, the project successfully secured an extension, along with additional ERDF resources, to operate until June 2023.

## 1.1 About the evaluation

In August 2018, NBSL appointed New Skills Consulting to independently evaluate the North East Business Support Fund (NEBSF 4), assessing the overall performance, effectiveness, and impact of the project. Originally, the evaluation was intended to be delivered in two phases, an interim evaluation, which was completed in June 2019, and a final summative assessment report, in December 2020.

However, as the project was extended to June 2023, a second interim evaluation report was also prepared in March 2021, to consider project performance during the original delivery period, to be followed by a final summative evaluation upon project completion.

[This final report provides a summative assessment of the project's performance and effectiveness from January 2018 to June 2023.](#)

The following key research tasks have been undertaken to inform the evaluation report:

- Analysis of NBSL's management information records, including ERDF financial and output monitoring returns and the business beneficiary database.
- One-to-one consultations with:
  - [NBSL project staff: In total seven members of staff were consulted over the evaluation period, including two team members that provided feedback for both the interim and final evaluation reports.](#)
  - Stakeholders.: In total five stakeholders were consulted over the course of the interim and final evaluation reports.

Details of the organisations consulted for this evaluation report are provided in Appendix A.

- Consultation, via one-to-one telephone interviews and an online survey with:
  - 131 beneficiary SMEs during the evaluation period. This included 70 SMEs that provided feedback for the first interim evaluation, and 61 SMEs that

provided feedback for this second report. [Due to time constraints it was not possible to revisit the beneficiary survey during this final evaluation.](#)

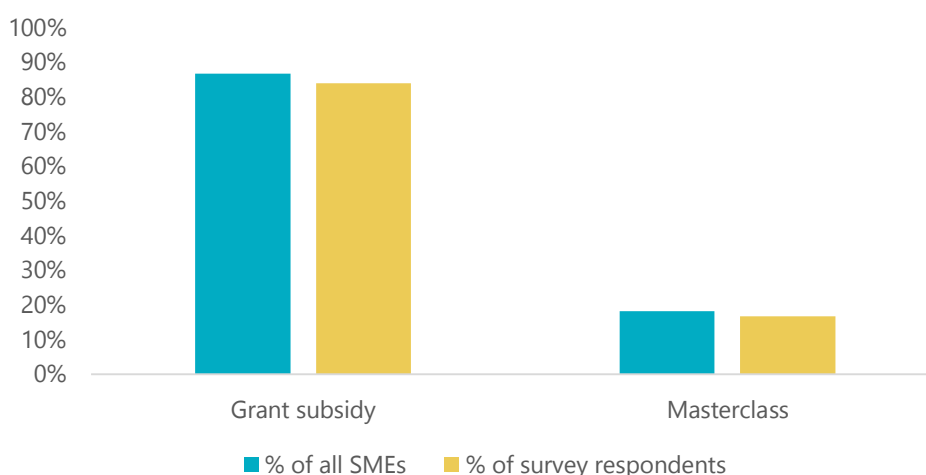
- 32 specialist providers during the first two interim evaluations.

### 1.1.1 Survey sample

The survey of beneficiary SMEs was structured to reflect broadly the take-up by type of support across County Durham, with the intention of ensuring that feedback was gathered from a reasonable number and proportion of SMEs accessing different elements of the support available.

Figure 1 illustrates that the survey sample provided a good match to the type of support accessed by beneficiary SMEs. The blue bars show the percentage of all beneficiary businesses as at February 2021, and the yellow bars show the percentage of SME survey respondents, based on the type of support accessed.

Figure 1: Comparison of survey responses by type of support



Source: NBSL Beneficiary Database (February 2021) and Survey of Beneficiary Businesses (131 responses). NB. some respondents have accessed both a Grant Subsidy and Masterclass.

### 1.1.2 Report structure

The report is structured as follows:

- Section 2 provides an overview of the logic model for NEBSF (4), outlining the key issues and market failures it sought to address and the rationale for the project. It describes the expected causal links between the activities and outputs, and how this could lead to benefits for individual beneficiaries, and in turn, impact upon the economy.
- [Section 3 assesses the extent to which NEBSF \(4\) achieved its ERDF financial and indicator targets.](#)
- Section 4 considers the effectiveness of project delivery and management arrangements, including the extent to which the project effectively targeted eligible beneficiaries. It also considers the quality of support provided by the project.

- Section 5 explores the outcomes and impacts generated by the project. [It assesses the GVA impacts and estimates the project's net additionality.](#)
- [Section 6 considers the project's value for money.](#)
- Section 7 summarises the evaluation conclusions and lessons learned from project delivery.

## 2 The North East Business Support Fund (4): Project context

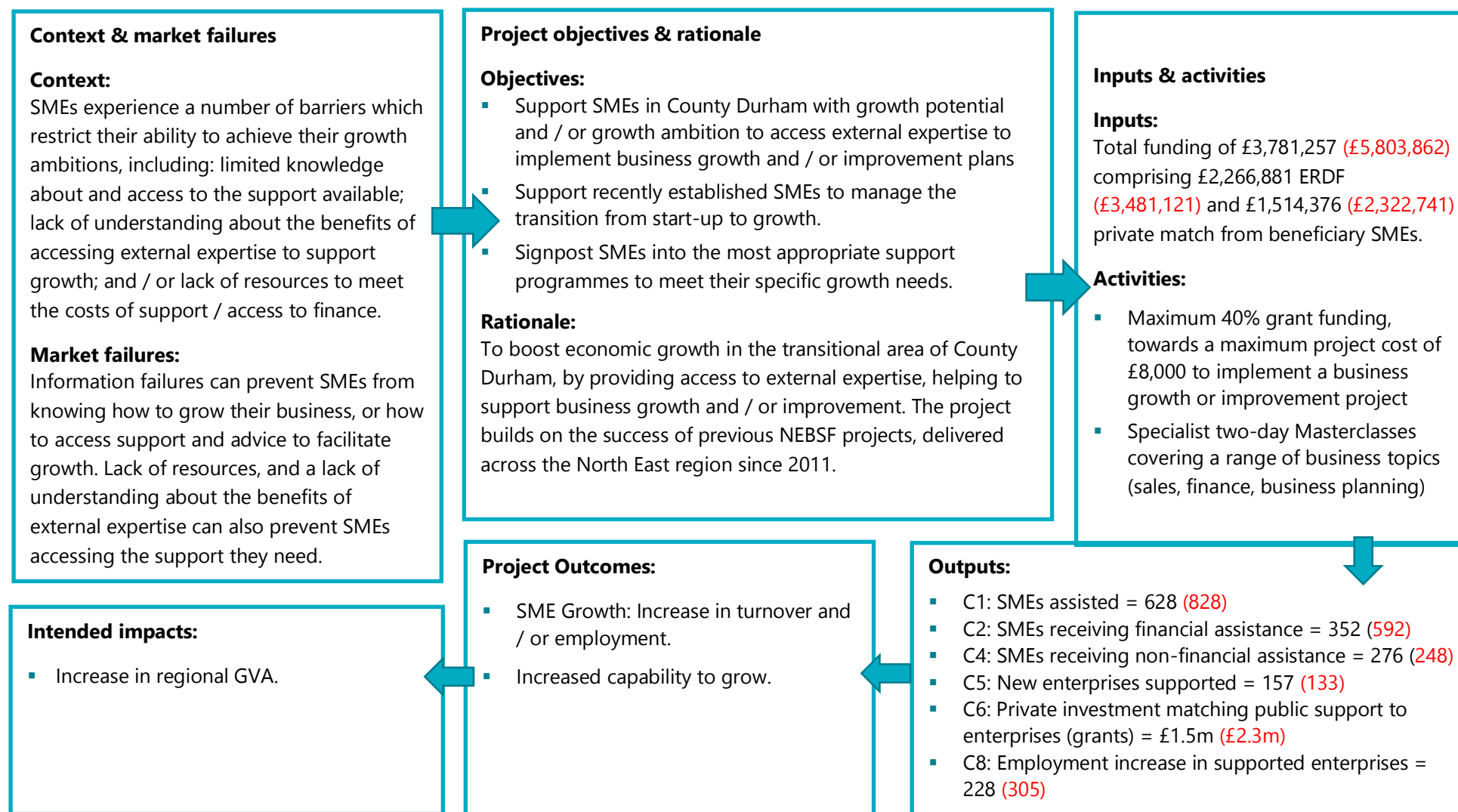
### 2.1 Introduction

This section considers the economic and policy context in which NEBSF (4) was designed. It explores the rationale for intervention and market failures it sought to address, and the link between its aims and objectives, activities, outputs and outcomes. It is based on the project's logic model and considers the extent to which its targets were realistic and appropriate.

### 2.2 Overview of the logic model

Figure 2 overleaf provides a summary of the NEBSF (4) logic model, which is based on the original ESIF business case, developed in 2017. The revised targets as a result of the project extension are shown in **red**.

Figure 2: Summary logic model





## 2.3 Context, market failures and rationale

### 2.3.1 Overall context

NEBSF (4) was developed in response to an ERDF call for business support projects in the transitional area of County Durham in 2016, under Priority Axis 3: Enhancing the competitiveness of small and medium sized enterprises.

The call specification focused on the need to support SMEs in County Durham to grow and to improve their competitiveness, and was closely aligned to the strategic priorities set out in the North East LEP's Strategic Economic Plan, and European Structural and Investment Fund Strategy.

The call also specified that all projects had to demonstrate how they aligned with the North East Growth Hub, as well as how they would meet specific County Durham priorities. This included, for example, supporting early stage businesses to manage the transition from start-up to growth, and enabling SMEs to access external expertise to support business growth and / or improvement.

NEBSF (4) sought to directly support the requirements of the ERDF call by enabling SMEs based in County Durham to access external expertise to support business growth and / or improvement. This could be either through a specialist business growth Masterclass, or by accessing grant funding towards the cost of specialist consultancy support to implement a business growth / improvement project.

### 2.3.2 Market failures

The ESIF business case identified two market failures which impact on the ability of SMEs to access external expertise to support their business growth.

- **Information failures:** This continues to be a significant barrier, as a lack of information can prevent SMEs from knowing both how to grow their business, and how to access support to facilitate business growth, which can ultimately compromise long-term business sustainability. In addition, many SMEs don't understand the benefits and added value of accessing external expertise. The project sought to address this issue by working with a wide network of specialist providers to promote the project both to their existing SME clients, and on a wider basis to raise awareness of the project. NBSL would also use social media, case studies, an online newsletter, and networking at local business meetings to raise awareness of the project and the benefits of accessing external expertise to support business growth.
- **Merit goods:** It is important that SMEs in County Durham are able to grow, to increase productivity, create new employment opportunities, and generate wealth in the local economy. The project would help to do this by enabling SMEs to access, and benefit from specialist expertise and advice to implement business improvement and growth plans.

The business case also highlighted the difficulties experienced by small and micro-businesses, who were the primary target group for NEBSF (4). They often have limited resources available, and can be reluctant to invest in external expertise without clearly understanding the return on investment. It was considered unlikely that the market would correct this failure, therefore, public intervention was

required to enable small and micro businesses to access specialist advice and support.

### **2.3.3 Rationale for developing NEBSF (4)**

In response to the call for proposals and to address the market failures identified above, NBSL developed the North East Business Support Fund (4) project. The design of the project was based on learning from three previous ERDF funded NEBSF projects, and the experience and track record of NBSL in supporting SMEs in the North East to grow.

The project was available to all SMEs based in the transitional area of County Durham. As an 'entry-level' offer to encourage and introduce SMEs to the benefits of external expertise, the project was particularly focused on small and micro-businesses, that may not previously have accessed publicly funded business support. It was anticipated that as businesses mature, their experience of NEBSF (4) would give them the confidence to access other forms of support which would contribute to their continued development and further growth.

The project delivery model, as described in the ESIF business case, incorporated:

- Support from an impartial Business Advisor, to confirm eligibility for NEBSF (4), help SMEs to identify their growth needs, and to prepare a business development action plan detailing the measures required to achieve each SMEs growth potential / ambitions. The advisors also: provided impartial and independent advice to assist SMEs to identify and engage appropriate external expertise where appropriate; introduce SMEs to the North East Growth Hub; and refer SMEs to other business support providers, to ensure they could access the most appropriate support to meet their needs.
- A grant funding contribution towards the cost of consultancy expertise to implement a business improvement or growth project. The maximum grant intervention rate was 40% towards a project cost of between £2,500 and £8,000. Beneficiary SMEs could select their own specialist provider or identify an organisation from NBSL's extensive provider list; and / or
- A two-day / 12 hour business growth masterclass, covering a range of relevant topics including, for example: digital marketing, sales, business planning, and financial planning.

Over the delivery period, the format and delivery model for the Masterclasses was updated to reflect market changes. For example, in late 2019 NBSL decided to offer shorter, more focused 'bitesize' Masterclasses, lasting approximately 4 hours each.

From March 2020, there were further changes to the overall delivery model, in response to the Covid-19 pandemic, with all support being delivered virtually, including shorter online Masterclasses lasting approximately 2 hours each.

We would suggest that the rationale for the project, the approach to delivery, and the regular refinements and changes were appropriate, demonstrating an understanding of the changes in the market and SME demand.

### 2.3.4 Contextual changes since the project was developed

Following submission of the original NEBSF (4) business case to MHCLG<sup>1</sup> in 2017, a number of changes in the wider operating environment impacted upon project delivery.

At the time of the first evaluation report, the key changes identified by staff and stakeholders included: increased competition in the market, with a number of new and additional ERDF projects starting to deliver in the County, including many that offered two-day Masterclasses or workshops; and the uncertainty about Brexit, which resulted in some SME's deciding to delay or cancel business improvement projects.

Between the first and second interim evaluations, the main factor impacting on project delivery was the Covid-19 pandemic. Staff and stakeholders reported that this impacted on all aspects of the project, including for example; moving to online delivery for Masterclasses, specialist consultancy support, and project administration and management; changing the format of Masterclasses to shorter, two hour sessions; and updating the focus of the project to include business survival and resilience as well as growth. However, the biggest change, identified by all staff and stakeholders, was in the increased level of demand for support from the project. Immediately following the start of the first national lockdown in March 2020, the project experienced a significant surge in demand from SMEs, particularly for grant support towards a business improvement project, or to enable SMEs to change / adapt their operation to ensure they could continue trading. Staff reported that this surge in demand was so great that applications to NEBSF 4 had to be closed ahead of schedule as targets had been met, and all resources allocated. However, as a result of the high level of demand, partners successfully secured additional resources to reopen the fund and extend the project to June 2023.

