

HUMBER BUSINESS GROWTH HUB: ICT FOR GROWTH

Summative Evaluation - Final Report

June 2023

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EXECUTIVE SUMMARY

RSM UK Consulting LLP (RSM) have been commissioned by Kingston Upon Hull City Council (HCC) and the Hull and East Yorkshire (HEY) Local Enterprise Partnership (LEP)¹ to undertake European Regional Development Fund (ERDF) compliant formative and summative assessments of the ICT for Growth programme (IFG) as required by Department for Levelling Up, Housing and Communities² (DLUHC). This summative evaluation follows on from a previous interim evaluation, which assessed IFG performance up to August 2020.

Programme Overview

IFG is a £5 million five-year programme which provides intervention to increase the number of Small and Medium Enterprises (SMEs) using and having access to digital technologies including trading online. The programme is delivered as part of the #GrowMySME programme, which also incorporates the Business Growth Scheme (BGS) and Finance for Growth (FFG) scheme. IFG is supported under Priority axis 2 of the ERDF programme.

IFG offers diagnostic advice, workshops and grant support to SMEs to improve capacity and capability of digital technologies. The scheme encourages and supports:

- SME uptake of digital technologies;
- businesses in building confidence in utilising technology;
- businesses understanding of how digital technologies can be used to solve both simple; and
- complex business issues and facilitates increased competitiveness.

The IFG programme is delivered in conjunction with the other Humber local authorities as delivery partners, namely:

- East Riding of Yorkshire Council (ERYC);
- North Lincolnshire Council (NLC); and,
- North East Lincolnshire Council (NELC).
- HCC.

Evaluation Objectives and Approach

In line with ERDF requirements, this summative evaluation explores:

- **relevance and consistency:** exploring the continued relevance and consistency of the programme, in light of any changes in policy or economic circumstances during its delivery period;
- **progress:** assessing the progress of the programme to date against its contractual targets, any reasons for under or over performance, and the expected lifetime results;

¹ formerly Humber LEP

² Formerly Ministry for Housing, Communities and Local Government (MHCLG)

- **delivery and management:** exploring the experience of implementing and managing the programme to date and any lessons which have emerged from this; and
- **impacts:** where possible, identifying the economic impact attributable to the programme to date, including both the intended and actual outcomes and impact.

Key Findings

Relevance and Consistency

There is a clear rationale for intervention to support and enhance SME productivity and innovation-led business growth through digitalisation and access to finance. IFG is an important component of the Humber region's support offer and is vital to delivering against government policy (such as Bounce Back Better and the Future Fund) objectives to promote innovation in SMEs and assist in recovering from a series of extraordinary macroeconomic events. Recent (2022) OECD research on SME Digitalisation highlights that there remains a continuous need for advice, support, and guidance from reliable sources to cement the digital transition, address risks, and exploit the potential of the new tools. The IFG is well aligned with regional policy and other business support provision in the region and is well positioned through providing a unique offer in the HEY area due to its advisory nature targeted around digital innovation for small businesses, as well as offering small-scale grant support.

Looking ahead, there is a strong policy emphasis on achieving regional and national economic growth through innovation-led SMEs. The findings suggest that the IFG addresses asymmetric information market failures by increasing digital adoption amongst SMEs, whilst enhancing SME digital transition capability and addressing funding gap issues through the provision of ICT-specific grants and advisory support. Consultation undertaken as part of this summative evaluation has identified that the rationale for the programme was to improve ICT skills within SMEs and increase efficiency through better ICT. Stakeholders (3) confirmed that the Covid-19 pandemic exacerbated the need for the programme and that the barriers to digital adoption, particularly in light of the Covid-19 pandemic, and the continued business need for ICT support, provides an ongoing rationale for the IFG programme.

Performance and Delivery Management

A Project Change Request (PCR) was submitted in October 2021 to reprofile the budget and the project extension until June 2023. This has resulted in an underspend of 11% (as of December 2022 – latest data available). Despite this, the programme has achieved 95% of its targeted outputs (as of Q4 2022), with notable achievements including: 119% of the targeted number of new enterprises supported to introduce new to the firm products (C29) and 116% of the targeted employment increases in supported enterprises (C8). Of the SMEs eligible for support, 30% were located in ERYC, 26% operated in 'priority sectors', and 70% were Micro businesses (9 or less employees).

IFG stakeholders felt positively about the management and governance processes implemented. Strategic management and governance processes were deemed to be appropriate for the scope and scale of the programme. Stakeholders (3) ushered the view that despite capacity issues within the programme team were able to manage the delivery well without any major issues arising. Staff delivering the workshops felt well supported by the programme management teams stating that they feel as though they were keen to listen and help to quickly resolve issues.

Consultees also noted that the main issues with the programme originated externally and mainly came from to the strict requirements placed on the programme by ERDF. The bureaucratic burden and 12-hour consultancy support rule³ where perceived as particularly challenging as bureaucratic burden was noted to be particularly burdensome by four consultees and the 12-hour rule was noted to create an issue with delivering against the targeted output due to the online delivery approach of consultancy support, making it more difficult to track the number of hours. However, it should be added to this that consultees who had worked across multiple ERDF funded programmes commented that the IFG did a good job of mitigating these circumstances but that there were simply some challenges that could not be completely fixed.

Impacts

Through stakeholder consultations, SME beneficiary consultations and an SME survey (43 responses), the impacts of the IFG programme have aligned with the targeted impacts set out in the logic model. Notable impacts include:

- **increased business growth in Humber:** stakeholder consultation has identified that the advisory support offer has been integral to helping businesses to better understand how they can achieve growth. Several businesses noted that the depth of advisor knowledge and level of interest in the business ensured this was a useful discussion which added value to businesses understanding of their needs and how to unlock growth. The online survey of business beneficiaries identified that 61% of respondents (n=26) reported an increase in sales to some extent following participation in the programme. Of the 24 respondents who offered further detail on their turnover, ten identified the increase, ranging from £8,000 to £750,000. A business consultee commented, *'My initial target for turnover was £35k [before the programme] and I've been able to nearly double that and the ICT team have been a big part of this.'*;
- **increased lending opportunities:** the online business survey identified that 42% of respondents (n= 17) has secured access to finance following participation in the programme. A further 20% of respondents (n=8) stated that they had not accessed finance but anticipate that they will in the future;
- **increased productivity in SMEs in Humber:** the online survey of business beneficiaries identified that 91% (n=37) reported an increase in productivity and 79% (n=33) of businesses reported they were innovative. A business consultee reported *'I've got a growing customer base and I've got an improved engagement pathway for potential new customers, onboarding them and also maintain contact with people who aren't currently customers but being able to engage with them and keep that nurturing contact is self-helping'*; and
- **increased competitiveness in SMEs in Humber:** the majority of SME survey respondents achieved competitiveness parameters such as increased efficiency, resilience and growth in sales (88%, 81% and 61% respectively). Beneficiary consultations also identified intangible benefits that IFG provided such as peer networking and the sharing of ideas, with a business consultee reporting, *'It opened people to the value of the of sharing ideas. It took away some of the competitive silos and people saw the benefit to working together.'*

Recommendations

The following key lessons have been identified through the evaluation process which can inform the development of similar provision in future:

³ European Union – European Structural and Investment Funds – 2014 to 2020 European Growth Programme – Output indicator Definitions Guidance for ERDF for England. Found here: [ESIF-GN-1-002_ERDF_Output_Indicators_Definition_Guidance_v6.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/401212/002_ERDF_Output_Indicators_Definition_Guidance_v6.pdf)

- joining up the operating processes across all three programmes would have led to harmonised internal reporting structures and allowed for a more coherent monitoring process from programme to programme (however, it is noted that, as in this instance the three programmes were funded through separate ESIF calls, this wasn't possible in this instance). Furthermore, a single programme manager would ensure a cohesive approach to delivery and may lessen the bureaucratic burden placed on programme managers. Future similar programmes should consider combining the operating processes of linked programming and appointing a single programme manager to ensure efficiencies are maximised;
- staffing pressures and challenges impacted the mobilisation of the programme, and it was suggested that several of staffing assumptions in the funding application were under-scoped. While this did not appear to affect the quality of the support delivered by the programme, future similar programmes should ensure that a robust benchmarking exercise is undertaken to scope out staffing requirements;
- the use of best practice visits could benefit businesses through visiting other SMEs in the area which are thriving. It would be an opportunity for them to ask questions about what works, understand the business journey and gain inspiration whilst enlarging their networks. This type of engagement should be reflected within similar future provision;
- a continued hybrid approach in the delivery of workshops and webinars was identified as a method of delivery that appealed to a larger number of businesses, while also offering face-to-face sessions for tailored, less formal support. This warrants further consideration in the design of similar future provision;
- consideration should be given in the design of future similar provision to the inclusion of business advisors in the grant review process, c. 6-12 months after businesses receive a grant, to determine if the business achieved what they wanted to achieve; and
- from an evaluation perspective, evaluating the three programme elements of #GrowMySME individually has created challenges in attributing impacts, issues and key lessons as stakeholders and beneficiaries may struggle to differentiate between specific programme elements. Consideration should be given to overarching programme-level evaluation in future similar situations.

In addition, recommendations have been identified that are specific to funders:

- issues were identified throughout the evaluation process in relation to the ERDF eligibility and monitoring requirements associated with accessing support and grant funding. Consideration should be given to streamlining the administrative burden (on both SME beneficiaries and programme delivery partners) in future similar programmes; and
- a balance between having and achieving pre-set target outputs (such as the 12-hour consultancy requirements) need to be balanced more carefully against the need to provide bespoke and meaningful guidance to SMEs. Consideration should be given as to how to reflect the outputs / benefits of engaging with a business beyond set output targets even if, as noted during consultations, this may be difficult to execute in practice.

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1. INTRODUCTION

RSM UK Consulting LLP (RSM) have been commissioned by Kingston Upon Hull City Council (HCC) and the Hull and East Yorkshire (HEY) Local Enterprise Partnership (LEP)⁴ to undertake European Regional Development Fund (ERDF) compliant formative and summative assessments of the ICT for Growth programme (IFG) as required by Department for Levelling Up, Housing and Communities⁵ (DLUHC). This summative evaluation follows on from a previous interim evaluation, which assessed IFG performance up to August 2020.

1.1 Programme Overview

IFG is a £5 million five-year programme which provides intervention to increase the number of Small and Medium Enterprises (SMEs) using and having access to digital technologies including trading online. The programme is delivered as part of the #GrowMySME programme, which also incorporates the Business Growth Scheme (BGS) and Finance for Growth (FFG) scheme. IFG is supported under Priority axis 2 of the ERDF programme.