Additional ERDF was also secured by the North East LEP to establish the Covid Recovery Funds, which were available to businesses located across the North East LEP area. As the Funds had to be incorporated into a similar existing ERDF contract (NEBSF 5), MHCLG varied the contract, adding the Covid Recovery Funds as a 'sub-project' to NEBSF, with specific financial allocations to County Durham and to Tyne & Wear and Northumberland. The Funds were available between August 2020 and February 2021. A separate report is available for NEBSF 5.

Since the launch of the project extension in early 2021, the main factor impacting on delivery has been economic uncertainty as a result of the war in Ukraine, the energy crisis, and the cost of living crisis. This has had a negative impact on demand, and has led to a number of SMEs withdrawing from the project.

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<sup>1</sup> Ministry of Housing, Communities and Local Government which is the managing agent for ERDF funds in England

## 2.4 Project aim and objectives

The key aim of NEBSF (4) was to increase economic growth in County Durham by assisting SMEs with a grant contribution and / or 12 hours of business support, to help them identify their growth ambitions, and / or implement a business growth project, resulting in the creation of new FTE jobs.

The objectives of the project were to:

- Support SMEs in County Durham with growth potential and / or growth ambition to access external expertise to implement business growth and / or improvement plans.
- Support recently established SMEs to manage the transition from start-up to growth.
- Signpost SMEs into the most appropriate support programmes to meet their specific growth needs.

As a result of the Covid-19 pandemic, the objectives of the project were updated, to include a focus on business resilience and survival, enabling SMEs to implement projects that would enable them to continue trading throughout the pandemic. Evaluation feedback suggests that the focus on achieving the ERDF outputs, including the creation of new FTE jobs, was also relaxed, in recognition that business growth may not always be a realistic outcome, due to the economic impact of the pandemic.

We suggest the original objectives were appropriate, taking into account the economic context, market failures and rationale for the project, at the time it was developed and began delivery. We would also suggest that the change in focus was also appropriate, taking account of the economic impact of Covid-19, and the need for businesses to change and adapt how they operate in the current climate. This flexible and pragmatic approach was continued during the extension period.

## 2.5 Inputs

The North East Business Support Fund was delivered by NBSL, employing dedicated business advisors based in County Durham, and a small back-office team to process and validate SME applications, claims and impact evidence.

NBSL originally secured a total of £2,266,881 of ERDF resources, matched with £1,514,376 of private match contributions from beneficiary SMEs, giving a total project cost of £3,781,257 for delivery through to December 2020. In 2019, total project costs were reduced slightly to £3,536,778, which included a reduction of ERDF grant funding to £2,121,237, and reduced private match funding of £1,415,541, to take account of lower than anticipated levels of demand at that time.

However, due to the increase in demand post Covid, the project secured an extension to June 2023. The total project cost for the entire delivery period (Jan 2018 – June 2023) increased to £5,803,862, which included an ERDF grant contribution of £3,481,121, matched against £2,322,741 of private sector investment.

## 2.6 Activities

The NEBSF (4) offer to SMEs in County Durham included:

- Support from an impartial Business Advisor to help SMEs identify their growth needs, and to prepare a business development action plan. As a result of the pandemic, this also included support to SMEs with business resilience and survival, introducing changes which would enable businesses to continue trading.
- Independent and impartial business advice to identify and engage appropriate external business improvement expertise, to support the implementation of their business growth or business improvement plans.
- A grant contribution, at a maximum intervention rate of 40%, towards a total project cost of between £2,500 and £8,000. Beneficiary SMEs would need to provide 60% towards the cost of accessing external expertise.
- Business growth masterclasses, covering a range of relevant topics e.g. sales, financial planning, marketing, business planning. Originally each Masterclass was delivered in two six hour sessions over two days. However, this approach was updated in 2019, to deliver shorter, bitesize Masterclasses, each lasting approximately four hours; and again in 2020, with shorter two hour sessions being delivered on line, in response to Covid-19 restrictions.
- The Business Advisor would also introduce SMEs to the North East Growth Hub, referring them on to other business support organisations and projects as appropriate.

From March 2020, much advice was delivered virtually, rather than face-to-face, in response to restrictions introduced as a result of the pandemic. [Evaluation feedback found that some of the changes introduced in response to the pandemic have been continued into the extension period of the project, in particular, the use of online delivery and administration.](#)

## 2.7 Outputs

The output targets for NEBSF (4) are summarised in Table 1. The main output target for the project was to support a total of 828 enterprises (C1), between January 2018 and June 2023, of which:

- 592 (71%) would receive a grant of at least £1,000 (C2);
- 248 (29%) would receive at least 12 hours of non-financial support (C4) i.e. by participating in Masterclasses; and
- 133 (16%) would be new enterprises i.e. trading for less than 12 months when they sought support (C5).

There was also a target for the amount of private investment matching public support, which equated to the financial contribution towards total project cost made by each individual beneficiary SME, and a target for the number of new FTE jobs to be created by beneficiary businesses.

Table 1: ERDF output targets for NEBSF (4) (Jan 2018 – June 2023)

Code	Output	Total
C1	Number of enterprises receiving support	<b>828</b>
C2	Number of enterprises receiving grants	<b>592</b>
C4	Number of enterprises receiving non-financial support	<b>248</b>
C5	Number of new enterprises supported	<b>133</b>
C6	Private investment matching public support to enterprises (grants)	<b>£2,322,741</b>
C8	Employment increase in supported enterprises	<b>305</b>

Based on previous experience in delivering NEBSF projects, these overall targets were broadly appropriate and realistic.

## 2.8 Outcomes and impacts

Initially, the main outcome of the project was business growth, measured in terms of an increase in turnover, and / or the creation of new FTE jobs by beneficiary SMEs. In addition, beneficiary businesses would increase their capability to grow, and have a better understanding about how to achieve business growth. However, as a result of the pandemic, the achievement of outcome and impact targets was relaxed, with the focus being on business survival and resilience as well as growth.

This approach was appropriate in the evolving context for the project, taking account of the economic impact of the pandemic on many businesses, and the focus on survival rather than growth.

## 2.9 Summary

Overall, there [was](#) a clear need for a project in County Durham, both in terms of its original purpose, and more recently in supporting businesses to respond effectively to the impact of the Covid-19 pandemic. There was a clear rationale for investment, and the delivery model was appropriate, relevant, and sufficiently flexible to respond to changing conditions and SME demand.

The aims and objectives of NEBSF (4) related to the economic and policy context, and to the market failures it sought to address. The output targets were also broadly appropriate,

[The delivery model and delivery team have been sufficiently flexible to respond to a number of significant changes in the operating environment throughout the delivery period, including the Covid-19 pandemic, as well as the economic uncertainties resulting from the war in Ukraine, the energy crisis and the cost of living crisis. Some of the changes introduced in response to the pandemic have](#)

remained, with the project adopting a hybrid model incorporating both face-to-face and virtual delivery.

## 3 Project progress

### 3.1 Introduction

This section of the report assesses the progress made by NEBSF (4) towards the achievement of expenditure and output targets, between January 2018 and [March 2023](#). The analysis is based on the following sources of information:

- The latest available ERDF claim and monitoring return, which reports on project expenditure and outputs as [March 2023](#).
- Two project change requests (PCR's), providing details of changes to the original spend and output targets to December 2020, and details of the increased spend and output targets for the project extension to June 2023.
- The project's beneficiary database, which provides the latest up-to-date information about beneficiaries, and the amount of support received, as at [March 2023](#).
- Evaluation feedback from staff, stakeholders, and beneficiaries.

### 3.2 Progress towards financial targets

NEBSF (4) originally secured an ERDF revenue grant of £2,266,881, matched against £1,514,376 of private sector investment, giving a total project cost of £3,781,257. Following submission of a formal PCR in October 2019, total project costs were reduced to £3,536,778, including a reduction of ERDF grant funding to £2,121,237, and reduced private match funding of £1,415,541.

Subsequently, the project delivery period was extended to June 2023. Total project costs for the entire delivery period (Jan 2018 – June 23) were increased to £5,803,862, which included ERDF revenue grant of £3,481,121, matched against £2,322,741 of private sector investment.

[Between January 2018 and March 2023<sup>2</sup>, the project had defrayed expenditure totalling £5,211,348, 90% of the target of 5,803,862. The project is forecast to defray £5,690,862 by the end date of June 2023, expecting a very small underspend. This was largely related to staff salaries being lower for the final period as a member of staff left the project and another was due to leave but neither were being replaced due to the project being in its final few months. Overall, the project performed well to defray 90% by March 2023 and to forecast only a negligible underspend of less than 2% by June 2023. Consequently, progress against all financial targets has been rated 'Green'.](#)

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<sup>2</sup> The date of the most recent ERDF claim at the time of the evaluation



Table 2: Progress towards financial targets (total project), as at March 2023

Indicator	Targets			Performance at Time of Evaluation (March 2023)		Projected Performance at Project Closure (Jun 2023)		Overall assessment
	Original (£m)	Adjusted (£m)	Project extension (£m)	No. (£m)	% of extension Target	No. (£m)	% of Target	
Revenue expenditure (£m)	£3.78m	£3.53	£5.80m	£5.21m	90%	£5.69m	98%	
<b>FUNDING</b>								
- Private sector SME match funding	£1.51m	£1.41m	£2.32m	£2.17m	93%	£2.32	100%	
- ERDF revenue	£2.27m	£2.12m	£3.48m	£3.04m	87%	£3.37m	97%	

Source: ERDF Claim March 2023

Evaluation evidence suggests there were a number of key factors which contributed to the success of the project in achieving the targets despite a slow start in 2018/19:

Sustained and consistent marketing and communications. As a result of appointing a dedicated part-time marketing role in summer 2019, the project benefited from sustained, consistent and regular marketing and communication activity to raise its profile and engage SMEs in County Durham. Evaluation feedback suggested that prior to the first lockdown in March 2020, this approach had helped to increase demand for support.

The impact of Covid 19. Following the first national lockdown in March 2020, there was a surge in demand for support from NEBSF 4, with the project closing to new applications in September 2020, as all targets had been met. Consultees suggested that the increase in demand was likely due to a number of reasons. For example: Some businesses had more time on their hands during lockdown to undertake planned projects; some businesses recognised that they had to change the way they operate to be able to continue trading / survive; the £10,000 rate rebate from Government provided SMEs with the match funding required to access a grant and deliver their project; and some SMEs identified new commercial opportunities as a result of the pandemic. [As the project secured an extension it was able to effectively meet the pent up demand and support the county's SMEs.](#)

### 3.3 Progress towards output targets

The progress made by the project towards the approved output targets is presented in Table 3. The table shows actual outputs achieved and reported in the most recent available ERDF claim ([as at March 2023](#)), along with forecasts up to the final end date of June 2023.

Table 3: Progress towards output targets, as at March 2023

Indicator	Targets		Performance at Time of Evaluation (Mar 2023) <sup>3</sup>		Projected Performance at Final Reporting Date (Jun 2023)		Overall assessment
	Original	Revised - Project extension	No.	% of Target	No.	% of Target	
C1: No. enterprises receiving support	628	828	617	75%	692	84%	
C2: No. enterprises receiving grants	352	592	550	93%	595	101%	
C4: No. enterprises receiving non-financial support	276	248	85	34%	115	46%	
C5: No. <u>new</u> enterprises receiving support	157	133	63	47%	90	68%	
C6: Private investment matching public support to enterprises	£1.51m	£2.32m	£2.17m	93%	£2.32m	100%	
C8: Employment increase in supported enterprises	228	305	158	52%	305 <sup>4</sup>	100%	

Source: ERDF Claim March 2023

The progress achieved towards each output indicator as at March 2023, and the forecast final performance as at June 2023, is discussed below.

### C1: Number of enterprises receiving support

The original target was to support a total of 628 unique businesses with a mix of financial and non-financial support. This was later reduced to 554 unique businesses, in response to lower than expected levels of demand. However, following a surge in demand and as a result of the project extension, the C1 target was increased to 828 unique businesses.

As at March 2023, a total of 617 C1 outputs had been reported (75% of the target). The final forecast outturn for the project, by the end of June 2023, is that a total of

<sup>3</sup> The date of the most recent ERDF claim at the time of the evaluation

<sup>4</sup> The final reporting period for employment increase is slightly longer to account for the time lag between intervention and job creation.

692 unique businesses will have been supported (84% of the target). As a result, performance against this target has been rated as 'Amber'.

A review of the beneficiary databased indicates that the team have worked with a higher number of SMEs over the lifetime of the project, than have been evidenced and reported as a C1 output. By March 2023, more than 880 businesses had passed the eligibility check for support and were recorded on the beneficiary database. However, despite the team's efforts, some SMEs withdrew from the process as their priorities changed, others took longer than expected to progress their plans, and some required higher levels of funding which reduced overall numbers. In addition, the impact of e.g. the energy crisis, impacted on overall demand for support.

#### **C2: Number of enterprises receiving grants**

This output indicator is a subset of C1: Number of enterprises receiving support. The original target was to support a total of 352 businesses with grants to part-fund business improvement or business growth projects. For the project extension, the C2 target was increased to 592 SMEs. As at March 2023, the project had supported 550 SMEs and expected to exceed the target, supporting 595 by June 2023. Monitoring data and evaluation feedback indicates this should be achieved by June 2023. As a result, performance against this output indicator has been rated as 'Green'.

#### **C4: Number of enterprises receiving non-financial support**

This output indicator is also a subset of C1: Number of enterprises receiving support. The original target was to support a total of 276 businesses with non-financial support. This was subsequently reduced to 202 businesses to reflect the pattern of demand. However, when the project was extended, the target was increased to 248 SMEs.

As at March 2023, a total of 85 businesses had participated in a Masterclass (34% of the target). The final forecast outturn for this target is 115 C4's by the end of June 2023 (46% of the target). Therefore, performance against this target has been rated as 'Red'.