IFG commenced delivery in June 2018 and was due to end in August 2021, however, due to a high level of uptake, strong performance and to align the activity end date with the BGS and FFG, a project extension was awarded in October 2021. Therefore, the agreed activity end date and financial completion date are 30th June 2023, while the agreed practical completion date is 30th September 2023.

IFG is delivered by HCC (through the brand of the HEY Growth Hub), funded by the ERDF in partnership with the Northern Powerhouse⁶. The IFG programme is delivered in conjunction with the other Humber local authorities as delivery partners, namely:

- East Riding of Yorkshire Council (ERYC);
- North Lincolnshire Council (NLC); and,
- North East Lincolnshire Council (NELC).
- HCC.

IFG offers diagnostic advice, workshops and grant support to SMEs to improve capacity and capability of digital technologies. The scheme encourages and supports:

- SME uptake of digital technologies;
- businesses in building confidence in utilising technology;
- businesses understanding of how digital technologies can be used to solve both simple; and
- complex business issues and facilitates increased competitiveness.

Originally, it was anticipated that there would be two ICT-focused grant schemes, one of which focused on a broadband connectivity voucher scheme and one which did not focus on connectivity. However, following the Government's commitment to deliver enhanced broadband coverage across the UK, this resource was redirected,

⁴ formerly Humber LEP

⁵ Formerly Ministry for Housing, Communities and Local Government (MHCLG)

⁶ HM Government - Northern Powerhouse: [NPH – Northern Powerhouse](#)

and a start-up grant was added to the programme offer. Two types of grants were made available as part of the service offer:

- a £1,000 flat-sum grant scheme for businesses less than 12 months old with ICT related start-up costs (with a total project cost amounting to between £2,000 and £2,500); and
- a 40% grant for projects with a spend of between £2,500 and £6,250 (exclusive of VAT), generating a grant of between £1,000 and £2,500.

The eligibility requirements for SMEs wishing to engage in the programme as per the #GrowmySME website were:

- be trading in the Humber area – HCC, ERYC, NELC, NLC;
- have fewer than 250 full-time equivalent employees; and
- have a turnover of less than €50 million or a balance sheet of less than €43 million.

Figure 1.1 illustrates the programme’s catchment area within the wider Humber region i.e., comprising the above local authority areas.

Figure 1.1: HEY LEP Area



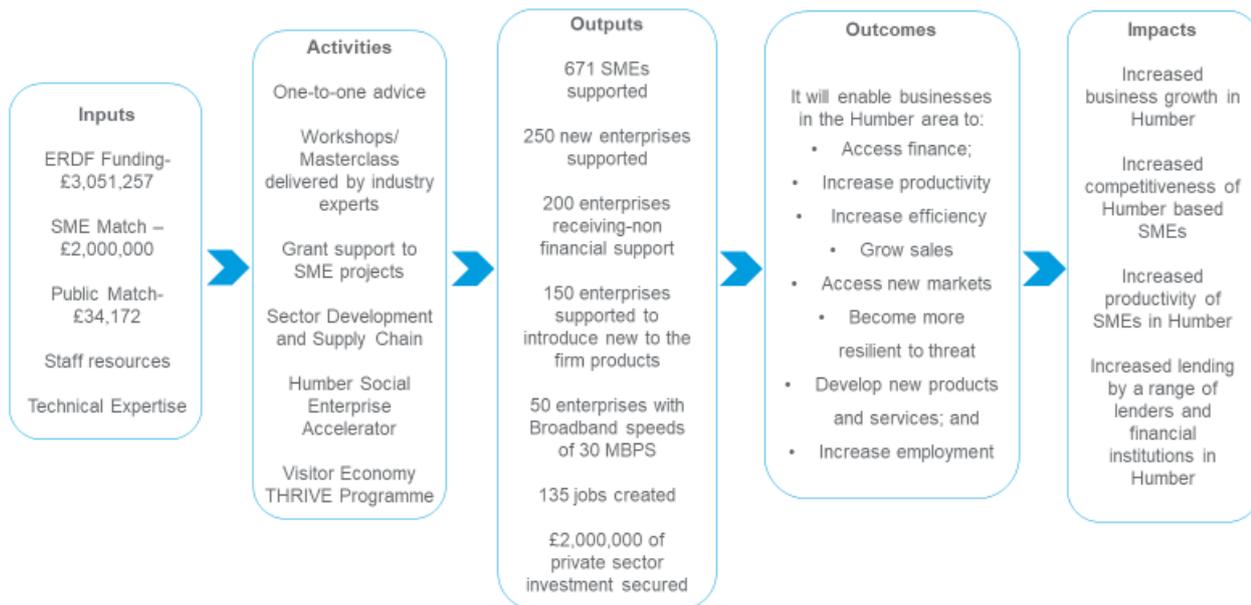
Source: LIPSIT

1.2 Logic Model

The programme's logic model is shown in Figure 1.2. This has been updated to reflect the programme extension, its increased budget and updated target outputs (as of Q4 2022). In summary:

- **inputs:** ERDF funding has increased from £2,033,302 (May 2018) to £3,051,257, as per the Project Change Request (PCR) submitted in October 2021;
- **activities:** the core strands of activities have remained the same;
- **outputs (targets):** the PCR (requested in October 2021) required a series of changes to the targeted outputs agreed in May 2018. These are outlined below:
 - output C1: No. of enterprises receiving support – target increased from 451 to 671 (+49%);
 - output C5: No. of new enterprises supported – target increased from 100 to 250 (+150%);
 - output C4: No. of enterprises receiving non-financial support – target increased from 150 to 200 (+33%);
 - output C6: Private investment match – target increased from £1,347,000 to £2,000,000 (+48%);
 - output C8: Employment increase in supported enterprises – target increased from 100 to 135 (+35%);
 - output P4: No. of enterprises with broadband speeds of 30 megabytes per second (MBPS) – target decreased from 150 to 50 (-67%); and
 - output C29: No. of enterprise supported to introduce new to the firm products – target increased from 100 to 150 (+50%).
- **outcomes** have remained the same; and
- **impacts** have remained the same.

Figure 1.2: Logic Model



Source: ERDF Contract Variation

The logic model is underpinned by the following assumptions:

- **the support offer is fit for purpose:** it has been assumed that the provision of diagnostic, advisory and financial support on the specified scope and scale will deliver the anticipated outcomes and impacts;
- **SMEs will respond to the opportunity:** it is assumed that the services and support being offered are fit for purpose and there is demand from end users;
- **the delivery model is fit for purpose:** it is assumed that the use of one to one and one to many interventions is appropriate and that external delivery partners will provide high quality support;
- **SMEs are able to engage in the programme:** it is assumed that businesses are made aware of the offer and partner/referral organisations support by signposting;
- **inputs are sufficient to deliver planned activities:** it is assumed that cost estimates were accurate and delivery timelines achievable;
- **activities are additional:** it is assumed that there is demand which is not / cannot be met elsewhere; and
- **delivery staff have the necessary skills to successfully deliver the programme:** it is assumed that the management, administration and delivery staff have the necessary skills, knowledge and expertise to provide a high-quality service to businesses and successfully manage the programme.

1.3 Interim Evaluation Findings

The summary below presents an overview of the key findings from the interim report, submitted in August 2020. This report will assess IFG progress over the period between the interim and summative evaluation.

Rationale and Relevance

Consultation identified a lack of ICT literacy amongst SMEs, which prevents many businesses from realising their growth potential. IFG was identified as a key component of the region's business support offer. It was well-aligned to the UK Industrial Strategy, and, at a local level, corresponded to the Strategic Economic Plan (SEP) by driving creative industries and promoting innovation through investment in the region's digital infrastructure.

Programme Design

The programme design was informed by learning from previous interventions. Governance and management structures were seen as being appropriate for the scale and nature of the programme, although, there was some evidence that two full time advisory posts were insufficient to effectively manage caseloads and move businesses efficiently through the programme. The core offer was adequately addressing key issues related to ICT-related business growth.

Performance

Output delivery was identified to be behind profile, with only 77 EOIs having been converted to active beneficiaries. The programme had also been slow to mobilise which impacted performance. The planned Broadband Voucher Scheme had to be refocused following the rollout of the Government's Gigabit Broadband Voucher Scheme which provided a comparable offer.

Delivery Experience

Notwithstanding the performance issues highlighted above, advisors and SMEs were largely satisfied with the quality of the service delivery. Beneficiaries were impressed by the one-to-one consultancy provision, finding the friendly, face-to-face method of delivery highly effective. Workshops added a degree of value, but it was identified that they would require on-going review to ensure the content is fit for purpose.

1.4 Summative Evaluation Objectives

The focus of the summative assessment objectives include:

- the design of the programme;
- how the programme has performed against its targets;
- the nature of the programme's outcomes and impacts and the value for money that has been achieved; and
- subsequently the lessons which have emerged through the experience of delivering the programme.

The associated research questions, which have been explored within this evaluation, are outlined in Table 1.1.

Table 1.1: Research Questions

Theme	Key Lines of Enquiry
Relevance, Consistency and Design	<ul style="list-style-type: none"> • What were the specific market failures that the programme seeking to address? • How was the programme adding value to other initiatives? • Was the programme design appropriate? • Did the context for delivery change at all?
Progress Against Contractual Targets	<ul style="list-style-type: none"> • Did the programme deliver as expected? • What supported successful delivery? • Did anything hinder the programme delivery? • Did one geographic area receive more interest or support?
Outcomes, impacts and value for money	<ul style="list-style-type: none"> • The evaluation will analyse the programme's achievements in terms of ratios of successful outcomes / output performance for businesses and evaluate the extent to which programme activities have contributed to positive impacts for beneficiaries. Quantitative data beyond that required for the contracted output indicators will be recorded via the Summative Assessment Data Monitoring Template and qualitative data will be gathered via the programme's various feedback, evaluation and case study mechanisms.
Delivery and Management Effectiveness	<ul style="list-style-type: none"> • How did the management and governance structure support delivery? • To what extent was the service offer fit for purpose given business needs and market failures? • Which aspects of the service offer were most and least successful, and why? • Were there any aspects of the service offer which should be changed?
Attributable Economic Impact	<ul style="list-style-type: none"> • What were the key successes of the programme? • What have been the main impacts/benefits? • What measures were in place to support benefits realisation?
Lessons	<ul style="list-style-type: none"> • Did the programme provide new insight into what works in terms of supporting SMEs across regions and of differing size? • What were the key lessons for those designing similar interventions? • What were the key lessons for working across local authority areas and councils?
SME Experience	<ul style="list-style-type: none"> • Why did businesses access the programme? • How useful did they find the diagnostic process? • Were they satisfied with the support received? • How did the support benefit the business? • Was there anything additional the programme offered or was there anything that could be done differently?