Evaluation feedback indicates that this target has been more challenging to achieve. The changes to shorter sessions of 2 hours duration, delivered online, has created difficulties in gathering the evidence of 12 hours of support. In addition, evaluation feedback indicates that the market for Masterclasses in County Durham is crowded. To avoid duplication and overlap of provision, NBSL focused delivery of Masterclasses on business topics which were not provided by other projects, which may also have impacted on levels demand.

### **C5: Number of new enterprises receiving support**

The original target was to support a total of 157 new businesses (trading for less than 12 months at the time of application). This was later reduced to 97 new businesses and subsequently increased to 133 for the project extension. As at March 2023, the project had assisted 63 new SMEs (47% of the target) and expected to support a total of 90 by June 2023 (68% of the target). Performance against this indicator has therefore been rated red in line with MHCLG guidance.

### **C6: Private investment matching public support to enterprises**

The original target was to secure private match funding totalling £1,514,376. This was reduced slightly to £1,415,541 at the first change request but following the project extension was increased to £2,322,741.

As at March 2023, £2,167,871, more than 90% of the target match was secured and the project is expected to achieve 100% of the target by June 2023. Overall, the project performed strongly against this indicator, reflecting the overall high demand for grant support which was matched by a financial contribution from the beneficiary SME. Evaluation feedback also found that during the pandemic in particular SMEs were quicker to undertake their grant supported project, defray expenditure and claim their subsidy. Based on the pipeline projects and planned expenditure for the final months, the project team is confident of achieving the full target by June 2023.

### **C8: Employment increase in supported enterprises**

The original target was to achieve an increase in employment in the businesses supported of 228 new jobs. This was increased to 305 new jobs under the project extension.

As at March 2023, the project had achieved just over half of the target (158 jobs). The final forecast outturn for this target is 305 new jobs (100% of the target). Consequently, performance against this target has been rated as 'Green'.

Evaluation feedback indicates that the team are confident of achieving this target, and feedback from the SMEs responding to the interim evaluation surveys, suggests that the target will be achieved. For example, across the 131 survey respondents, a total of 134.5 new FTE Jobs had been created or were expected to be created within 12 months, an average of 1.03 FTE jobs per survey respondent. This is higher than the anticipated 'employment increase in supported enterprises' target for the overall project (an average of 0.37 FTE jobs per business supported (305 jobs / 828 SMEs supported), or 0.5 FTE jobs per business receiving financial support (305 jobs / 592 SMEs).

The final date for reporting C8 outputs is later than the project end date as there is often a time lag between businesses undertaking their improvement project and the effects feeding through into the creation of new jobs. Whilst NBSL expect to achieve the target by the end of the monitoring period there is a risk final numbers may fall short. The NEBSF 4 team, however, are working closely with SMEs to collect the required evidence to achieve this target.

### 3.4 Summary

Overall, NEBSF (4) has made good progress towards its financial and output targets, despite a number of changes in the operating environment, including the pandemic, and more recently economic uncertainty as a result of e.g. the energy crisis. Overall, the project has performed well, achieving 98% of the financial target, and meeting or exceeding three of the six output targets.

However, delivery of the Masterclasses has been challenging, partly due to a crowded market in County Durham, and partly due to changes introduced in response to the pandemic (online delivery of shorter courses), making it more difficult to evidence and report on 12 hours of support. As a result, the project will not meet the C4 target (businesses receiving non-financial support) or the overall C1 target for enterprises supported.

## 4 Project delivery and management

### 4.1 Introduction

This section of the report considers the effectiveness of project delivery and management arrangements. This includes the extent to which the project engaged the target beneficiaries, views from beneficiaries, providers, staff and stakeholders regarding the quality of support, as well as an assessment of the efficacy of governance and management arrangements. It is based on beneficiary data collected by the project, as well as on qualitative feedback from beneficiaries, specialist providers, delivery staff and stakeholders.

### 4.2 Targeting

The North East Business Support Fund (4) was targeted at SMEs based in the transitional area of County Durham, with an ambition to grow. However, during the Covid-19 pandemic the focus of the project was updated with support also targeted at SME business resilience and survival, as well as growth.

The following analysis is based primarily on the project beneficiary monitoring data collected by NBSL. [As at March 2023 the project database contained details of 715 eligible SMEs, including 585 that had received, or are still receiving support from the project, plus a further 130 that have not yet been contracted but which may benefit from support before the project end date in June 2023. The analysis is supplemented with evaluation feedback from 131 project beneficiaries.](#)

#### 4.2.1 ERDF Eligibility

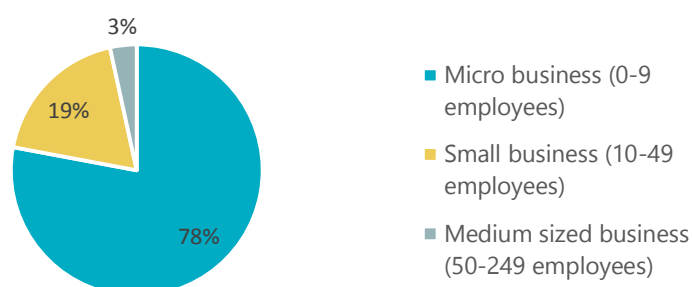
All of the 585 businesses supported by NEBSF (4) <sup>5</sup> were SMEs based in County Durham. The majority of SMEs supported (78%) were micro-businesses, employing between 0-9 people. While this is lower than the total proportion of micro-businesses in County Durham overall (88%)<sup>6</sup>, [the proportion of both small and medium size businesses is higher](#). This is consistent with staff feedback, which suggested that during the early stages of project delivery most businesses seeking support were larger companies, applying for the maximum grant available. However, over time the profile changed with more smaller businesses accessing the project.

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<sup>5</sup> As recorded on the database in March 2023 (excludes those that passed the eligibility check but had not signed a contract and excludes those that withdrew from the project)

<sup>6</sup> ONS: UK Business Counts (2022)

Figure 3: Company size



Source: NBSL Beneficiary Spreadsheet (March 2023)

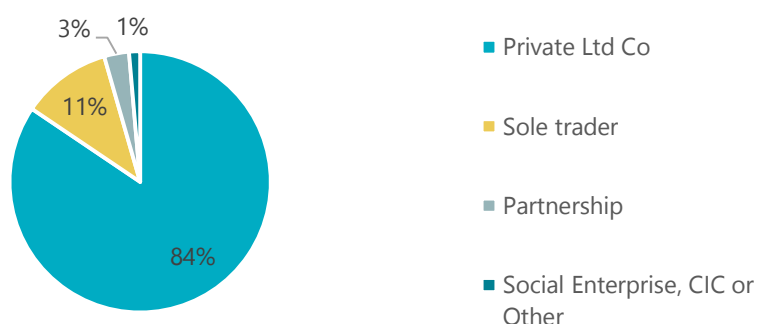
Of the 585 SMEs recorded on the database, 18% were 'new' SMEs i.e. that had been trading for less than 12 months when they sought support, and 82% were 'existing' SMEs i.e. that had been trading for more than 12 months when they sought support.

#### 4.2.2 Company characteristics

As well as considering whether the SMEs supported met ERDF criteria, we have assessed key characteristics of the beneficiary companies to understand the type of businesses that sought support from NEBSF (4).

Overall, the majority (84%) of the beneficiary SMEs were private limited companies. There was also a number of sole traders (11%) and a small number of third sector organisations (1%) supported by the project.

Figure 4: Legal status of beneficiary SMEs



Source: NBSL Beneficiary Spreadsheet (March 2023)

Evaluation data suggests SMEs who participated in a Masterclass were typically smaller than those accessing grant support. For example, analysis of the SME beneficiary survey indicates that the majority (59%) of Masterclass participants had an annual turnover of less than £50,000. However, while just under a quarter (24%) of grant recipients had an annual turnover of less than £50,000, the greatest proportion (37%) reported an annual turnover in excess of £500,000.

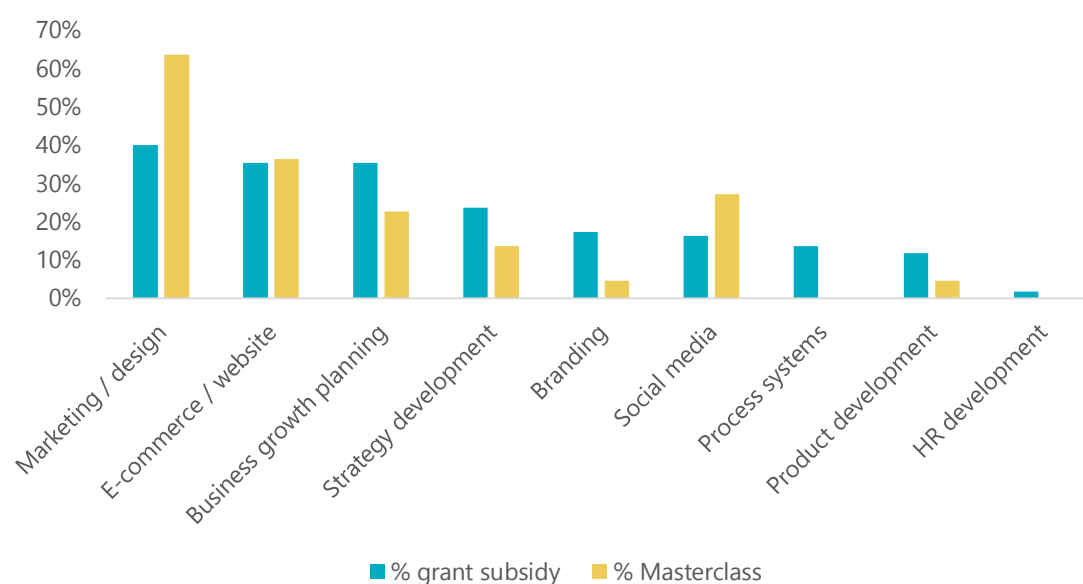
Figure 5: Company size by turnover



Source: Survey of beneficiary businesses – (131 responses)

Of those businesses providing evaluation feedback, the greater proportion sought help with marketing and design, both amongst businesses that benefited from a grant subsidy and those that attended a Masterclass.

Figure 6: Type of support sought by beneficiary businesses

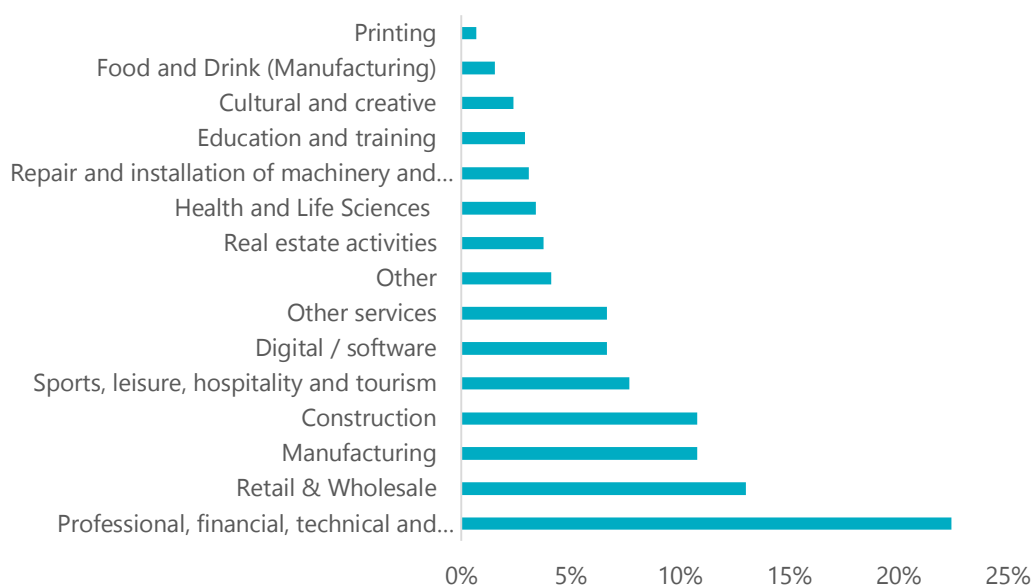


Source: Survey of beneficiary businesses (131 responses)

NEBSF (4) provided support to SMEs operating across a wide range of sectors. The greatest proportion of beneficiary SMEs (22%) were within the 'Professional, Technical, Financial and Business Services' sector, followed by businesses operating in 'Retail and Wholesale' (13%); 'Manufacturing' (11%) and 'Construction' (11%).



Figure 7: Beneficiary SME by sector



Source: NBSLs Beneficiary Spreadsheet (March 2023)

### 4.3 Quality and effectiveness of delivery

This section of the report explores the effectiveness of the NEBSF (4) delivery model, and the quality of the support provided, based on feedback from beneficiaries, staff, stakeholders, and providers. It is structured around the main stages of the project including:

- Awareness raising, demand and referral activities;
- The position of NESBF (4) within the marketplace;
- The quality and effectiveness of the delivery model (grant subsidy and two-day Masterclass).

#### 4.3.1 Awareness raising, demand and referrals

Evaluation feedback suggests that demand for the project from SME's in County Durham has fluctuated. Prior to the first national lockdown in March 2020, demand was lower than expected, particularly for the Masterclasses. It began to increase prior to the start of the pandemic, and from March 2020 there was a significant surge in demand. However, since the ending of Covid restrictions, and the launch of the project extension, demand has fluctuated, primarily due to economic uncertainty arising from the war in Ukraine, the energy crisis and the cost of living crisis.

Feedback suggests that NEBSF is now an established product in the market in County Durham, with a high level of awareness among the business community, specialist providers, and partner organisations delivering business support in the County. As a result, it is often the 'default option' for many providers in referring businesses for support.

Initially, to generate demand and raise awareness of the project, NBSL reported using a number of channels to promote the support available from NEBSF (4).

Activity included:

- Attendance at business support events
- Networking events
- Social media
- Use of case studies (including animation and video case studies) and SME testimonials in press and partner publications
- Press releases
- Newsletter / e-shots to the extensive NBSL business database, including previous beneficiaries of NEBSF support
- NBSL website
- Provider briefings
- Appointment of a new marketing manager
- Intermediary briefings.