1.5 Approach

The summative evaluation involved qualitative research and quantitative analysis of IFG monitoring and management information. Key evaluation activities are summarised in Table 1.2. Primary research was undertaken between January and April 2023.

Table 1.2: Evaluation Approach

Stage	Task
Inception	<ul style="list-style-type: none">inception meeting with the programme management team.
Desk based research	<ul style="list-style-type: none">policy and economic analysis;review of programme documentation; andreview of programme monitoring data.
Primary research	<ul style="list-style-type: none">interviews with two programme staff at HEY LEP / HCC;interviews with eight strategic stakeholders / business advisors;online survey of 43 businesses; andfour qualitative interviews with businesses engaged in the programme.
Reporting	<ul style="list-style-type: none">data / research analysis; anddraft and final reporting.

1.6 Report Structure

The report is structured as outlined in Table 1.3.

Table 1.3: Report Structure

Chapter	Content
Chapter two	Assessment of IFG relevance and strategic fit
Chapter three	Assessment of the programme performance
Chapter four	Review of the IFG delivery and management model
Chapter five	Analysis of programme impact
Chapter six	Conclusions and recommendations

2. PROGRAMME RELEVANCE

2.1 Introduction

This section outlines the relevance of IFG within the current economic and policy context and examines its rationale and strategic fit. It draws on desk-based research of relevant strategies and policies, as well as our interviews with programme stakeholders.

2.2 Programme Rationale

IFG is one of three schemes being delivered as part of the HEY Growth Hub's #GrowMySME programme. The programme aims to increase the number of SMEs using and having access to digital technologies including trading online and support them to increase productivity and efficiency, access new markets, and become more resilient, whilst also increasing employment in the area.

The rationale for the intervention at the time of programme launch was based on the low levels of ICT usage amongst UK SME's.^{7 8} The interim evaluation identified that the programme would act as a contributor to the HEY LEP's SEP and draft Local Industrial Strategy, whereby multi-sector benefits would be derived from investment in digital infrastructure, leading to the promotion of the Humber's fast-growing digital innovation and creative sector.⁹ The SEP, however, identified broadband and ICT connectivity to be a barrier particularly for smaller businesses in some rural parts of the LEP area.

The introduction of lockdowns and social distancing in 2020 and 2021 due to the Covid-19 pandemic imposed a radical rethink of business models and digital implementation. 75% of firms surveyed in the United Kingdom switched to remote working during the pandemic and around a third invested in new digital capabilities¹⁰. Despite this, many businesses did not have the time, or access to advice and support, to plan this transition. For these firms, the transition wasn't fully complete, which therefore represented inherent risks such as exposure to hackers, scams and phishing campaigns¹¹.

Recent (2022) OECD research on SME Digitalisation highlights that there remains a continuous need for advice, support, and guidance from reliable sources to cement the digital transition, address risks, and exploit the potential of the new tools. It also identifies internal skills gaps, difficulty in accessing finance for intangible digital investments and access to high-speed broadband as long-term structural barriers to digital adoption.¹²

Consultation undertaken as part of this summative evaluation has identified that the rationale for the programme was to improve ICT skills within SMEs and increase efficiency through better ICT. Stakeholders (3) confirmed that the Covid-19 pandemic exacerbated the need for the programme.

The barriers to digital adoption, particularly in light of the Covid-19 pandemic, and the continued business need for ICT support, provides an ongoing rationale for the IFG programme.

⁷ ONS (2019). 'E-commerce and ICT activity, UK: 2018', <https://www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/bulletins/ecommerceandictactivity/2018>

⁸ Department for Business Innovation and Skills (2015). 'Digital Capabilities in SMEs: Evidence Review and Re-survey of 2014 Small Business Survey respondents.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/457750/BIS-15-509-digital-capabilities-in-SMEs-evidence-review-and-re-survey-of-2014-small-business-survey-respondents.pdf

⁹ <https://www.humberlep.org/wp-content/uploads/2014/11/StrategicEconomicPlan.pdf>

¹⁰ <https://cep.lse.ac.uk/pubs/download/cepcovid-19-009.pdf>

¹¹ Ibid.

¹² <https://www.oecd.org/industry/smes/PH-SME-Digitalisation-final.pdf>

2.3 Programme Relevance

2.3.1 Positioning

Sitting within the #GrowMySME Programme, the three complementary schemes are designed to provide a holistic package of support which addresses generic business support needs, assesses access to finance / investment readiness and provides tailored support to encourage ICT and digital adoption. Stakeholder consultation identified the #GrowmySME scheme compliments other provision (4/8) and that it acted as an effective signpost / route to other funding (3/8).

Table 2.1 profiles the nature of other business growth programmes in the HEY LEP region. The IFG programme **complements the existing provision of programmes** identified in Table 2.1 as it occupies a specific space in the HEY support landscape (i.e., providing advisory support and small-scale grants to SMEs that are specifically focussed on ICT). Whilst IFG is unique to the other non-ICT focused Business Growth Programmes in the HEY region, one stakeholder identified potential for duplication with the recently implemented national Help to Grow Digital Scheme. The Help to Grow Digital Scheme was introduced in January 2022, designed to give 100,000 SMEs free and impartial advice on how technology can help their businesses and vouchers worth up to £5,000 to cover up to 50% of approved software.¹³ However, it should be noted that this support was implemented towards then end of the IFG programme period, therefore, actual duplication was minimal in relation to grant funding.

Table 2.1: Business Growth Programmes in the HEY LEP Region

Programme	Focus	Description	Differentiation from IFG
Growing the Humber	Grant support	Offering business investment grants to help grow SME businesses in the HEY area. Grants can be accessed to support capital projects including premise expansions and the purchase of equipment.	Unlike IFG, these programmes are not ICT-focused and do not provide support or funding that targets improvements through investment in digital.
Business Loan Fund	Business loans	A loan fund which is designed to unlock capital projects of between £100,000 and £1 million in value.	
Spark Fund	Innovation Vouchers and Grants for R&D	An innovation support and grants programme aimed at SMEs across the Humber, York and North Yorkshire designed to improve or develop exciting new products, services or processes.	

RSM envisage the displacement level in the Humber region to be medium; as there are other support programmes available in the region (Table 2.1) that offer financial grants aimed to support innovation and business growth; however, there was a gap in the market for specific digitalisation support, both through financial grants and one-to-one advisory support.

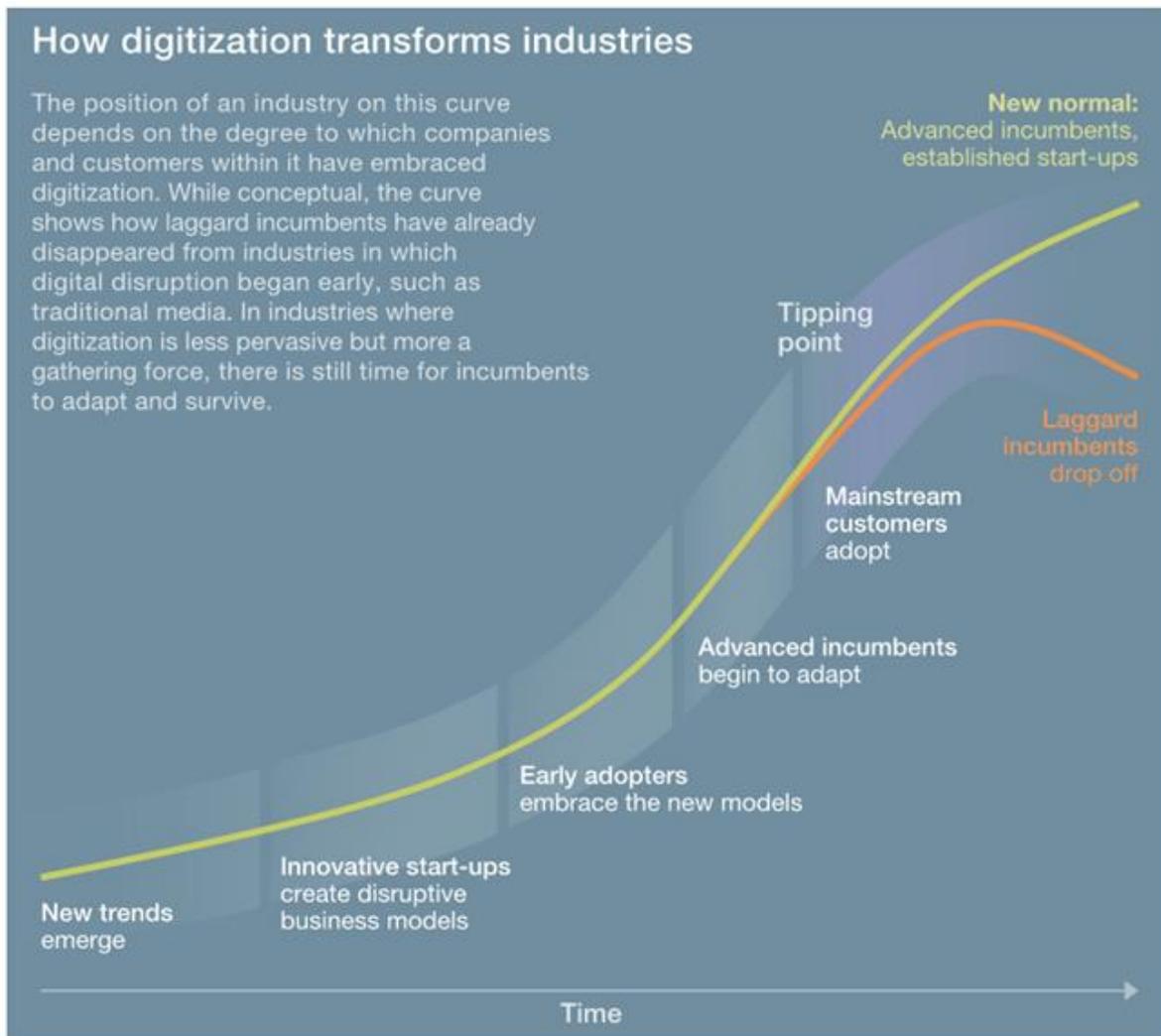
¹³ [Final opportunity for businesses to access Help to Grow: Digital scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/final-opportunity-for-businesses-to-access-help-to-grow-digital-scheme)

2.3.2 Strategic Fit

Digital capability is recognised as a key determinant in business competitiveness, but also sustainability. Evidence shows that digital transformation has a positive mediating effect from digital orientation on revenue and business model, as well as from digital capability on revenue.¹⁴

Research by McKinsey¹⁵ illustrates how businesses can be left behind if they fail to keep up with digital trends (see Figure 2.1). The recent Covid-19 pandemic has accelerated this tipping point for many SMEs that are unable to adapt quickly to new ways of working and moving forwards. This means the ability to operate and trade remotely and virtually are likely to continue to be of paramount importance for business transformation.

Figure 2.1: The Impacts of Digitisation



Source: McKinsey “Strategic Principles for Competing in the Digital Age”

¹⁴ <https://www.mdpi.com/0718-1876/17/2/35>

¹⁵ <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/strategic-principles-for-competing-in-the-digital-age#>

Table 2.2 outlines the IFG programme’s strategic fit with national, regional, and local policy’s, plans and strategies. Further explanations and breakdown can be found in Appendix 1. The IFG programme is well-aligned with national and regional policy agendas for enhancing the productivity and competitiveness of UK businesses.

Table 2.2: IFG Programme Strategic Alignment

Policy/Strategy	Description	Alignment
UK Industrial Strategy	Seeks to transform the economy through a series of measures targeted at raising productivity, driving innovation and raising earning potential.	Artificial Intelligence and the data economy identified as one of four ‘Grand Challenges’ to remain a global power. The Strategy sets a national framework for addressing these challenges and promotes a digitally connected economy that realises value from connected, large-scale data. IFG acts as a catalyst to this strategy.
The Northern Powerhouse and Regional Policy	Sets out the strategic framework for economic policy which would see the North of England achieve a sustained increase in productivity. Commits to supporting ERDF projects beyond the UK’s departure from the European Union (EU) where they provide good value for money and are aligned with domestic strategic priorities.	IFG contributes to the digitisation and connectivity aims of the Northern Powerhouse Strategy by providing the necessary digital advisory and financial support to enable Hull and East Yorkshire SMEs to increase productivity.
Humber Local Industrial Strategy 2020	This plan set out a framework in 2020 for the next phase of collaboration across the Humber economy and recognised the need to raise productivity and business competitiveness.	Provision of high-quality ICT advice required to raise the capacity and capabilities of the business base to deliver a step change in the region’s economy.
HCC Economic Strategy 2021-26	Provides a framework to both respond to the detrimental economic impact of the pandemic; and support continued growth and investment based on Hull’s core strengths. The strategy outlines plans to increase local provision of digital skills training and support including upskilling for employees in sectors where technological changes are impacting on skills requirements	IFG contributes to the aims of this strategy through one-to-one advice, IT industry led workshops, hardware and software consultancy, and its grant schemes to start new businesses.
HEY LEP – Economic Growth & Workforce Wellbeing	Sets out the strategic framework with a focused overview at a regional level of the strategic aims and objectives which will be required to be actioned from 2021 to 2026 to grow the economy of Hull and East Yorkshire. The strategy places an emphasis on growing	IFG contributes to the aims of this strategy through improving the competitiveness of SMEs by offering one to one advice, workshops delivered by IT experts, hardware and

Policy/Strategy	Description	Alignment
Strategy 2021-26	a skilled and inclusive economy whereby digital skills are fully embedded.	software consultancy, as well as grant schemes to new businesses.
Humber Industrial Cluster plan	A £2.6M project informed by the ongoing work on industry-led decarbonisation investments with access to world-class industrial expertise to demonstrate how decarbonisation can be achieved whilst also ensuring the local economy continues to thrive.	IFG is aligned to the Humber Industrial Cluster plan in terms of sector development services provided such as workshops, that target growth in the HEY LEP priority sectors such as renewable technologies / green economy.
ERYC Economic Strategy 2018-22	Builds on a previously established approach, setting out a long-term vision and strategic framework to achieve a competitive and resilient low-carbon economy that supports sustainable and inclusive growth and meets the ambitions set out in the Government's Industrial Strategy.	Creative and Digital identified as a growth sector in the region. IFG is aligned to Priority 1 of this Strategy (Business Growth) whereby ICT support and financial assistance will act as a Catalyst for Business Growth.
ERYC Business Plan 2020-25	Sets the overall strategic and financial framework for the council's services. Growing the economy was identified as a key council priority.	IFG directly aligns with this strategy through enabling businesses in the ERYC council to avail of its ICT support as well as financial assistance.
NLC Economic Growth Plan 2018-23	The objectives of the North Lincolnshire Economic Growth Plan are as follows: create opportunity, increase productivity, create higher value jobs, create higher level skills, increase employment and improve infrastructure.	These objectives are well aligned to outcomes and impacts envisaged in the IFG logic model. As such, the IFG programme complements the NLC Economic Growth plan.
NLC Economic Renew Plan 2021-23	Developed to support and renew the local economy in the short to medium term and support the local and national recovery. Enabling a digital economy is outlined as a key strand of priority 1 – Protect the economy via strengthen business support.	Business ICT support through IFG will act as a catalyst for enabling a digital economy.
NELC Plan	Outlines that NELC is in a unique place to grow through inward investment, skills, innovation, and job growth. Its vision is 'To promote the towns within NELC as great places to live, work, visit and stay, by revitalising our town centres, supporting the growth of existing businesses and attracting new investment.'	The IFG programme aligns with this strategy through enabling business in the NELC to avail of its ICT support, advisory services and financial assistance, thereby supporting the growth of existing businesses.

Policy/Strategy	Description	Alignment
NELC Economic Strategy 2021	Provides a dynamic, creative, and distinctive approach to economic growth, capturing the resilience and aspirations of businesses, while supporting unrivalled job opportunities for local people and maximising the potential of our towns.	ICT support provided to businesses in NELC through IFG will aid local business growth.

2.3.3 Economic Context

Summary of Current Context

The economy of the HEY region is currently at a dynamic point of great challenge and equally great opportunity. Long term structural weaknesses in the UK economy have been exacerbated by a range of extraordinary external events such as Brexit, Covid-19 and the energy price crisis fuelled by the Russia-Ukraine war.

This section provides an analysis of key metrics associated with the local economy. Further details are provided in Appendix 2. This analysis compares the HEY LEP with the wider Yorkshire and the Humber region, England, and two comparator LEP's (Cumbria and Greater Lincolnshire, as agreed with HEY representatives). The rationale for selecting these LEP's for comparison is due to similarities in geography and size.

The salient points to note are as follows:

- total GVA in the Humber region increased steadily from 2017 to 2019 but experienced a sharp decline in 2020 (-4.9%) in line with regional and national trends (due to the Covid-19 pandemic). Total GVA growth from 2017 to 2020 for the Humber region was 3.7%, higher than both Cumbria (-1.5%) and Greater Lincolnshire (2.7%), but lower than the national average (4.3%);
- whilst total GVA in the Humber region contracted 4.9% in 2020, GVA per hour worked increased by 1.9%, indicating that those who were in work were more productive. The growth rate in GVA per hour worked from 2017 to 2020 in Humber was 7.1%, greater than Cumbria (5.3%) but less than Greater Lincolnshire (11.1%) and the national average (8.7%);
- as of 2022, unemployment (as measured through the Claimant Count) in the Humber region was 4.1%, higher than all comparator regions and the national average (3.7%). Despite this, from 2021 to 2022, Humber experienced a larger decrease in unemployment (-0.8%) than all comparator regions and the national average (0.7%);
- as of 2021, job density in the Humber region was 0.81. This level has remained largely consistent from 2019 to 2021 and is greater than that of Lincolnshire (0.76), but lower than Cumbria (0.90) and the GB average (0.86); and
- average gross weekly pay in the Humber region is lower than Cumbria and the GB average at £578, however, experienced an upward trend of 8.7% from 2020 to 2022, a larger growth rate than Cumbria (7.2%), but lower than Greater Lincolnshire (9.2%) and the national average (9.4%).

Looking Ahead

PWC's most recent projections in their 2023 UK economic outlook for the year ahead report that London and Northern Ireland will be the only two UK regions with above pre-pandemic levels of economic activity in 2023, whilst Yorkshire's GVA is expected to shrink by 3% relative to pre-pandemic levels.¹⁶

The latest the Quarterly Economic Survey (QES) results for Hull and the Humber Chamber of Commerce in Q4 2022 showed continued pessimism amongst the business community, with inflation and interest rates being the biggest fears for Humber firms. The research showed that local sales decreased, recruitment difficulties continued, and profit expectations for the next three months fell further. One encouraging indicator however is that some firms are pushing ahead with investment plans for the future and also restarting some of their training initiatives.¹⁷

Growth Sectors in the Region

The majority of the Humber area (c.90%) is comprised of agricultural land, which underpins many sectors in the region, despite agriculture itself not making up a large proportion of the area's GVA. Key sectors that are dependent on agriculture land include food & drink, manufacturing, and tourism.¹⁸ Noteworthy sectors, providing the potential for innovation and growth within the Humber area are:

- Digital and Creative: Hull's Tech Sector has become a nationally significant cluster with the Tech Nation 2021 report noting that the city stands out in 2020 for venture capital investment in the digital economy, ranking 6th in the UK with £81.4 million¹⁹;
- Low Carbon Technologies: this sector experienced a 74.8% growth in employment numbers in the past eight years²⁰;
- ports and logistics: the Humber Port is subject to various regulatory exceptions, tax breaks and Government support following its reaffirmation of Freeport status in 2022, helping to stimulate economic activity by supporting 935 jobs in the Humber area;
- engineering and manufacturing: the competitive advantage in this sector derives from the proximity to the Humber Port and ease of access to raw material and markets. The sector is currently experiencing significant investments;
- agriculture / food manufacturing: farming activity in the Humber area is extensive with 164,120 hectares of land farmed and includes specialisations in cereal production (especially wheat), pig and horticultural commodities; and

¹⁶ PricewaterhouseCoopers UK economic outlook: Predictions for the Year Ahead 2023, (Jan 2023) PwC. Available at: <https://www.pwc.co.uk/services/economics/insights/uk-key-trends-in-2023.html>

¹⁷ QES Q4 2022 - inflation and interest rates are biggest fears for Humber firms (Jan 2023) Hull and Humber Chamber of Commerce – reflecting survey responses from 5,678 businesses. Available at: <https://www.hull-humber-chamber.co.uk/articles/qes-q4-2022-inflation-and-interest-rates-are-biggest-fears-for-humber-firms>

¹⁸ HEY LEP Economic-Growth-Workforce-Wellbeing-Strategy-2021-2026. Available at: <https://heylep.com/wp-content/uploads/2022/02/FINAL-HEY-LEP-Economic-Growth-Workforce-Wellbeing-Strategy-2021-2026.pdf>

¹⁹ Tech Nation Report 2021. Available at: <https://technation.io/report2021/#methodology> (Accessed: March 31, 2023).