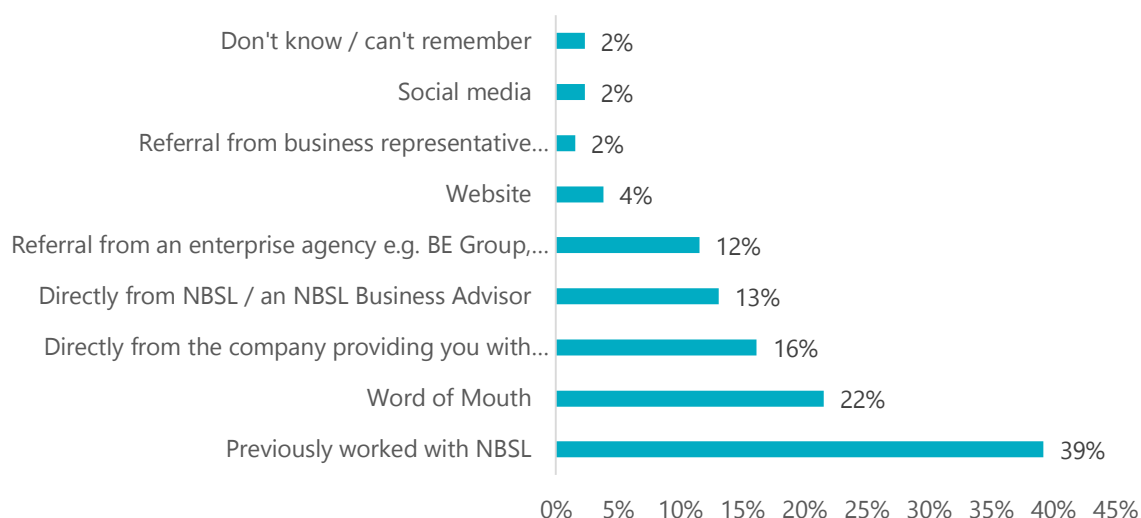
In June 2019, NBSL appointed a Marketing Manager whose responsibilities included raising demand for the project among SMEs in County Durham. Staff reported that the appointment of this post, with a regular and consistent approach to marketing, had a positive impact and with SME demand gradually starting to increase prior to the start of the pandemic. Staff reported that the marketing manager role was important in changing the tone of messaging to reflect SME changing priorities, and also in updating the website with the latest information about the support available to businesses and how to apply. This continued as the project was extended.

Staff and stakeholder feedback suggests NBSL effectively maintained and developed strong relationships with key partner organisations in County Durham. They collaborated closely with the wider network of enterprise agencies and support providers to develop effective referral processes. Stakeholders reported that regular contact was maintained throughout the pandemic. This enabled organisations to continue to make appropriate referrals and support each other with advice and guidance to ensure they could deliver effective support to the business community.

Data from the business survey shows that NBSL's wide reach into, and relationships with, the local business community played an important role in engaging SMEs onto the project. 39% of survey respondents reported that they first found out about the project because they had previously worked with NBSL, which is an increase of 8% since the time of the first interim evaluation in 2019. Businesses also reported that they found out about the project via word-of-mouth (22%), or from the organisation providing them with specialist support (16%).

Previously, the main source of referrals into NEBSF projects was via the Provider Network. However, this reduced to 16%, down from 21% at the last evaluation. There was an increase in the proportion of SMEs finding out about the support either from NBSL directly or another enterprise agency, indicating continued development of NBSL's track record in the local business community.

Figure 8: How did you first find out about NEBSF (4)?



Source: Survey of beneficiary businesses

Evaluation feedback also suggests progress was made in further increasing awareness about the project across County Durham. We asked the specialist providers whether SMEs based in the County were aware of the project and what it could offer. While just over one-fifth (21%) thought businesses were aware of the project at the time of the first interim evaluation, this increased to just over one third (34%) at the second interim evaluation. Meanwhile the proportion of providers who thought local businesses were not aware of NEBSF (4) fell from 63% to 50%.

Figure 9: Are SMEs in County Durham are aware of the North East Business Support Fund?



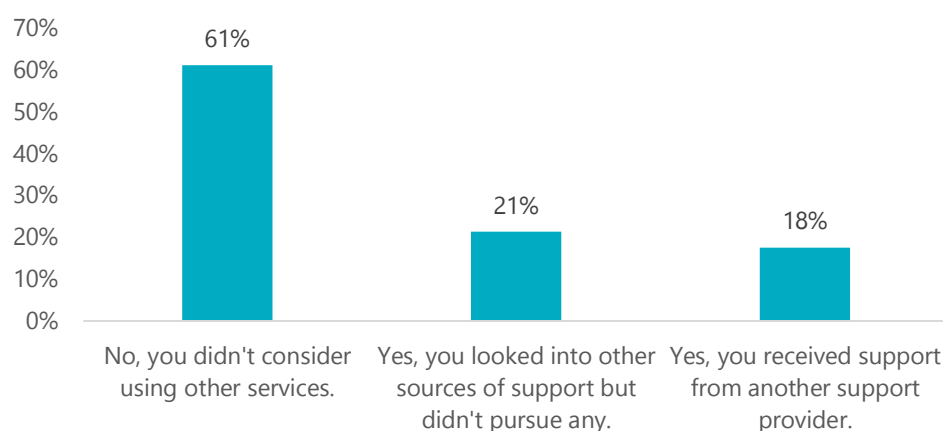
Source: Survey of providers

#### 4.3.2 Position in the market

We explored with both beneficiary SMEs and providers whether they had considered other sources of support and what appealed to them most about NEBSF (4).

The majority of businesses (61%) reported that they only used NEBSF (4), while 21% of all business respondents reported that they had looked into other forms of support but did not use them, and 18% of all business respondents did access other forms of support.

Figure 10: Did you consider using other sources of business support?



Source: Survey of beneficiary businesses

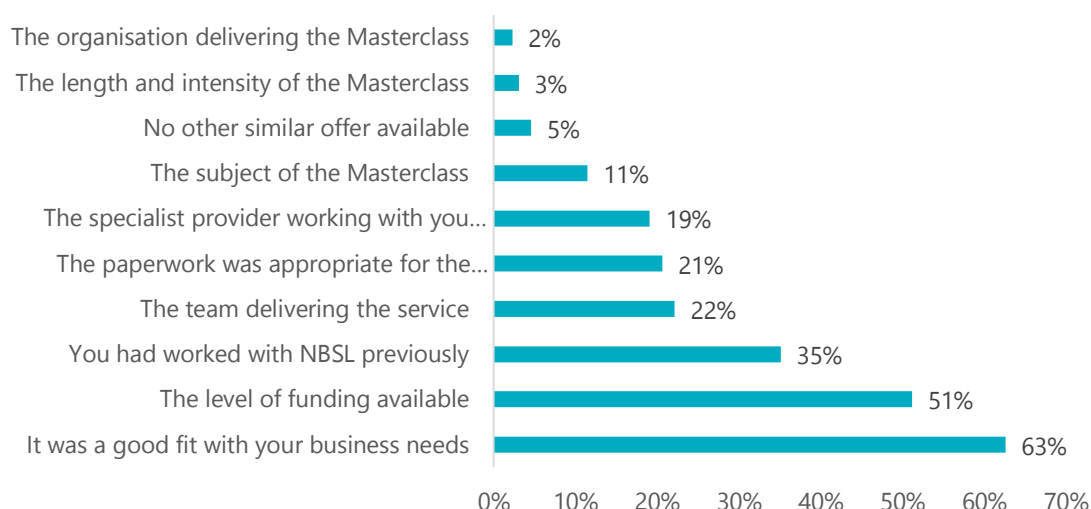
For the 61% of SMEs that did not consider using other services, this was either because the business felt NEBSF (4) was able to fully meet their needs and enabled them to do the project they wanted (40%); or because they weren't aware of other support services (60%).

The other types of support businesses most commonly considered were Digital Drive (50%), the North East LEP Scaleup Programme (29%), Durham Business Opportunities Programme (18%) and The North East SME Innovation Programme (7%). The main reason for not going on to use these services was the project being more suited to NEBSF (48%), while 19% of respondents said there was no reason in particular and 15% thought the application process would be too time consuming.

A total of 23 businesses reported that they used other support services, with the most commonly used services being Digital Drive (61%), the North East LEP Scaleup Programme (52%), and The North East SME Innovation Programme (22%).

Analysis of the data shows that NEBSF (4) specifically appealed to the majority of businesses because they thought it was a good fit with their business needs (63%) or because of the level of funding available (51%). In addition, just over one third of respondents (35%) were attracted to the support because they had worked with NBSL previously.

Figure 11: What appealed to you specifically about the NEBSF support? (Beneficiary businesses)



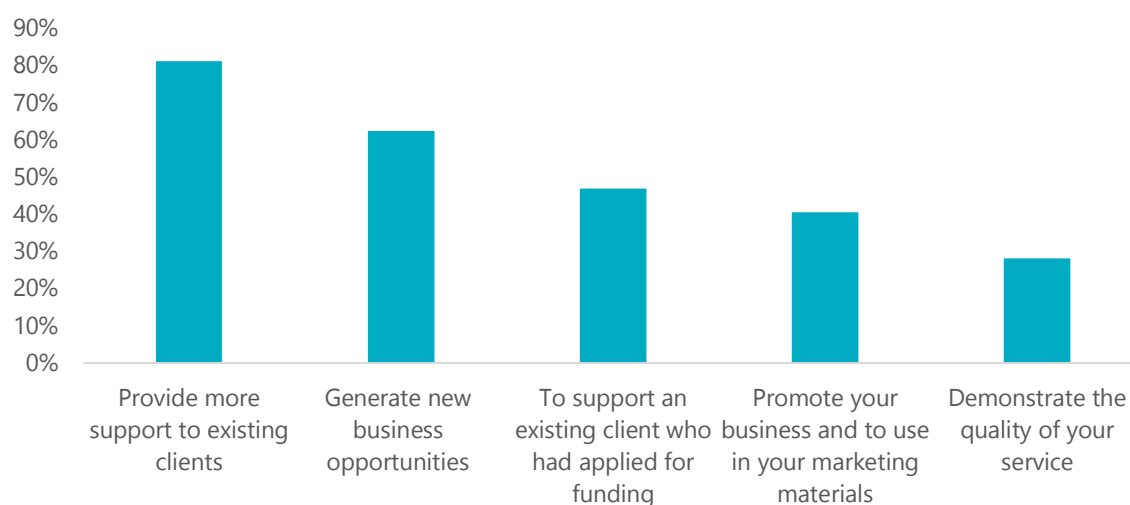
Source: Survey of beneficiary businesses

During the second interim evaluation, we also asked SMEs the extent to which Covid-19 had influenced their decision to seek support from NEBSF (4). Of the 61 SMEs who responded to the second interim evaluation survey, 41% said they were seeking support to help them address specific business challenges or opportunities created by Covid-19. Primarily these businesses were seeking support with digital adoption, adapting to changes in their market and finding new routes to market.

When asked if Covid-19 had impacted their role in NEBSF (4), a small number of providers said there had been a reduction in demand for support, which they attributed to businesses lacking funds to proceed with projects or having other priorities. However, two providers did report they had seen an increase in demand for support, largely due to businesses moving more towards online delivery.

An important driver for providers registering with NBSL was to enable them to provide more support to their existing clients by using the subsidy (81%), or to generate new business opportunities (63%). Providers reported that, overall, their objectives for registering with NBSL had been met, with some providers generating new business and increasing sales. However, four providers reported that they expected to receive more referrals from NBSL, which suggests that new providers joining the network were perhaps not aware of their own role in generating referrals for NEBSF (4).

Figure 12: Why did you choose to register as a provider?



Source: Survey of providers

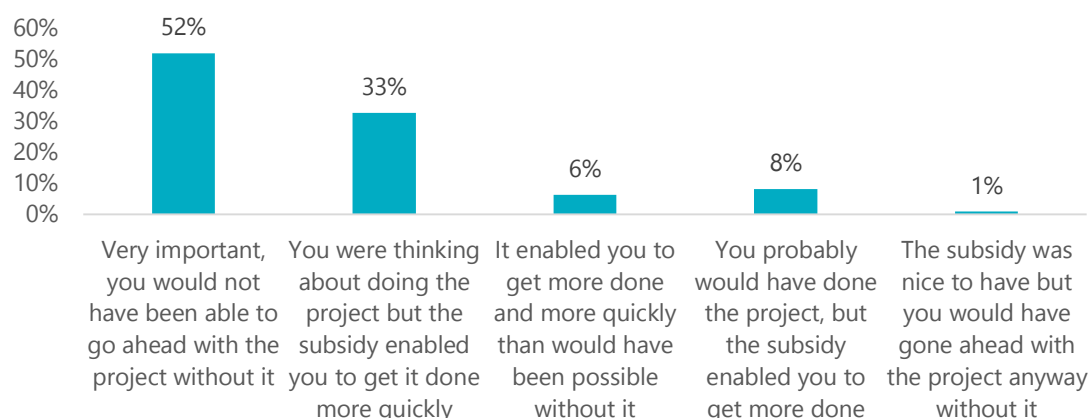
### 4.3.3 Delivery model

The key aim of NEBSF (4) was to help businesses grow either by providing a financial subsidy to help reduce the uncertainty and risk of investing in external expertise (e.g. to develop a marketing strategy) where the potential returns to the business and payback period could be uncertain, or by participating in a two-day Masterclass. As a result of the Covid-19 pandemic the project also sought to support business resilience and survival rather than being focused only on growth.

#### The grant subsidy

84% of all SMEs who responded to the survey had benefited from a grant subsidy towards the cost of specialist consultancy support. For the majority of businesses (99%) the subsidy made an important difference. For 52% of businesses, it enabled them to undertake a project which they would not otherwise have been able to do. The proportion of businesses who said the project would not have gone ahead without the subsidy increased by 8% since the first interim evaluation. In addition, it enabled businesses to undertake a larger project (8%); to do the project more quickly than would otherwise have been the case (33%); or in the case of 6% of businesses, to both undertake a larger project and do it more quickly. Only a very small proportion (1%) of respondents felt they would have undertaken the project anyway even without the subsidy.