²⁰ HEY LEP Economic-Growth-Workforce-Wellbeing-Strategy-2021-2026. Available at: <https://heylep.com/wp-content/uploads/2022/02/FINAL-HEY-LEP-Economic-Growth-Workforce-Wellbeing-Strategy-2021-2026.pdf>

- the visitor economy: as of 2019. the Visitor economy in Humber was valued at £866 million, combining 4.3 million visitor night and 17.4-million-day trips. The tourism sector supports 33,000²¹ jobs in the Humber area and employing 8% of those in the region.

Appendix 2 outlines the range of Growth Sectors identified in the strategic documents of the FFG programme council partners across the Humber region.

2.4 Summary

Salient points to conclude are as follows:

- economic underperformance in HEY highlights the need for digital investment in SMEs in the region. For example, analysis carried out as part of this evaluation highlights that the claimant count in Hull and East Yorkshire is the highest of all comparator regions and that it experiences lower levels of Job Density and Gross Weekly pay than the national average;
- the latest the QES results also highlight continued pessimism within the Humber business community, reflecting an environment where local sales have decreased, recruitment difficulties have continued, and profit expectations for the next three months fell further. However, the survey also highlighted that some firms are pushing ahead with investment plans;
- OECD Research (2022) identifies that internal skills gaps, SME difficulty in accessing finance for digital investments, and access to high-speed broadband are long-term structural barriers to digital adoption; and
- the Covid-19 pandemic has resulted in increased digital adoption amongst UK SME's and the introduction of more frequent remote working arrangements. However, many businesses remain ill-equipped to manage technological change leaving exposure to risks, highlighting a need for continued ICT support in the HEY region.

The above factors point to the need for IFG, a programme that aims to address asymmetric information market failures by increasing digital adoption amongst SMEs, whilst enhancing SME digital transition capability and addressing funding gap issues through the provision of ICT-specific grants and advisory support.

Our assessment highlights that IFG has a high degree of strategic fit with national, regional and local economic growth strategies and that its offer is unique within the HEY region and, therefore, its associated level of displacement is deemed to be low.

²¹ [Visitor Economy - LMI Humber](#)

3. PROGRAMME PERFORMANCE

3.1 Introduction

This chapter provides a quantitative assessment of programme performance (as of December 2022). It includes analysis of:

- financial performance;
- performance against outputs; and,
- service take-up.

3.2 Financial Performance

3.2.1 Contracting

As the accountable body, HCC secured £2,033,302 of ERDF revenue investment in May 2018. This was matched by £39,501 of public funding and £1,316,000 of private sector match (SMEs) to provide total programme funding of £3,888,803, as shown in Table 3.1.

Table 3.1: Initial Programme Funding by Year and Source

Source	2018 (£)	2019 (£)	2020 (£)	2021 (£)	Total (£)
HCC	34,322	(10,600)	(14,340)	30,119	39,501
SME Match	120,000	551,500	577,000	67,500	1,316,000
ERDF	231,486	811,356	844,020	146,440	2,033,302
TOTAL	385,808	1,352,256	1,406,680	244,059	3,888,803

Source: ERDF Offer Letter, May 2018; ERDF Variation Agreement, April 2019

As noted above, a PCR was submitted in October 2021 to reprofile the budget and the project extension until June 2023. Table 3.2 identifies that the funding has been reprofiled to reflect £3,051,257 of ERDF revenue investment, matched by £34,172 of public funding and £2,000,000 of private sector funding (SMEs). The total programme funding being £5,085,429.

Table 3.2: Current Programme Funding by Year and Source

Source	2018 (£)	2019 (£)	2020 (£)	2021 (£)	2022 (£)	Total
HCC	1,440	2,880	2,880	1,301	25,671	34,172
SME Match	0	580,000	680,000	87,000	653,000	2,000,000
ERDF	114,798	779,292	930,013	209,199	1,017,955	3,051,257
TOTAL	116,238	1,362,172	1,612,893	297,500	1,268,218	5,085,429

Source: PCR, October 2021

3.2.2 Programme Expenditure

Table 3.3 illustrates that 89% of planned expenditure has been defrayed to date. Total planned programme expenditure has been reprofiled since the interim evaluation in 2019, with a total planned expenditure of

£4,632,357 by December 2022 (an increase of 510%). Notable changes to the planned expenditure include: salaries increasing from £374,968 to £994,259; overheads rising from £10,682 to £149,137; and SME grants rising from £415,000 to £1,308,841. This increase in programme expenditure was due to the increase in budget.

Table 3.3: Total Programme Expenditure (to Dec 2022)

Type of Expenditure	Planned	Actual	%
Salaries	£994,258.52	£933,945.52	94%
Subsistence and office costs	£8,445.10	£8,445.10	100%
Overheads	£149,137.02	£117,625.33	79%
Marketing	£35,693.09	£35,693.09	100%
Consultancy	£413,717.70	£217,717.70	53%
SME Grant	£1,308,841.16	£1,161,111.10	89%
SME Private Match	£1,722,264.00	1,636,737.16	95%
Total	£4,632,356.59	£4,111,275.00	89%

Source: HCC Programme Monitoring Data

3.3 Output Delivery

The PCR issued in October 2021 requested an extension of the financial and activity end dates from March 2022 to June 2023. The practical completion date has also changed, extending from June 2022 to September 2023.

As highlighted in Table 3.4, performance against contracted outputs differs depending on the specific output. According to the latest progress report dated December 2022 the programme has achieved 92% of its total contracted outputs.

Table 3.4: Output Performance (December 2022)

Indicator	Target	Achieved	%
C1 - No. of enterprises receiving support	577	561	97%
C5 - No. of new enterprises supported	217	198	91%
C4 - No. of enterprises receiving non-financial support	162	115	71%
C6 - Private investment matching public support to enterprises (£)	£1,722,264	£1,636,737	95%
C8- Employment increase in supported enterprises	107	124	116%
P4 - No. of enterprises with Broadband speeds of 30 MBPS	40	13	32%
C29 - No. of enterprise supported to introduce new to the firm products	121	119	98%

Source: HCC Programme Monitoring Data

The salient points to note from Table 3.4 are:

- **output C1** (number of enterprises receiving support):

- as of December 2022, 561 enterprises had received support, against a target (end of Q4) of 577 - 97% of the target. The programme team have approved a further 98 grant applications and are confident that they will achieve the total programme target of 671 by June 2023.
- **output C5** (number of new enterprises supported):
 - as of December 2022, 198 new enterprises had received support against its target (end of Q4) of 217 - 91% of the target. According to the latest progress report the start-up grant scheme is being promoted by advisors across all three #GrowMySME schemes and has been shared with partner networks hence the high uptake.
- **output C4** (number of enterprises receiving non-financial support):
 - as of December 2022, 115 enterprises had received non-financial support, against a target (end of Q4) of 162 – 71% of its target. According to the latest progress report (Oct-Dec 2022) the programme team anticipate achieving a further 60 C4s through the specialist advisor contract. As the contract only commenced on 17/10/2022, the team expect the majority of these outputs not to be completed until the final claim.
- **Output C6** (private investment match):
 - as of December 2022, output C6 has achieved 95% of its target; and the programme team are confident that they will administer all of the grant funding and therefore achieve the total targeted private match by the end of the programme.
- **output C8** (employment increase in support enterprises):
 - as of December 2022, output C8 has exceeded its contracted profile, with 124 new jobs created in supported enterprises, 115% of the target. The programme team expect a further 14 jobs to be created in claim form 20 (Jan-March 2023).
- **output P4** (no. of enterprises with Broadband speeds of 30 MBPS):
 - as of December 2022, the programme has fallen short of its revised target of 40 enterprises with Broadband speeds of 30 MBPS, only achieving 13 (32%). Efforts to increase this percentage include: the ‘Start-Up Connectivity Grant’, which is now in place; ringfencing a proportion of the grant budget to achieve the P4 output; and the programme team have approved a further seven Start-Up Connectivity Grant applications.
- **Output C29** (no. of enterprises supported to introduce new to the firm products):
 - as of December 2022, 119 enterprises have introduced new to the firm products as a result of the support offer - 98% of the target. According to the latest progress report, the Programme Officer has stressed to the ICT advisors the importance of the creation of new products and services when supporting beneficiaries with a grant application.

The **Output P4** (no. of enterprises with Broadband speeds of 30 MBPS) hasn’t performed as anticipated, and as of Q4 2022, had achieved only 32% of its target. The poor performance can predominantly be attributed to the reduction in the price of connection fees and the fact that the vast majority of businesses already had access to superfast broadband. Alongside this, business needs also changed as a result of the pandemic, with the pandemic

forcing many businesses to temporarily close their operation and therefore reducing the necessity for broadband at business premises. A stakeholder highlighted that:

“With a lot of people working from home, they didn’t need business broadband; and there weren’t a lot of new businesses during this period”.

3.4 Service Take-up

This section provides an overview of the service take-up of the support offered through the IFG programme. The data was sourced by the #GrowmySME programme team and included: geographical distribution; conversion rates; the age of businesses; the sector of businesses enquiring; the business size; and the source of their referrals. A total of 1,168 businesses enquired about the programme; as illustrated in Table 3.6; however, service take-up supplied by the programme team amounts to 736 businesses; hence the difference in total figures.

3.4.1 Geographical Coverage

Table 3.5 shows the location of eligible business enquiries and those on-boarded onto the programme. It suggests the programme is securing engagement from across the region although a lower proportion of business enquiries from NLC and NELC progress onto the programme.

Table 3.5: Geographical Take-up

Council Area	Eligible Businesses	Eligible Businesses (%)
HCC	189	26%
NELC	154	21%
ERYC	220	30%
NLC	162	22%
Unknown	11	1%
Total	736	100%

Source: HCC Programme Monitoring Data

3.4.2 Conversion Rates

As highlighted in Table 3.6, 113 of the initial 1,168 enquiries (10%) are currently active projects, whilst 585 projects are listed as completed (50% of enquiries). The data indicates that the majority of enquiries are eligible (99%), suggesting that programme marketing and referral processes are engaging the right businesses.