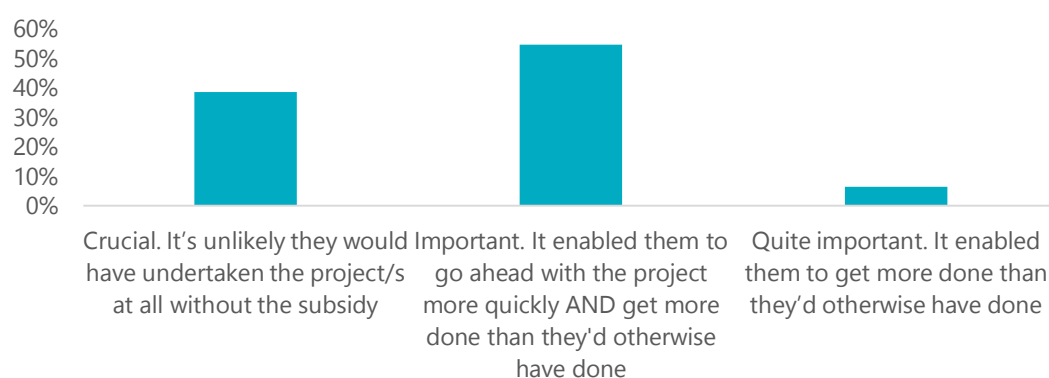
Figure 13: How important was the subsidy in enabling you to go ahead with the project?  
(SME respondents)



Source: Survey of beneficiary businesses.

This was supported by feedback from providers, all of whom reported that the subsidy was crucial, important, or quite important in enabling beneficiary SMEs to go ahead with their growth project. This included 39% who said it was unlikely the project would have gone ahead without the subsidy, an increase of 10% on those giving this response at the first interim evaluation. None of the providers consulted felt that the SMEs they had supported would have been able to go ahead with their project, on the same scale and over the same timescale, without the financial assistance provided by the subsidy.

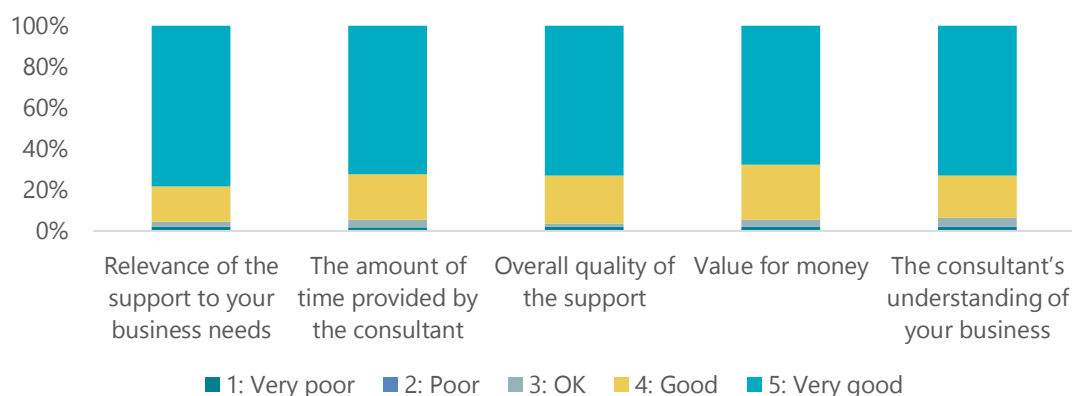
Figure 14: Which statement best describes the role of the subsidy in enabling SMEs to go ahead with the project?



**Source:** Survey of providers

Businesses would typically source the specialist provider themselves. For example, they may have had an existing relationship with the provider or some used word-of-mouth recommendations to find a suitable provider. In a small number of instances, businesses used NBSL's provider framework to procure specialists. Overall, the support businesses received to date was rated highly, with on average (across all aspects) 95% of businesses stating it was good or very good. Details are shown in Figure 16.

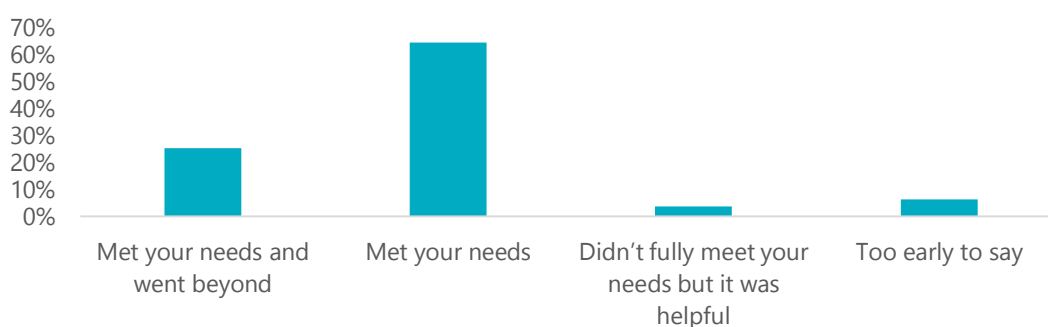
Figure 15: How would you rate the following aspects of the specialist consultancy support?



Source: Survey of beneficiary businesses

90% of survey respondents reported that the specialist consultancy support either met their needs or met their needs and went beyond, an increase of 8% since the first interim evaluation. In addition, a small proportion (4%) said that the support was helpful but didn't fully meet their needs, while 6% of business survey respondents reported that it was too early to say, as they had only recently started their business growth or improvement project.

Figure 16: Overall, to what extent did the support meet your needs?



Source: Survey of beneficiary businesses

The most effective aspects of the project identified by beneficiary businesses was the availability of grant funding, and the specialist advice and support from the consultant. In particular survey respondents highlighted the quality and knowledge of staff supporting them, as well as the importance of the funding which enabled the project to go ahead. This is consistent with feedback from providers, who highlighted the funding as being one of the most beneficial aspects of the support. Staff and stakeholders suggested that the most effective aspects of the project were its flexibility and ability to respond to SMEs needs, alongside the strong partnership working in the County, to help ensure SMEs were referred into the most appropriate support programme.



When asked which aspects of the support they did not find particularly useful, or whether the support could be improved, a small number of businesses suggested improvements. This included seven businesses that suggested improving the admin and paperwork, which largely related to having a digital rather than paper-based application process. Staff feedback suggested that, as a result of the pandemic, project management and administration for all projects managed by NBSL did move online and this was continued as digital signatures (using docuSign) were accepted.

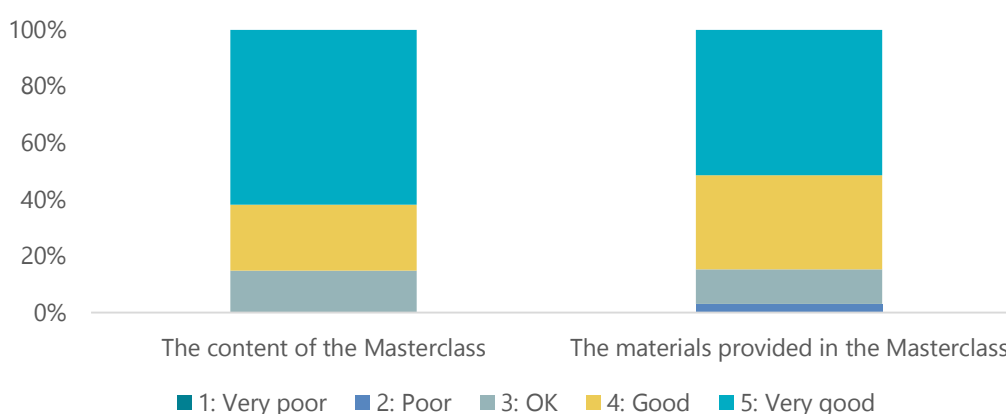
In addition, six businesses identified customer service issues, largely related to communication and responsiveness of staff. Meanwhile four businesses said they would like more funding and two that they would like more support. However, it should be noted that the most common response to the question of potential improvements were that there were none and that all aspects of the support had been helpful.

### Masterclasses

As an alternative to providing SMEs with access to a grant subsidy towards the cost of a business growth project / specialist consultancy support, NBSL also offered access to Masterclasses, particularly for those businesses that wanted to grow but were too small to access a grant subsidy towards the cost of a growth project.

Of businesses responding to the survey, 17% had taken part in a Masterclass. Overall, the key aspects of the Masterclasses were rated as good or very good by the majority of beneficiary businesses. In particular, participants highly rated the content of the Masterclass they attended, with 86% rating it as good or very good.

Figure 17: How would you rate the following aspects of the Masterclass you attended?

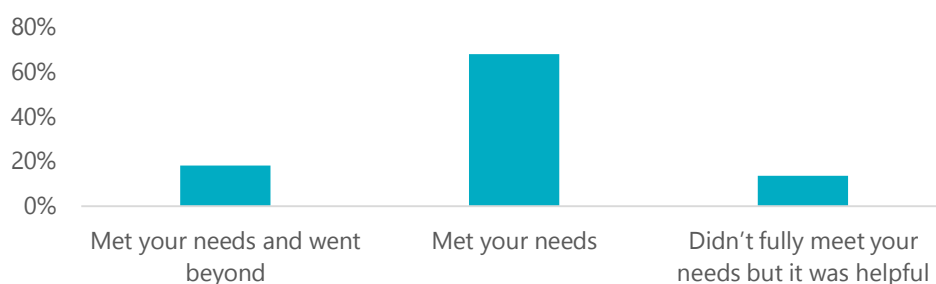


Source: Survey of beneficiary businesses

When asked about the most effective aspects of the Masterclasses, beneficiary businesses highlighted that it had provided them with valuable skills and knowledge and that they had been able to apply this learning to support their business improvement and growth, for example by engaging with new customers or improving their marketing capabilities. Businesses also reported that the Masterclasses created time and space to think about their business and how to

move it forward, as well as providing the opportunity to network. Businesses also valued the expertise and knowledge of the facilitator, particularly the opportunity for a one-to-one discussion to explore specific issues in more detail.

Figure 18: Overall, to what extent did the support meet your needs?



Source: Survey of beneficiary businesses

The majority of businesses reported that participating in the Masterclass had either met their needs (68%) or had met their needs and gone beyond (18%). A small proportion of businesses (14%) reported that the Masterclass didn't fully meet their need but was nevertheless helpful.

In terms of improvements, two SMEs suggested for grouping participants of a similar level of skills and experience (for face-to-face delivery) and two suggested that having access to one-to-one consultancy support for a short while after the Masterclass to help implement the learning would be useful. This suggests that some SMEs perhaps were not aware that they could access a grant subsidy towards the cost of specialist consultancy support, or perhaps that they would have liked to access the specialist support without having to make a financial contribution.

Evaluation feedback from staff and stakeholders suggests that demand for Masterclasses started to increase prior to lockdown in March 2020. This may have been because NBSL introduced some changes to the Masterclasses, offering shorter bite-size sessions of four hours. Following lockdown, all delivery moved online, with Masterclass sessions being delivered over two-hours. [In addition, to avoid overlap with other business support offers available in the County, NBSL focused delivery of Masterclasses on business topics \(as opposed to digital topic such as google analytics\). This continued as restrictions were relaxed and appeared to be popular with businesses although it presented challenges for hitting \(and evidencing\) the target of 12 hours support.](#)

### Overall delivery model

Overall, evaluation feedback shows that the NEBSF (4) delivery model worked well and was sufficiently flexible to respond quickly to changing circumstances, and SME needs. Stakeholder feedback suggests that the project became a well-established part of the business support landscape in County Durham, with a simple streamlined process, providing an effective way for SMEs to access support for their business.

Table 4 includes some direct quotes from beneficiary businesses about the support they received from NESBF (4), including both a grant subsidy, and participating in a Masterclass.

Table 4: Direct feedback from beneficiary businesses

<i>"They were wonderful, and we are very lucky that we have this support in County Durham."</i>	<i>"I'm delighted to have been able to receive support and am very grateful. First class support at every stage. Thank you!"</i>	<i>"Useful scheme - timely - helped the business to survive and have confidence in staying in business."</i>
<i>"The support has increased sales from new and existing customers."</i>	<i>"Very quick process and still in my opinion the easiest funding provider to deal with."</i>	<i>"It was first class and packed full of information. The trainer was very knowledgeable."</i>
<i>"The support enabled us to get the inspiration to challenge our collective thinking, confront problems head-on and put ideas into action with confidence."</i>	<i>"Everything was on time and very easy to use. I would definitely recommend it to anyone else who wants funding."</i>	<i>"Helped improve my social media marketing, leading to an extra 800 likes on Facebook and many more enquiries since"</i>

## 4.4 Horizontal principles

This section of the report explores the extent to which the two ERDF cross-cutting principles of equality and diversity, and environmental sustainability were integrated into the project.

### 4.4.1 Equality and Diversity

The North East Business Support Fund (4) built on the experience of previous NEBSF projects. It was available to any business located in the transitional area of County Durham, that had started trading. Evaluation feedback indicates that NBSL had an equality and diversity policy in place, and regularly gathered statistics about equality and diversity to monitor project performance, identify potential gaps, and put measures in place to address any areas of under-performance during delivery.

Staff feedback suggests that changes introduced to project delivery in response to the pandemic generated equality and diversity benefits, which helped to further embed this cross-cutting theme. For example:

- The move to online delivery improved access to both strands of the project, (grant subsidy and masterclasses), particularly for SME's based in the more rural and remote parts of County Durham. It also helped to widen the beneficiary base, enabling SMEs that had not previously accessed support from NEBSF to participate in the project.

Online delivery of shorter, more focused Masterclasses removed the need for SMEs to travel. Participating in a two-hour online session was more accessible and manageable for businesses, than attending a 4-6 hour face-to-face session with added costs and travel time.

The change to hybrid working, incorporating both face-to-face and remote delivery (as appropriate) has reduced the need for face-to-face meetings with clients, which often involved travel. This has made it easier for SMEs to engage and participate in the project, with support available online, and administration undertaken remotely.

#### 4.4.2 Environmental sustainability

NBSL was and continues to be committed to the principles of environmental sustainability, which underpinned its approach to this cross-cutting theme. Staff reported that, since March 2020, when the first national lockdown began, the change in working practices e.g. working from home, and remote delivery, had a positive impact on the environment sustainability of the project. For example:

- There was a significant reduction in travel e.g. to meet with clients, to attend networking events, and in attending Masterclasses, which reduced the project's carbon emissions.
- Online delivery and remote working reduced the amount of paper used in the administration and management of NEBSF, making it a more environmentally sustainable way of managing the project.