Table 3.6: Status of SME Enquiries

Status	No. of SMEs	Share of total
Active	113	10%
Inactive	458	39%
Completed	585	50%
Ineligible	12	1%
Total	1,168	100%

Source: HCC Programme Monitoring Data

3.4.3 Nature of SME Take-up

Based on initial enquiries, Table 3.7 shows the majority of businesses (51%) enquiring have been trading for more than three years. This was followed by business trading under 12 months (33%) and businesses operating between one and three years (11%).

Table 3.7: Age of Business

Age of Business	No. of Businesses Enquiring	Share of Businesses Enquiring
Trading but not yet registered	4	<1%
Under 12 months	244	33%
1-3 years	81	11%
3+ years	373	51%
Unknown	34	5%
Total	736	100%

Source: HCC Programme Monitoring Data

Analysis of enquiries by business sector (Table 3.8) suggests 25% of businesses are from priority sectors aligned with HM Industrial Strategy, with the construction and manufacturing sectors being the most prevalent. A total of 65% of enquiring businesses were from non-priority sectors.

Table 3.8: Enquiries by Sector

Sectors	No. of Businesses Enquiring	Share of Business Enquiries
Priority Sectors		
Chemicals	4	<1%
Construction	43	6%
Creative & Digital	14	2%

Sectors	No. of Businesses Enquiring	Share of Business Enquiries
Engineering	21	3%
Manufacturing	62	8%
Ports & Logistics	38	5%
Visitor Economy/Tourism	2	<1%
Other (non-priority sectors)	476	65%
Unknown	76	10%
Total	736	100%

Source: HCC Programme Monitoring Data

As highlighted in Table 3.9, the majority of business enquiring about the programme are micro-sized, with 70% of enquiries from businesses with nine or less full-time staff. A total of 5% of businesses who enquired had between 50 and 249 employees (i.e., medium-sized enterprises) which is representative of the underlying business community.

Table 3.9: Enquiries by Business Size

Business Size	No. of Businesses Enquiring	Share of Business Enquiries
9 or less	511	70%
10 – 49	141	19%
50 – 249	37	5%
Unknown	47	6%
Total	736	100%

Source: HCC Programme Monitoring Data

3.4.4 Referrals

Programme monitoring data identifies that the programme website was cited as being the source of referral in 11% of responses. The programme has also received referrals from a wide range of other sources across the region, including a large number from banks and professional service firms. However, it should be noted that 339 (46%) of monitoring responses were recorded as blank / unknown and 197 (27%) have been recorded as 'other'.

Table 3.10: Number of Referrals by Source

Source of Referral	Number of SMEs referred	% of Total Referral Source
Website	78	11%
E-Factor	3	<1%
Growth Hub Advisor	8	1%
ENRG	2	<1%

Source of Referral	Number of SMEs referred	% of Total Referral Source
ERYC	2	<1%
HCC	11	1%
NELC	5	1%
NLC	22	3%
DIT	2	<1%
Email	12	2%
LinkedIn	5	1%
Business Hive	13	2%
Accountant	3	<1%
Launch Event	7	1%
Sirius	4	<1%
Google	11	1%
Word of mouth	12	2%
Unknown	339	46%
Other	197	27%
Total	736	100%

Source: HCC Programme Monitoring Data

4. DELIVERY AND MANAGEMENT

4.1 Introduction

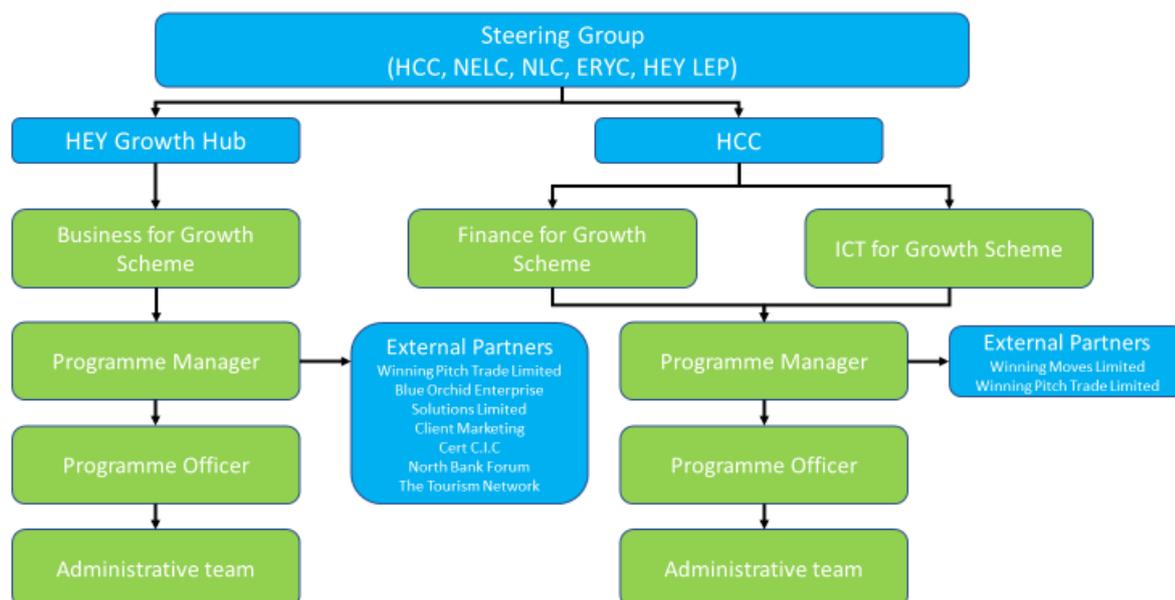
Chapter four considers the effectiveness of programme management and delivery processes. The findings are drawn from stakeholder consultations, as well as an online survey of 43 business beneficiaries.

4.2 Management and Governance

4.2.1 Strategic Management

The programme has been overseen by a programme team comprising representatives from HCC, HEY LEP, ERYC, NELC and NLC which provides strategic guidance and performance review. Figure 4.1 illustrates the governance and management structure of the #GrowmySME programme.

Figure 4.1: #GrowmySME Governance and Management Structure



A Programme Manager has been responsible for day-to-day delivery of both the IFG and FFG programmes and maintained ongoing communication with external delivery partners²², supported by a Programme Officer and administrative assistant. An operational management group comprising the management team, two ICT advisors, and external delivery partners, have met monthly during the programme period to discuss performance and delivery. This has provided an effective forum to bring internal and external delivery teams together, discuss on-going performance and ensure any risks to contract delivery were identified. The following processes have been in place to support programme management and delivery:

- regular team meetings;

²² Winning Moves Limited were procured following a competitive tendering process to deliver the workshop programme.

- advisor team meetings;
- informal one-to-one meetings between the Programme Officer and advisors; and,
- frequent email updates to delivery staff.

Overall, stakeholders felt positively about the management and governance processes implemented. Strategic management and governance processes were deemed to be appropriate for the scope and scale of the programme. Salient points to note are:

- several (3) stakeholders ushered the view that despite capacity issues within the programme team were able to manage the delivery well without any major issues arising. Staff delivering the workshops felt well supported by the programme management teams stating that they feel as though they were keen to listen and help to quickly resolve issues;
- the steering group worked particularly well, with stakeholders highlighting: the steering group's ability to provide insights into the operation of the various council areas; being able to quickly and effectively communicate what was being done in relation to the scheme; being quick to action tasks given in relation to the scheme; and generally providing sound support and advice²³.
- several stakeholders (3), from the IFG, BGS and FFG programmes, commented that the structure of the group's strategic oversight across the three schemes could have been delivered in a more cohesive way. It was highlighted that the joining up the operating processes across all three programmes would have led to harmonised internal reporting structures and allowed for a more coherent monitoring process for reviewing reports from programme to programme:

“Share processes and information, if the teams were collectively managed together with the same focus, then there could have been a better outcome”

- the bureaucratic burden (in relation to the level of information required for project application and ongoing monitoring) was perceived as particularly challenging by four stakeholders, with these stakeholders commenting that this challenge arose from the ERDF requirements.
- it was noted by stakeholders (3) that the ERDF's 12-hour consultancy support rule²⁴ created an issue in delivering against the targeted output due to the online delivery approach of consultancy support, making it more difficult to track the number of hours and, therefore, evidence that the 12 hours had been achieved. However, it should be noted that IFG has achieved 97% of its targeted outputs for C1, thereby showing the ability of the programme team to circumvent this challenge and elicit support for as many SMEs as the team's capacity will allow.

4.2.2 Team Management and Communication

Salient points to note in relation to the team management and communication are as follows:

²³ Note that the spilt in responses speaking of the steering group as opposed to the general project management likely comes as a result of the sample of consultees skewing towards those who only have insight into the general operational structures

²⁴ European Union – European Structural and Investment Funds – 2014 to 2020 European Growth Programme – Output indicator Definitions Guidance for ERDF for England. Found here: [ESIF-GN-1-002_ERDF_Output_Indicators_Definition_Guidance_v6.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/364222/002_ERDF_Output_Indicators_Definition_Guidance_v6.pdf)

- regular tracking, monitoring and updating was carried out to ensure the programme team had the support needed to achieve their targeted outputs and spend. A stakeholder commented that:

“We had regular meetings and there was continued professional development. The team were always in touch with us and making sure we are constantly update.”

- three consultees highlighted staffing pressures and challenges, which have impacted the mobilisation of the programme. While this did not appear to affect the quality of the support delivered by the programme, it should be noted that some consultees say that several of the assumptions made in the funding application regarding staffing and the capacity required to effectively deliver the programme were under-stated; and
- an SME beneficiary commented on the positive experience experienced with the Growth Hub representatives. Despite largely communicating via e-mail, they were still able to get timely responses to questions or queries and the friendly support helped with their overall enjoyment of the process:

“The help was always there. They were hands on and always friendly; and it just worked.”

4.3 Programme Design

The overall programme design was deemed to be appropriate by stakeholders and fit for purpose:

- several stakeholders (4) commented that the design and multifaceted approach of the programme had addressed the bespoke needs of the businesses:

“We designed an online business diagnostic service, which worked really well helping businesses figure out what they need and how to get there”.

“IFG is relevant to the vast majority of sectors and spread around across the region. The team were well informed and plugged into that region, so I think I think that works really well.”

- the design and flexible approach of the IFG programme, particularly in response to the COVID-19 pandemic, was praised by stakeholders (2). The design of the programme was deemed appropriate in helping businesses recover from the pandemic.

“The flexibility and responsiveness were real positives for the programme. It certainly helped to attract businesses which otherwise might not have applied, particularly during Covid.”

“We were able to pivot our business activities from working largely with hospitality to something that is sustainable throughout and after the pandemic.”

- the bespoke advice offered through the advisory support and responsiveness of the advisors was highlighted by stakeholders (3). Stakeholders were pleased with the advisors’ knowledge of the business landscape and reported some advisors acted as personal mentors to the SMEs, giving SMEs tailored guidance and support on their respective business needs; and
- an advisor noted that only a small proportion of businesses were primarily interested in advisory support. Businesses were able to access grants without receiving any advisory support where they have the capacity / capability to complete the application process independently and the project they are seeking to progress is deemed suitable for funding, therefore, not receiving advisory support. A high proportion of businesses seeking grants only, rather than advisory and grant support, suggests businesses were primarily accessing the project

for a transactional interaction i.e., to access a grant, rather than because they saw value in advisory support and the benefits this may have brought to their business.

Similar to the findings for FFG and BGS, stakeholders (2) suggested that additional follow-on reporting and monitoring diagnostic, beyond what is currently done, should be enhanced in order to accurately assess the impact the support offer has engendered to businesses. This would allow for continuous improvement to the programme and engender greater benefit to the SMEs.

4.4 Programme Delivery

4.4.1 Programme Targeting and Engagement

Application Process

Prospective SMEs were able to access the project through a range of routes, including: The Growth Hub Website, referrals via Growth Hub Business Advisors or other support providers such as E-Factor and the Department for International Trade (DIT). As well as being a key product in the Growth Hub Advisor’s ‘toolkit’ and offer to businesses already engaged with support agencies, the project was marketed more widely to encourage ‘new’ engagement of eligible businesses. The project was also promoted via other complementary programmes and initiatives such as the Northern Powerhouse agenda.

Upon completion of an Initial Registration Form, eligible enquiries were allocated to an Advisor who delivered a Business Needs Assessment (BNA) to determine support requirements. The BNA was then used to identify and agree a package of support. Two advisors reported on the ease of the application process from an SME’s perspective and the benefit this has had on the number of enquiries and the successful delivery of the support offer:

“We didn’t hear any (complaints) from local companies about the paperwork, we don’t think it was a difficult programme to apply for”.

The online survey of business beneficiaries assessed the satisfaction with the recruitment process. This is summarised in Table 4.1. As highlighted, for each aspect of the process, the majority of respondents were either satisfied or very satisfied. Furthermore, 98% of respondents (n=42) stated that they were satisfied with the level of support available during the application process.

Table 4.1: Satisfaction with the recruitment process

	Very dissatisfied	Dissatisfied	Neutral	Satisfied	Very satisfied	N/A	Response Total
The usefulness of the application guidance information provided	0	0	9%	28%	61%	2%	43
Support provided by your advisor	0	0	0	12%	86%	2%	43
The clarity of the application form	0	2.5%	0	31%	64%	2.5%	42

	Very dissatisfied	Dissatisfied	Neutral	Satisfied	Very satisfied	N/A	Response Total
The level of information you had to provide e.g., management accounts	0	0	9%	35%	54%	2%	43
The time taken to complete your application	0	5%	5%	28%	60%	2%	43
The time taken to receive a response	0	2%	5%	14%	77%	2%	43

Source: RSM UK Online Survey; N = 42 – 43 businesses

Marketing

The three programmes utilised shared branding and publicity under the #GrowMySME Programme umbrella, and the two programme teams coordinate all marketing and promotional activity where relevant and practicable (i.e., attendance at events, press releases, social media marketing etc.), often whilst working with the programme's procured supplier of media and marketing services. The programme benefited from a dedicated marketing budget of £35k, which was fully utilised to promote the scheme across the following channels:

- a social media campaign and associated promotional literature and banners delivered by an externally procured marketing company;
- advisor networks, both through direct business contacts and via media such as LinkedIn;
- regional publications and ebulletins;
- staff attendance at regional events (e.g., Tech Week Humber); and
- intermediaries and the wider Growth Advisor network.

This resulted in a good level of engagement as shown in Table 3.9 with referrals secured from a variety of sources, predominantly through the #GrowmySME programme website. However, whilst the paid promotion generated a high number of referrals, stakeholders (2) reported that the promotion and marketing aspects were disproportionately emphasising the general business support offer available, with less emphasis placed on the direct promotion of the specialist elements of IFG. A stakeholder stated that the advisors were able to source good quality referrals for SMEs that needed the bespoke IFG support.

Use of Advisor Networks

Consultations highlighted that advisor networks were a particularly useful channel to recruit quality candidates, however, it should be noted that there seems to have been a geographical dimension to this, for example, the ERYC area provides a well-resourced business support offer and, therefore, advisors were able to utilise their pre-existing connections to generate high-quality referrals.

A business consultee commented on the usefulness of the advisor's networks in helping their business collaborate and network with other small businesses. The SME reported their advisor had given them exposure to an informal network of people within the digital space, where the business could make links to form later partnerships or share ideas, issues or challenges affecting them.

"It was a social environment where there was no pressure, and it enabled us to make links and build relationships and I think it's been effective".

However, whilst it can be seen that using advisor networks to generate referrals can be a good strategy to generate quality candidates, it should be balanced against some of the issues raised by advisors. With some of the most prescient points being:

- **engaging businesses 'new' to business support:** as advisors are using their existing networks, there is concern amongst some consultees that instead of engaging new businesses, a considerable number of onboarded SMEs are those which have already participated in other external support offers available in the Humber region. This could impact additionality and added value, particularly in terms of changing business perceptions of the benefits of external support however this is somewhat offset by the fact that IFG received most of its referrals from their website not advisors; and
- **engaging 'larger' SMEs:** the programme has successfully engaged larger, more established SMEs. Table 3.8 highlights 5% of enquiries came from business with 50+ employees (proportionately higher than the region's business demography). It is noted that there may be difficulties in attracting larger SMEs to programmes such as IFG due to the nature of the offering and its greater relevance for smaller, younger businesses (i.e. a relatively short-term, generic intervention, and size of the grant funding available is not as relevant to larger businesses as they possess the funding to proceed without external support), however, the programme has been able to recruit larger companies, evidencing the demand for this type of intervention.

4.4.2 One-to-One Advice

Salient points regarding the **One-to-One Advisory Support** are that:

- where one-to-one consultancy support has been accessed by SMEs, it was identified as being one of the most valued elements of the support offer. It was raised that the IFG advisors were selected on the basis that they:
 - understood the issues facing SMEs in relation to ICT development;
 - understood the benefits that upgrading their digital processes can elicit; and
 - acted as mentors for the SMEs providing tailored support to the specific needs of the SMEs.
- two stakeholders highlighted that the Covid-19 pandemic and the subsequent lockdown measures limited the impact of the one-to-one advice. With restrictions prohibiting SME site-visits, it meant that there were less opportunities for support and less specific guidance that advisors could offer. This hindered the impact the advisors were commissioned to deliver during 2020 and 2021. However, it should be noted that there were no examples of this issue continuing when site visits were able to take place. In addition, it should also be noted that whilst site visits were not possible, business-specific information and guidance was provided by advisors throughout the pandemic.

“It was difficult to fully assess a company from only their website or a virtual call. We couldn’t see what their company was actually like”.

- a business beneficiary noted the additional value that the support offer delivered due to the personal touch of the advisor, attributing the ‘*human element*’ of the programme as being highly valued.

“It has been the sort of engagement where you felt you were in a partnership, not just a standard local authority throwing out support money. We felt like we were part of the process, involved and supported throughout.”

- the online survey of business beneficiaries identified that **88% of respondents (n=38) were either satisfied or very satisfied** with the support received from business advisors. Furthermore, 93% of respondents (n=40) reported that there was nothing further their advisors could have done to improve the support offer; and
- a business beneficiary commented on the value added from the communications they experienced with the Growth Hub team. They appreciated that any events or opportunities that may have benefited their business were highlighted to them by their advisor.

“Not just putting the post out somewhere and expecting us to trawl through websites and find it, they would promote what they were doing, and I think that was of particular value as well.”

4.4.3 Workshops

Feedback about the suitability of the workshop offering within IFG has been largely positive.

“The workshops have been useful in the content they offer, but they also brought together small businesses so there was a networking element as well. The support went beyond the actual workshop because it enabled us to make contacts, share issues and pick up new ideas.” –

Business consultee

Winning Moves Limited were procured to deliver the workshop element of the support offer, tasked with promoting the programme to their networks as well as developing the marketing content. Salient points to note are:

- given the large quantity of workshops and webinars available to businesses, it’s possible that this could be daunting to businesses to have to spend time sifting through which would be most applicable to them;
- to increase accessibility and to align with government regulations during the Covid-19 pandemic, webinars and workshops transitioned to online delivery. There were both positives and negatives to this format e.g., the webinars became more accessible as businesses could attend the workshops from home, while on the other hand, a stakeholder commented “*people did tire of the format of the webinars. The webinars were useful for smaller manageable numbers, but sessions with a large number of attendees proved to be less effective*”; and
- given that 70% of enquiries for support for IFG were from micro-businesses (less than 9 employees) SMEs may be reluctant to spend time away from their businesses to attend workshops, as this may have a significant impact on the operation of the business.

4.4.4 Grant Process

Since the launch of the programme, demand for grants element of the programme has been high. The success of the grant scheme offered was attributable to the onset of the pandemic shifting many occupations to a virtual /

online delivery model. This accelerated SME's investment in up-to-date equipment and knowledge to excel in this format. Stakeholders commented that the grants were used by many SMEs to procure equipment such as laptops and monitors, enabling the businesses to carry on with 'business as usual' as much as possible.

4.4.5 Looking ahead

Consultees suggested several ways in which the IFG service offer could be enhanced, namely by:

- employing one overarching programme manager (instead of the current two managers) could lead to a more cohesive approach to delivery;
- increasing the number of staff available at the peak times of enquiries would have been useful, given the bespoke support offer at a time when many businesses were transitioning to online delivery;
- business advisors participating in the grant review process, possibly 6-12 months after businesses receive a grant, to determine if the business achieved what they wanted to achieve;
- the use of best practice visits could also benefit businesses engaging in this support offer. This would involve enrolled businesses visiting other SMEs in the area which are thriving. It would be an opportunity for them to ask questions about what works, understand the business journey and gain inspiration whilst enlarging their networks. It should be noted that these best-practice visits would offer the most value by only focusing on the guidance received from the IFG scheme and not over-stepping into the intricacies of the business's day-to-day operation; and
- continuing to utilise a hybrid approach in delivery of workshops and webinars, as this appealed to a large number of businesses, while also continuing to offer face-to-face sessions for tailored, less formal support.