Staff feedback also suggests that there has been a recent increase in the number of projects seeking to reduce their carbon footprint and / or improve their energy efficiency, partly driven by the energy crisis, and the need to reduce costs. Supporting these projects will also have a beneficial impact on the environment.

#### 4.5 Management and governance

The management and governance arrangements for NEBSF (4) were effective and based on a tried and tested model. There was a small core team within NBSL, that provided management and administration for the project, including performance management, ERDF eligibility and compliance checks, and the preparation and submission of claims; plus a small team of Business Advisors based in County Durham. The staff team, which had consistently worked on NEBSF 4, as well as previous versions of the project, had the right skills and experience to manage the project effectively, with robust performance management and monitoring systems in place to ensure compliance with ERDF requirements.

The management and governance arrangements for the project remained consistent throughout the delivery period. However, changes to working practices and internal processes introduced as a result of the Covid-19 pandemic (e.g. online delivery), have been maintained, with the team adopting a hybrid model of working.

Staff reported that the changes to working practices introduced in response to the pandemic, proved to be a more efficient, productive, and cost-effective way of working, and have been maintained. For example:

There was no need to travel, often long-distances, to attend meetings. As a result, there were significant savings on travel expenses, which were diverted to other cost headings within the project budget.

Paperwork was being completed quickly in a period of one to two days, rather than over a week. In addition, the team started to use 'docusign' in other projects, which improved overall efficiency, and which was well-received by SMEs. As the requirement for a hard copy signature was relaxed, this approach continued.

Team meetings were more regular, and all members of the team were able to attend, which strengthened team working.

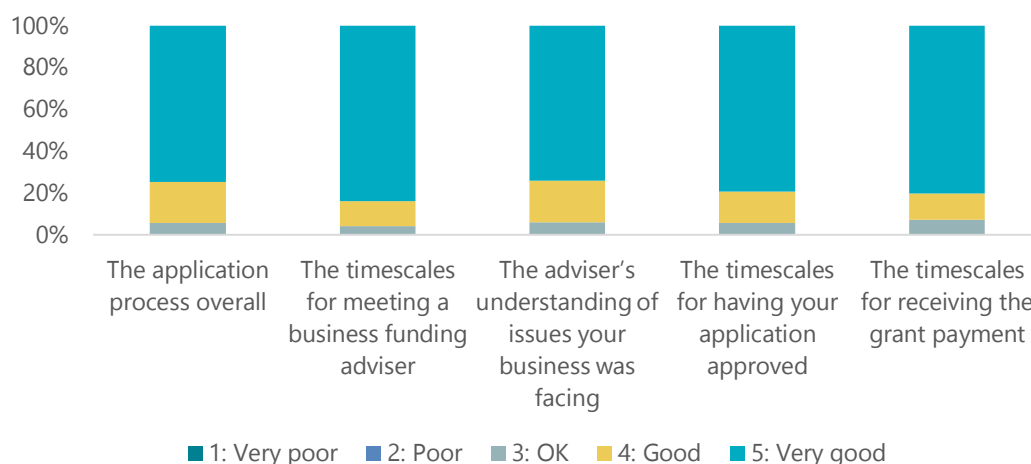
It was also suggested that the team had time to provide more support and advice to clients, for example, writing a blog to take clients through the process on a step-by-step basis, and preparing more detailed written guidance on how to complete and submit a grant claim.

In the first interim evaluation, a particular challenge identified by staff was the length of time some SMEs take to undertake their project and claim the grant. From March 2020, however, this appeared less of an issue with SMEs completing paperwork and claims more quickly. This may have been because they had more time available as a result of the pandemic, or because the project was required urgently to enable the business to continue trading.

Staff reported that the main challenge experienced in delivering the project extension has been with recruitment and retention of compliance staff.

Feedback about the management of the programme, from beneficiary SMEs that received a grant subsidy, was also positive, with most aspects being rated as good or very good. In particular, 96% rated the timescales for meeting a Business Funding Advisor as good or very good, and 94% rated their understanding of the issues they were facing as good or very good. Meanwhile, 95% of businesses highly rated the overall application process.

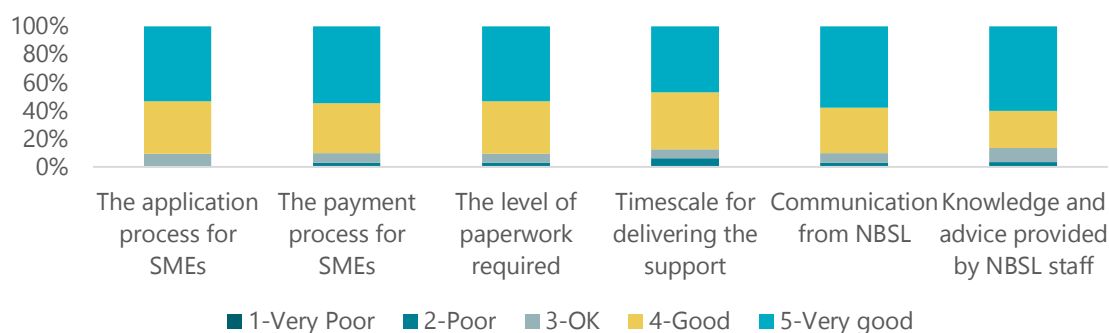
Figure 19: How would you rate the following aspects of the support provided by NBSL (SME responses)?



Source: Survey of beneficiary businesses

The providers also rated the different aspects of the overall Fund management positively, with many commenting that it was an efficient and very well-run project. Both the application process for SMEs and the level of paperwork required were rated as good or very good by 91% of providers and communication from NBSL was rated as good or very good by 90% of providers.

Figure 20: How would you rate the following aspects of the delivery model and management arrangements (Providers)?



Source: Survey of providers

A very small number of providers reported that the project administration was too onerous, there had been a lack of communication from NBSL or that they were unclear about the referral process between themselves and NBSL. There were also a small number of providers who said the criteria for funding could be clearer, as some SMEs had applications for support turned down / told they were ineligible to apply, and they were unclear as to why. However, it should be noted that these comments were made by only a small proportion of the providers who responded to the survey, and the majority of feedback on project management was positive.

## 4.6 Summary

Overall, the project was well targeted, engaging SMEs based in County Durham, and which operated across a wide range of sectors.

Demand for support from NESBF (4) [overall fluctuated over the lifetime of the project](#). The appointment of a Marketing Manager in summer 2019, with the delivery of a sustained and regular marketing and communication programme of activity resulted in a steady increase in demand prior to March 2020. Following the first national lockdown, the project experienced a significant surge in demand. This caused a temporary closure as funding had been allocated until a project extension was secured to continue delivery to June 2023.

Evaluation feedback suggests that, an existing relationship with NBSL, or a personal recommendation, were important sources of SME referrals in County Durham. The majority of businesses (61%) reported that they first found out about NEBSF (4) through one of these routes. In addition, the number of referrals to the project from other business support providers increased over time, demonstrating the strength of relationships, and growing awareness of the project across the wider network of business support providers.

SME feedback suggests that NEBSF (4) appealed to businesses either because it fit well with the projects businesses were planning to undertake (63%), or because of the level of funding available (51%); while the main appeal to providers was to deliver more support to their existing clients by using the grant subsidy (81%) or to generate new business opportunities (63%).

Covid-19 had an impact on SMEs. 41% of those who provided feedback for the second interim evaluation report had sought help to address specific business challenges or opportunities created by the pandemic.

Evaluation feedback from businesses, providers, staff and stakeholders indicates that the delivery model worked well, and was sufficiently flexible to respond quickly to changing circumstances, and SME needs. The quality of the support was highly rated by beneficiaries. The availability of the subsidy played an important role in enabling SMEs to invest in growth plans or adaptations to their operating model as it helped to reduce the risk of investment decisions. The Masterclasses helped smaller businesses unable to access the grant funding, to benefit from external expertise. Feedback also indicates that the project became a well-established part of the business support landscape in the County, with a simple streamlined process which provided an effective way for SMEs to access support for their business.

A small number of improvements to the project were suggested, for example, the introduction of a fully digital application process, an increase in the level of grant funding available, and to be able to access more consultancy support.

Overall, the management and governance arrangements for NEBSF (4) were effective, and remained consistent throughout the project delivery period. However, significant changes introduced to working practices as a result of the pandemic, have been maintained, [with NBSL adopting a hybrid model of working incorporating both home and office-based working alongside face-to-face and](#)

[virtual delivery](#). The changes proved to be a more efficient and productive way of working and most were maintained. They also helped to further embed the two cross-cutting themes of equality and diversity, and environmental sustainability into project delivery. They reduced the need for staff, beneficiaries and providers to travel to meetings or Masterclasses, and helped widen access to the project as a result of online delivery.



## 5 Project outcomes and impacts

### 5.1 Introduction

NEBSF (4) sought to enhance the competitiveness of SMEs in County Durham, by enabling them to access external expertise to help implement business growth or improvement plans. The main target outcomes for the project, identified in the logic model, were SME growth in terms of increased turnover or employment, and an increased capacity to grow, while the overall impact of the project was expected to be an increase in GVA.

This section of the report assesses the extent to which the project made progress towards the outcome and impacts set out in the logic model, and the difference it made to beneficiary businesses.

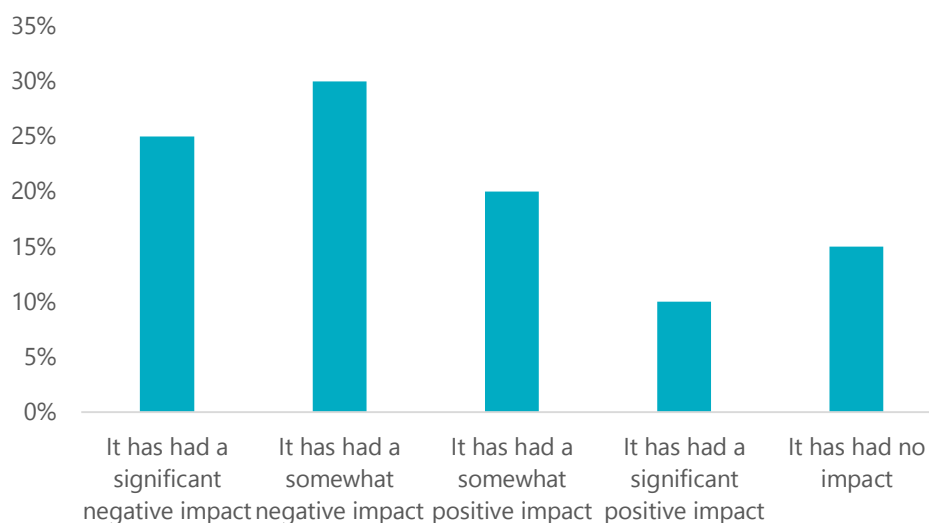
The analysis is based on feedback from beneficiary businesses, NBSL's beneficiary database, and feedback from providers, staff and stakeholders. [Due to the time constraints it was not possible to revisit the beneficiary survey for the final evaluation so impacts are based on feedback reported at the two interim stages.](#)

### 5.2 Progress towards outcomes and impacts

It is important to note that some evaluation feedback was gathered during 2020 and 2021 and some businesses, particularly those that received support during the Covid-19 pandemic, were impacted by this which in turn affected project performance. For example, a number of businesses had to move their services and operations online, while others had to close altogether as a result of lockdown restrictions.

The largest proportion of beneficiaries (55%) reported a negative impact on the progress or outcome of their project as a result of the pandemic, while 30% said the impact had been positive. Meanwhile, 15% said it had no impact on the progress or outcome of their project.

Figure 21: Has Covid-19 had an impact on the progress or outcome of your business improvement project?



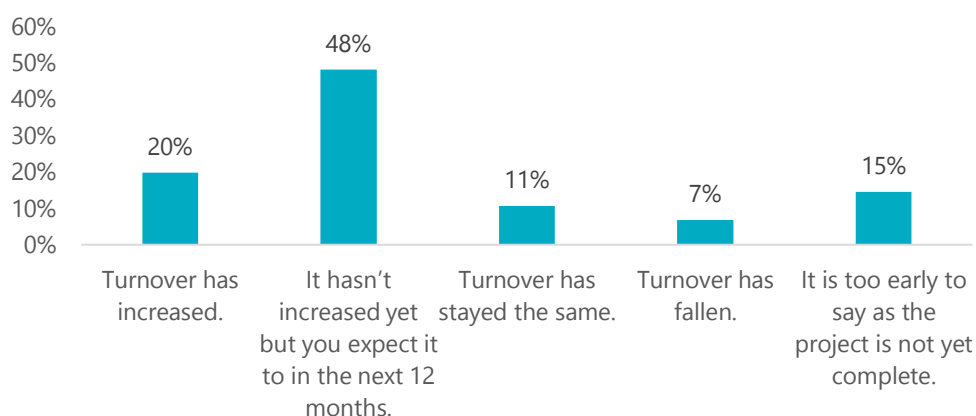
Source: Survey of beneficiary businesses

In some cases, projects stalled due to businesses having other priorities for both their time and finances. During and immediately after the pandemic, business closures, falling sales and ongoing uncertainty meant some businesses were unable to achieve any growth in sales, turnover or employment. However, a small number of businesses also reported more positive impacts, including lockdown giving them time and space to work on the project; being able to successfully adapt their business model to new market conditions; or experiencing an uplift in sales as a result of the pandemic.

### 5.2.1 Turnover

Since undertaking the growth project, 20% of SME survey respondents saw their turnover increase.. A further 48% of survey respondents said they expected to see turnover increase within the next year, while 15% were still in the process of delivering their growth project.

Figure 22: How has turnover changed since undertaking the project?



Source: Beneficiary business survey

The majority of businesses (88%) who reported an actual growth in sales and turnover had benefited from a grant subsidy towards the cost of external expertise to implement a growth or business improvement project, while 12% had participated in a Masterclass. The actual growth reported ranged from as little as £5,000 up to as much as £6m, as reported by one business. The cumulative actual increase in turnover equated to £11,097,000. The majority of businesses (64%) reported an increase in turnover of £50,000 or less.

The extent to which growth in turnover was directly attributable to NEBSF (4) varied. In most cases, the businesses who experienced actual growth in sales and turnover felt that at least some of the growth was due to the project. The median average was between 11% and 20% of growth in turnover being attributable to the support. Two businesses reported that none of the increased turnover was attributable to the project, while another two attributed as much as between 91% and 100% of growth directly to the support received from NEBSF (4).

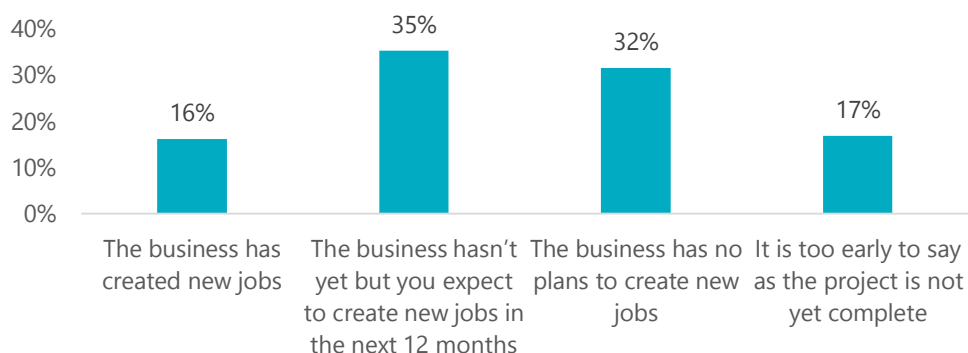
Nine SMEs that provided feedback for the first interim evaluation, provided additional feedback on impacts for the second interim evaluation report. Since the first report was published in June 2019, 44% reported an increase in annual turnover, ranging from £3,000 to £300,000, while a further 22% expected turnover to increase in the next 12 months by between £5,000 and £100,000. However, 89% of these businesses reported that Covid-19 had a significant or moderate negative impact on their turnover. Businesses reported that, as a result of the pandemic, they had closed temporarily, ceased to deliver some aspects of their offer, and / or adapted their delivery model to comply with Covid restrictions, all of which had a direct impact on turnover.

A number of providers also stated that they had achieved business growth as a result of NEBSF (4). Primarily this was in the form of increased sales as a result of being able to attract new clients, undertake projects on a larger scale or secure projects that may otherwise not have gone ahead.

### 5.2.2 Jobs created

Just over half (51%) of survey respondents reported a positive impact on employment growth. However, just under one-third (32%) of business survey respondents reported that they did not expect to create any new jobs.

Figure 23: Since the NEBSF project have you created any additional jobs?



Source: Beneficiary business survey

The majority of businesses (95%) who reported they had created new FTE jobs, and 96% of those that expected to create new FTE jobs in the next 12 months, were businesses that benefited from a grant subsidy.

21 SMEs reported that 49.5 FTE posts had been created. A further 46 SMEs expected to create an additional 85 new FTE jobs in the next 12 months, a total of 134.5 new FTE jobs. This equates to 1.03 FTE jobs per survey respondent.

Table 5: Jobs created by survey respondents

	Total FTE jobs reported by survey respondents	Average job per survey respondent
Actual jobs created to date	49.5	0.4
Forecast jobs to be created in next 12 months	85.0	0.6
<b>Total jobs created and forecast</b>	<b>134.5</b>	<b>1.03</b>

By the end of March 2023, SMEs benefiting from support had reported and evidenced a total of 158 new FTE jobs since the end of their business improvement project, with a total of 305 new FTE jobs expected by the end of June 2023.

The extent to which growth in employment was directly attributable to NEBSF (4) varied. In most cases, the businesses that created new FTE jobs felt that at least some of the growth in employment was a result of the project. The median average was between 11% and 20% of growth in employment being attributable to the support. One business reported that none of the increased employment was attributable to the project, while another two attributed as much as between 61% and 80% of growth directly to the support received from NEBSF (4).

Three of the nine businesses providing additional impact information collectively expected to create 8 FTE jobs in the next 12 months. 33% of these businesses also reported that the pandemic had a significant or moderate impact on employment within their business. Some staff were furloughed and/or vacant posts went unfilled.

### 5.2.3 Jobs safeguarded

As well as creating new jobs, the support could help businesses to safeguard existing jobs. 22% of business survey respondents reported the project helped them to safeguard jobs and a further 10% reported it would help to secure business and jobs over the next 12 months, preventing redundancies.

Figure 24: Has the project enabled you to safeguard any jobs which otherwise would have been made redundant?



Source: Beneficiary business survey

A total of 48 safeguarded jobs were reported by survey respondents and they expected to safeguard a further 27.5 jobs, which otherwise would be at risk of redundancy in the next year. This equated to an average of 0.6 FTE jobs safeguarded per business survey respondent.

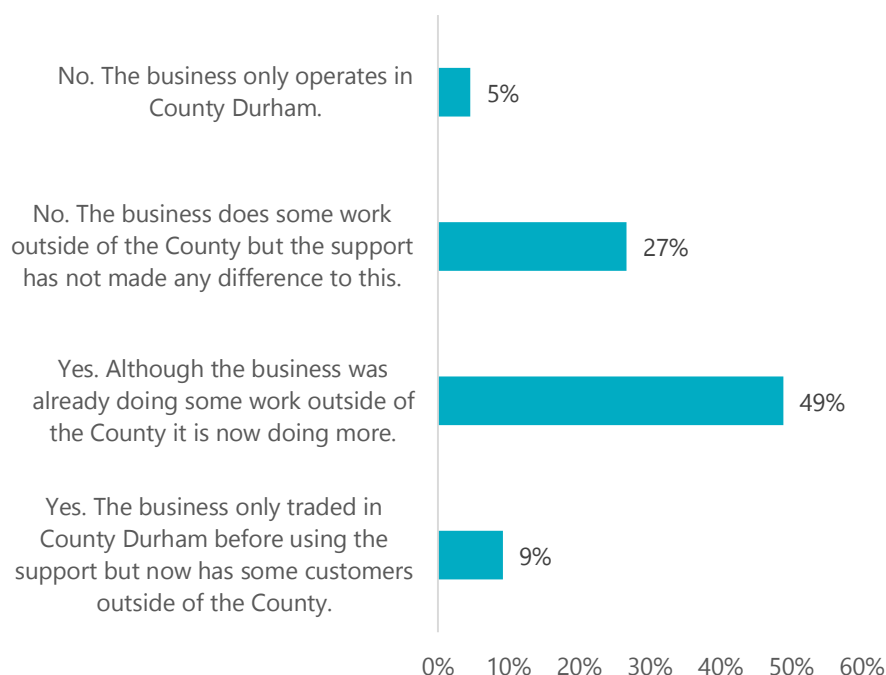
Table 6: Jobs safeguarded by survey respondents

	Total FTE jobs reported by respondents	Average job per survey respondent
Actual jobs safeguarded to date	48	0.4
Forecast jobs to be safeguarded in next 12 months	27.5	0.2
<b>Total jobs safeguarded actual and forecast</b>	<b>75.5</b>	<b>0.6</b>

#### 5.2.4 Trade and export

The evaluation explored the extent to which businesses were supported to increase their level of trade outside of County Durham. In total 58% of business survey respondents stated that, as a result of the support received from NEBSF (4), they increased their level of trading outside of County Durham. This was an increase of 11% compared with the first interim evaluation, where 47% of businesses reported an increase in trade outside of County Durham.

Figure 25: As a result of the support, has it helped your business to trade outside of County Durham



Source: Beneficiary business survey

### 5.2.5 GVA

An important measure of an economy's wealth is GVA. The impact of NEBSF 4 on GVA can be measured based on the number of gross FTE jobs created (305<sup>7</sup>) and the average GVA per workforce job in the North East (which is £46,584<sup>8</sup>). The total (gross) GVA created by the project is £14.2m.

### 5.2.6 Wider impacts

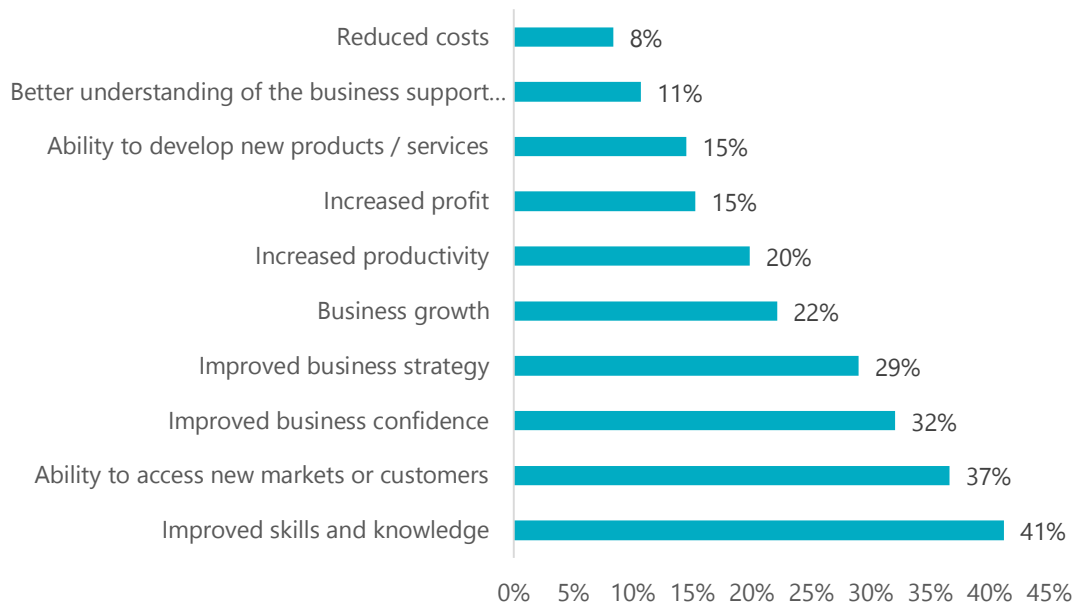
As well as measuring the 'harder' economic indicators of turnover and employment, the evaluation explored whether the project had other impacts on beneficiary SMEs. Overall, feedback indicated that the project had a positive impact against a range of business indicators. For example, 41% of SMEs reported that they had improved their skills and knowledge, an increase of 8% reporting this outcome at the first interim evaluation. In addition, 37% reported that their ability to access new markets or customers had increased, compared with 21% in the first evaluation. Other reported impacts included improved business confidence (32%) and improved business strategy (29%).

<sup>7</sup> The final forecast outturn for the project by the 30<sup>th</sup> June 2023. A total of 158 new FTE jobs have been reported in the most recent ERDF claim (March 2023)

<sup>8</sup> This is based on the total GVA for the North East area in 2020 which was reported to be £54.592 million and the average number of workforce jobs in the North East in Dec 2020 (1.171 million) reported by ONS.

Feedback from providers was consistent with this message. They reported that the support had a number of positive impacts for their clients, including accessing new clients and markets, increasing sales, introducing new products or services, and improving strategies and processes.

Figure 26: As a result of the NEBSF project, have any other aspects of the business changed?



Source: Beneficiary business survey

In addition, 43% of business survey respondents reported that they had invested further in their business as a result of the support from NESBF (4). This included investment in training and staff development, new product or service development, new plant and machinery, and in one case, purchase of new business premises. In total, 11 businesses were able to quantify the value of additional investments in their business, which cumulatively equated to approximately £1.57m.

The nine businesses providing additional impact information also reported a number of other benefits, including: improved digital, marketing, and team skills; an improved management team; a better organised business; and an increase in traffic to the website. In addition, two businesses reported investing further in their business, including the purchase of new training equipment; and internal staff promotions; and one planned to invest in new software.

Project delivery staff reported that, while the level of investment from NEBSF could be quite small, it could give SMEs a foundation on which they could build, and which encouraged them to take the next step and invest further in their business growth. Staff reported that, on completion of the support from NEBSF (4), a number of businesses were referred onto other business support providers e.g. Digital Drive, the North East LEP Scaleup programme, or the North East SME Innovation Fund, to access additional expertise and resources to continue their business growth.

### 5.3 Net additional economic impact

Public sector investment should bring about change that would not otherwise happen or which would only happen on a smaller scale, or take longer to achieve without investment.

There are a number of factors that affect the additionality of an intervention:

- **Leakage effects:** This refers to the extent to which any outputs or outcomes generated by the project are lost outside of the target area of County Durham or whether any ineligible beneficiaries are supported.
- **Displacement effects:** This refers to the proportion of project outputs/outcomes that reduce outputs/outcomes elsewhere within the target area. For example, if by supporting one business to start trading, it takes market share away from another business in the sub region.
- **Multiplier effects.** Public investment may lead to further economic activity, for example, as local businesses spend money with local suppliers and employees spend wages in the local economy.
  - **Deadweight effects.** This refers to the proportion of outputs/outcomes that would have happened anyway in County Durham even without the public investment.

#### 5.3.1 Leakage effects

Analysis of the characteristics of the businesses supported by NEBSF (4) to date suggested there were no leakage effects. All businesses supported were based within County Durham.

#### 5.3.2 Displacement effects

A displacement factor of 16.5% has been applied to gross impacts, taking into account evidence from beneficiary SMEs and available benchmarks. For example, government research published in 2009 found the mean average displacement level for individual enterprise support projects delivered at the sub regional level was 16.5%<sup>9</sup>.

Feedback from beneficiary SMEs suggested there were likely to be some displacement effects as the businesses supported operated in local, regional as well as national markets. Analysis of the location of the businesses' main competitors indicated that the median range reported by respondents was 11% to 20% of main competitors being based within County Durham.

Therefore, as SMEs were supported to grow turnover and increase their market share, there was a risk that this could affect the 11% to 20% of competitors based in County Durham. The project also, however, supported 58% of business survey respondents to increase their level of trade outside of the County. This would help to minimise potential displacement. Overall, the average value of 16.5% is therefore considered appropriate.

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



### 5.3.3 Multiplier effects

A project of this nature would be expected to generate knock-on effects in the regional economy as businesses increase their spending with suppliers and employees spend wages on goods and services locally. Feedback suggests that local supply chains among the businesses supported may be low – the median average range reported by survey respondents was between 21% and 30% of business expenditure with suppliers based in County Durham. [Other research suggests that a mean average multiplier effect for business support projects at a sub regional level could be in the region of 1.21<sup>10</sup>](#). This value is considered appropriate for NEBSF (4).

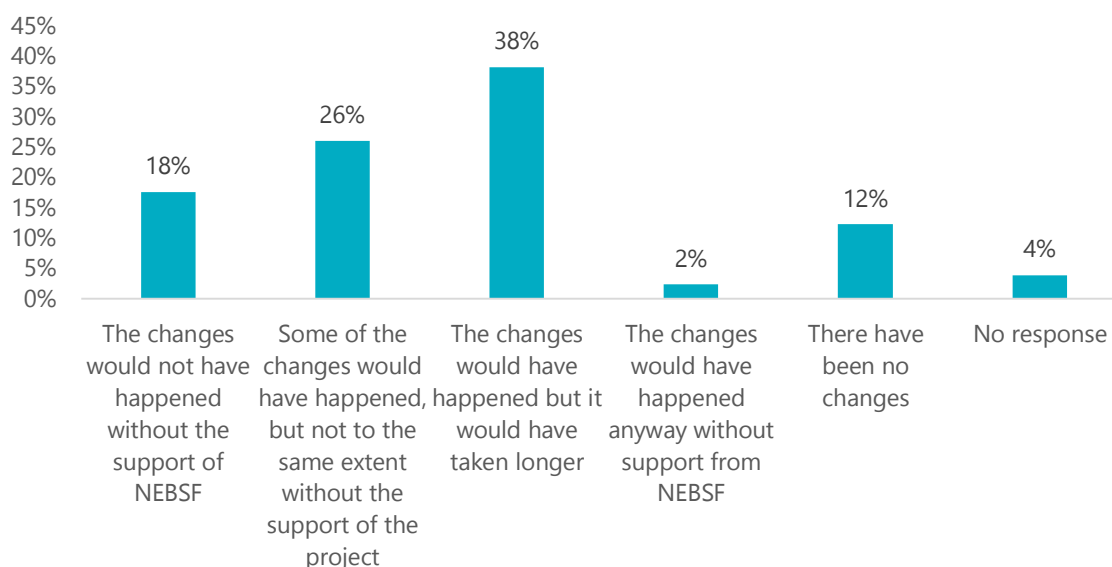
### 5.3.4 Deadweight effects

[Deadweight effects are estimated at 34% which is slightly lower than published benchmarks but reflects feedback from SMEs which suggests the financial subsidy played an important role in generating improvements that may not have happened or would have been smaller or taken longer to achieve.](#)

Feedback from businesses indicates that there was an element of deadweight associated with the impacts. While 18% of survey respondents reported that they would not have achieved any of the changes in turnover, employment and investment without the support of the project, 26% reported that they would have achieved some, but not all of the changes, and 38% stated that the changes would have happened, but over a longer period. A very small proportion (2%) felt all of the changes would have happened anyway.

[Therefore to account for the apparent pure and partial deadweight an overall figure of 34% has been applied.](#)

Figure 27: How likely is it that these changes in turnover, employment, and investment would have occurred anyway WITHOUT the support from NEBSF?



<sup>10</sup> Ibid

### 5.3.5 Total net additional impact

The assessment of net additional impact shows that the gross employment impact of NEBSF 4 is 305 FTE jobs (158 actual plus 147 forecast), and the net additional employment impact is **203 FTE jobs**.

The annual gross GVA impact of the Programme generated by the 158 jobs reported to date is £7.4m. Should all 305 new jobs be created, the project would contribute in the region of £14.2m GVA (gross) to the economy (**£9.4m net GVA**).

Table 7: Actual gross and net additional impact for employment and GVA (March 2023)

		Impact area: County Durham	
		Measure	Adjustment
Impact indicator: Employment  Unit: FTE's (Reported in the most recent ERDF claim)	Gross impact	305	-
	Deadweight / reference case	201	43.5%
	Displacement	168	16.5%
	Leakage	168	0%
	Multiplier	203	1.21
	Net additional	<b>203</b>	
Impact indicator: GVA  Unit: £m	Gross impact	£14.2m	-
	Deadweight / reference case	£9.3m	43.5%
	Displacement	£7.8m	16.5%
	Leakage	£7.8m	0%
	Multiplier	£9.4m	1.21
	Net additional	<b>£9.4m</b>	

## 5.4 Summary

Despite operating during Covid-19 and the challenges that brought, the project overall has had a positive impact, supporting businesses in various ways. For example, 68% of SME respondents reported an increase or an expected increase in turnover, and 43% of SMEs invested further in their business.

As at March 2023, the project reported 158 jobs in its ERDF claim and expected to create a total of 305 new jobs in the coming months. It is estimated that the 158 jobs created to date generated approximately £7.4million GVA and if all 305 are created the project would contribute in the region of £14.2m GVA to the economy.

Overall, the net additional impact of the project was good, estimated at 67%, in part due to low leakage effects as a result of effective targeting. This net additionality factor compares well to national averages for enterprise support projects.

## 6 Value for money

### 6.1 Introduction

This section considers the value for money achieved by NEBSF (4) both in terms of cost per output but also the return on investment as measured by the GVA: Cost ratio.

### 6.2 Cost per output

By the end of the project in June 2023, NEBSF is expected to support a total of 692 SMEs, and to defray public sector expenditure of £3.368m, giving a unit cost of £4,867 per SME supported over the lifetime of the project.

To forecast the cost effectiveness of the project over its lifetime, the cost per net job created has been calculated by dividing the total public sector expenditure forecast to be defrayed by the end of June 2023 (£3.368m), by the number of net additional jobs forecast to be created (203) by beneficiary businesses.

Table 8: Cost per net output

Project / comparator	Cost per net job created
NEBSF 4	£16,560
RDA business development and competitiveness interventions <sup>11</sup>	£18,074
Average from selection of North East Business Support projects (New Skills)	£16,471

### 6.3 Return on investment

In accordance with government guidance, the return on investment (ROI) to be achieved by NEBSF 4 is calculated based on the net GVA impacts estimated in Table 7, section 5 of this report (£9,474,427) and the total public sector expenditure forecast to be defrayed by the end of the project in June 2023 (£3,368,121).

The final outturn in terms of return on investment for NEBSF 4 is 2.81:1 i.e. for every £1 of public sector investment, £2.81 of GVA is generated.

<sup>11</sup> Value of £24,221 in 2009, adjusted for inflation up to 2018 to arrive at current price estimate. Average CPI inflation rate of 2.7% pa 2009-2018 (ONS. [www.ons.gov.uk/economy/inflationandpriceindices/timeseries](http://www.ons.gov.uk/economy/inflationandpriceindices/timeseries))

## 6.4 Summary

The project represents good value for money, both in terms of the overall unit cost, and the cost per net job created.

# 7 Conclusions and lessons learned

## 7.1 Introduction

The evaluation research has identified a number of key lessons and recommendations which NBSL may wish to consider in the design and delivery of future business support interventions.

## 7.2 Programme design and need for support to help County Durham SMEs to grow

Overall, there was (and appears to continue to be) a clear need for a project of this nature in County Durham, both in terms of its original purpose of supporting SME growth and competitiveness, and in supporting businesses to respond effectively to the external shocks such as the impact of the Covid-19 pandemic. The project was well designed, with a clear link between the market failures it sought to address, the aims and objectives, the activities delivered, the target outputs, and the intended impacts on the wider economy. The delivery model was sufficiently flexible to respond to changing conditions and SME demand.

The Covid-19 pandemic impacted on every aspect of the project, including delivery, management, administration, and demand. The delivery model and delivery team have been sufficiently flexible to respond to a number of significant changes in the operating environment throughout the delivery period, including the Covid-19 pandemic, as well as the economic uncertainties resulting from the war in Ukraine, the energy crisis and the cost of living crisis. Some of the changes introduced in response to the pandemic have remained, with the project adopting a hybrid model incorporating both face-to-face and

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**Recommendation 1:** In designing future business support interventions, consider maintaining a hybrid model of delivery, to ensure businesses are able to safely access the support they need to implement changes or growth plans.

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## 7.3 Project performance

Overall, progress towards lifetime financial and output targets was strong. As a result of sustained and regular marketing and communications activity, coupled with a spike in demand arising from Covid-19, the project had defrayed the majority of its funding by March 2023. It forecast only a minor underspend of approximately 2% which was largely due to a reduction in staff costs. Overall, the project had supported three quarters of the SMEs assisted target but expected to fall short of the lifetime target. However, reflecting the nature of demand, it expected to achieve 101% of the target for C2: Number of enterprises receiving grants. The project will not achieve the target for output C4: Number of enterprises receiving non-financial support due to a number of factors, including challenges in ensuring SMEs attended sufficient workshops to hit 12 hours support and gathering the necessary evidence of support.

## 7.4 Delivery and management arrangements

### 7.4.1 Targeting:

Analysis of beneficiary characteristics indicates that [the project was well targeted](#). All SMEs supported by the project were based in County Durham.

The project supported [SMEs operating across a wide range of sectors](#), including 22% that operated within the 'Professional, Financial and Business Services' sector, 13% in Retail & Wholesale, 11% in Construction, and 11% in Manufacturing.

### 7.4.2 Awareness raising, interest and demand

The appointment of a Marketing Manager, able to deliver a sustained and regular programme of marketing activity for the project, led to [a steady increase in demand](#) for the project prior to March 2020.

[There was a significant surge in demand for support from NEBSF 4](#) following the first national lockdown. The level of demand was so great that the project closed to new applications from September 2020, having fully committed all resource four months ahead of the scheduled original end date for the project. [However, since NBSL launched the project extension, demand has been impacted by a number of factors including, for example, the energy crisis.](#)

[Awareness of NBSL and NEBSF 4 in County Durham increased over time](#). The majority of businesses consulted (61%) reported that they first found out about the support available through an existing relationship with NBSL or a personal recommendation.

[Referrals from enterprise agencies and other providers of business support increased](#), demonstrating the strength and effectiveness of collaboration with the wider business support network in County Durham, in raising awareness of NEBSF 4, and building confidence in the responsiveness of the project.

### 7.4.3 Market position

Evaluation feedback indicates that NEBSF (4) [appealed to businesses either because it was a good fit with a project they were planning \(63%\), or because of the level of funding available \(51%\)](#). While for providers the main appeal was to provide more support to their existing clients by using the grant subsidy (81%), or to generate new business opportunities (63%).

Covid-19 had an impact on SMEs, with 41% of those providing feedback for this second interim evaluation reporting that they were [seeking help to address specific business challenges or opportunities created by the pandemic](#).

### 7.4.4 Delivery model

Overall, the [delivery model worked well](#), being sufficiently flexible to respond quickly to changing circumstances and SME needs. This was particularly important during the pandemic, ensuring support could continue to be delivered to SMEs based across the County, enabling them to continue trading, grow, and to respond to new commercial opportunities.

Evaluation feedback suggests that NEBSF became a [well-established part of the business support landscape in County Durham](#), with a simple streamlined

process, providing an effective way for SMEs to access support for their business.

The [quality of the support was highly rated by beneficiaries](#). The availability of the grant subsidy played an important role in enabling SMEs to invest in growth plans; while the Masterclasses helped small businesses who were unable to access the grant funding, to benefit from external expertise.

Evaluation feedback identified a [small number of improvements](#) which could be made to the delivery model including:

Access to a greater amount / proportion of grant funding.

Introducing a fully digital application process

#### 7.4.5 Project management

The [project management arrangements for NEBSF \(4\) were effective](#), being based on a tried and tested model, with robust performance management and monitoring systems, and a team with the relevant skills and experience to manage the project effectively.

[Significant changes were introduced to working practices as a result of the pandemic, with all aspects of project delivery, administration and management being moved online. Many of these changes have been continued, with the team adopting a 'hybrid' model, incorporating both face-to-face and virtual delivery. This has proved to be a more efficient and productive way of working, reducing the need to travel, and reducing the time involved in approving an application and issuing a contract.](#)

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**Recommendation 2:** In delivery of future enterprise support projects NBSL could consider continuing with some of the changes to working practices, including a fully digital application process, virtual meetings with clients, and flexible working arrangements.

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#### 7.4.6 Horizontal principles

[Changes to working practices](#) introduced in response to the Covid-19 pandemic, [helped to further embed the two cross-cutting themes into project delivery](#). For example, the modifications removed the need for staff, beneficiaries and providers to travel to meetings or Masterclasses which increased environmental sustainability, while online delivery also helped to widen access to the project.

### 7.5 Outcomes and impacts

Overall, NEBSF (4) had a [positive economic impact](#) on a range of business growth indicators. Beneficiary businesses reported increases in turnover and employment. Collectively, SME survey respondents increased turnover by £11m, and created, or expected to create, a total of 134.5 new FTE jobs in the next 12 months. [The total number of new FTE jobs \(gross\) reported in ERDF claims to the 31<sup>st</sup> March 2023 is 158 and the final forecast outturn is 305 new FTE jobs \(gross\).](#)



However, the Covid-19 pandemic had an impact on the progress, outcomes and impacts of some business improvement projects. Over half (55%) of SMEs consulted in March 2020 reported a negative impact on the progress or outcome of their project as a result of the pandemic, while 30% reported that the pandemic had a positive impact. In addition, 89% of businesses providing additional impact information, reported that Covid-19 had a significant or moderate negative impact on their business.

Businesses benefiting from a grant subsidy were more likely to increase turnover and create new FTE jobs than those participating in a Masterclass. 88% of survey respondents who reported an actual increase in turnover, and 95.5% of SMEs that created, or expected to create new FTE jobs in the next 12 months, benefited from a grant subsidy.

Businesses reported a wide range of additional impacts and benefits. For example: 41% of SMEs reported that they had improved their skills and knowledge, and 37% reported that their ability to access new markets or customers had increased.

The project has had a positive impact on GVA. The total (gross) GVA created by the project is £14.2m (£9.4m net GVA). The project also delivers a good return on investment with £2.81 of GVA generated for every £1 of public sector investment.

Overall, the net additional impact of the project was good, estimated at 67%, in part due to low leakage effects as a result of effective targeting. This net additionality factor compares well to national averages for enterprise support projects.

# Appendix A:

## Acknowledgements

New Skills Consulting would like to thank the following for their input to the second interim evaluation:

<b><i>Name</i></b>	<b><i>Organisation</i></b>
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John King	NBSL
Stephen Lumley	NBSL
Leanne Miller	Digital Drive, UMI
Sue Parkinson	County Durham Economic Partnership
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