Improvements were suggested which would require action / consideration from funders:

- restructuring the operation and management approach so that the three #GrowMySME projects form a central hub, which would enable a more coherent approach to management and delivery. Something that could be achieved by making the bid requirements more flexible and;
- adapting the length of time that businesses are engaged, so that the programme is flexible to the needs of the individual business. The ERDF requirement for 12 hours of support wasn't applicable to all businesses as some could have benefitted from more than the 12 hours of support and some needed less with one stakeholder stating that there should be less focus on numerical outputs but rather the outcomes they wish to achieve something that could be changed by creating more flexibility in the monitoring requirements from the side of ERDF.

5. PROGRAMME OUTCOMES & IMPACTS

5.1 Introduction

Chapter five provides insight into the overarching impacts delivered by the programme (as identified in the programme logic model, section 1.2). The findings are drawn from qualitative interviews, findings from the online survey of programme beneficiaries (a total of 43 responses were received) and case studies of three participating businesses. Further details from the online survey can be found in Appendix 3.

This section should be read as a snapshot of emerging findings rather than as a reflection of the definitive level of impact provided by the programme due to the long-term nature of the programme impacts.

5.2 Programme Outcomes

The programme outcomes are identified to be improvements in SME performance in relation to:

- productivity;
- efficiency;
- access to new markets;
- growth in sales;
- developing new products / services;
- increasing employment;
- being more innovative;
- becoming more resilient; and
- access to finance.

These outcomes are considered to be the metrics through which the programme impacts are measured, and therefore, are reflected in section 5.3.

5.3 Programme Impacts

This section assesses the programmes impact against the envisaged impacts set out in the logic model.

5.3.1 Increased Productivity of SMEs in Humber

Table 5.1 provides a summary of the extent to which support through the programme has delivered tangible impacts in relation to SME productivity. Shading denotes combined scores for 'some extent' and 'large extent' of over 70%.

Table 5.1: Productivity Impacts

	No and not expected in the future	No but expected in the future	Yes, to some extent	Yes, to a large extent	N/A	Response Total
Increase in productivity	2%	7%	37%	54%	0%	41
Be more innovative	2%	12%	43%	36%	7%	42

Source: RSM UK Online Survey; N = 41 - 42 businesses

As highlighted in Table 5.1, 91% of respondents (n=37) reported an increase in productivity; and 79% (n=33) reported they have been more innovative due to the programme. Furthermore, stakeholder consultation highlighted that:

- the IFG programme was a key opportunity for companies to use the grant funding to scale-up, purchase and adopt new digital technologies (including trading online and advisory services) which could lead to increases in productivity. The ability to subsequently source additional funding (developed through the advisory support) was also commended, as it enabled companies to make key follow-on investments to further improve productivity;
- improving processes through digitisation was a main reason for businesses to engage with the IFG programme. A beneficiary commented that, as a result of the programme, they were able to establish a new pathway for meeting potential clients which could lead to more sales and an increase in productivity in the long term:

“I’ve got a growing customer base and I’ve got an improved engagement pathway for potential new customers, onboarding them and also maintain contact with people who aren’t currently customers but being able to engage with them and keep that nurturing contact is self-helping.” – Business Consultee

5.3.2 Increased Competitiveness of Humber-based SMEs

The online survey identified a range of impacts in relation to competitiveness, as summarised in Table 5.2. Shading denotes combined scores for ‘some extent’ and ‘large extent’ of over 70%.

Table 5.2: Competitiveness Impacts

	No and not expected in the future	No but expected in the future	Yes, to some extent	Yes, to a large extent	N/A	Response Total
Increase in efficiency	2%	8%	24%	64%	2%	42
Accessed new markets	12%	24%	21.3%	21.3%	21.3%	42
Growth in sales	2%	23%	42%	19%	14%	42
Develop new products / services	7%	20%	27%	34%	12%	43
Become more resilient	2%	7%	45%	36%	10%	42

Source: RSM UK Online Survey; N = 42 – 43 businesses

As highlighted, the largest impacts identified as having occurred to at least some extent were:

- increase in resilience (81%, n=34);
- increase in efficiency (88%, n=37);
- growth in sales (61%, n=26);
- development of new products and services (61%, n=26); and
- access to new markets (42%, n=18).

“We were able to use some of the grant towards employing a freelance digital marketing specialist. We’ve been able to use new software we never had used before, so growth has come exponentially from that.” – Business consultee

“The support gave us breathing space and the opportunity to grow in a different direction. It’s given us the confidence to explore new markets and new avenues.” - Business consultee

“The workshops opened my eyes to the issues and concerns that affect all business. And given that our customer base was primarily small businesses, I was able to see what other businesses’ challenges are and how we could avoid them.” – Business consultee

5.3.3 Increased Business Growth in Humber

Stakeholder consultation has identified that the advisory support offer has been integral to helping businesses to better understand how they can achieve growth. Several businesses noted that the depth of advisor knowledge and level of interest in the business ensured this was a useful discussion which added value to businesses understanding of their needs and how to unlock growth. A key success of the advisor support offer, as highlighted by a business beneficiary, was that their advisor was able to draw together businesses from opposite sides of Humber, with business that would not typically interact with each other without external support facilitating this.

“(Bringing) those two sides together was particularly effective and I’ve built some very strong beneficial relationships from those events.” – Business consultee

Turnover Growth

The online survey of business beneficiaries identified that 61% of respondents (n=26) reported an increase in sales to some extent following participation in the programme. Of the 24 respondents who offered further detail on their turnover, ten identified the increase, ranging from £8,000 to £750,000. The average increase in turnover / sales reported was £129,200.

“My initial target for turnover was £35k [before the programme] and I’ve been able to nearly double that and the ICT team have been a big part of this.” – Business Consultee

Furthermore, as highlighted in Table 5.3, 12 respondents identified the level of the increased sales / turnover that was attributable to the programme.

Table 5.3: Percentage of increase in turnover respondents would attribute to the programme

Percentage increase	0%	5%	15%	25%	40%	67%	70%	75%	100%	Total
Number of respondents	1	2	1	1	1	1	1	1	3	12

Source: RSM UK Online Survey; N = 12 businesses

As highlighted in Table 5.3, one quarter of respondents (n=3) fully attributed their increase in turnover to the programme (i.e., 100%); while half of respondents (n=6) attributed at least half of the increased in turnover (i.e., 50% or more) to the programme.

“We’ve invested a substantial sum of money into the business from the grant, as we didn’t have that kind of money upfront. The investment of that money five years ago has not only paid for itself, but it has also turned into profit, which has enabled us to invest that money further into the business. It would have taken us a lot longer without a doubt [without the programme].” – Business consultee

Employment Growth

As highlighted in Section 3, as of December 2022, programme monitoring data identifies that 124 jobs have been created against a target (end of Q2 2023) of 107 – 116% of the target. Furthermore, 52% of the respondents (n=11) to the online survey highlighted that they had experienced an increase in employment. When questioned on what percentage of this increase was attributable to the programme, four respondents answered 100%, and three respondents answered 50% or above.

Consultations with two SMEs engaged in the programme had reported the programme allowed them to sustain their current employment, as the challenges they faced during the pandemic were mitigated somewhat through the support offered.

“The big thing the programme did was it enabled us, or helped us to survive because without the support, I can’t see how we would have had the capacity or even the will to continue. I think we would have shut up shop properly.” – Business consultee

“It was a great opportunity for us to promote our business to potential clients and secure more business for ourselves. We were able to use the grant funding to develop our website to have a platform to promote what we are doing.” – Business Consultee

5.3.4 Increased Lending in Humber

The online business survey identified that 42% of respondents (n= 17) has secured access to finance following participation in the programme. A further 20% of respondents (n=8) stated that they had not accessed finance but anticipate that they will in the future.

5.4 Other Outcomes/ Impacts

Intangible benefits associated with the peer networking and the sharing of ideas were listed as unexpected outcomes:

“It opened people to the value of the of sharing ideas. It took away some of the competitive silos and people saw the benefit to working together.”

Other notable comments from beneficiaries of the IFG programme are:

“While we were able to be part of a supply chain and we’re able to help out other businesses, but also its enabled us to develop effective relationships with our suppliers.” – Business consultee

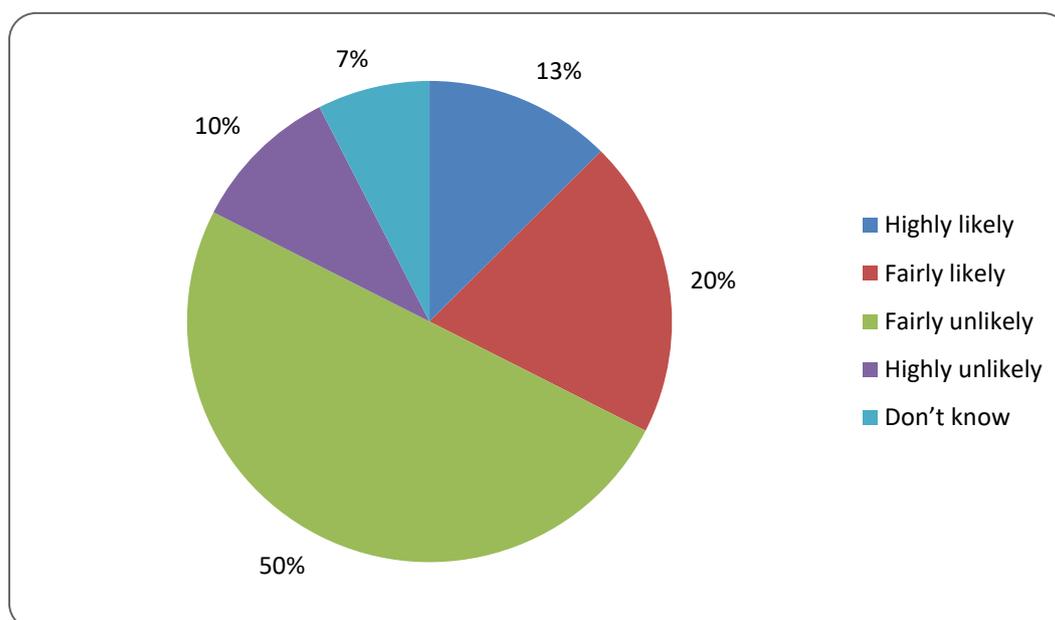
“[the support offer] helped us pivot our business activities from working largely with hospitality to something that is sustainable throughout and after the pandemic.” – Business Consultee

An unintended impact of the programme (i.e., not reflected within the programme logic model), was helping to ensure businesses survived through the pandemic by supporting their transition to digital working.

5.5 Additionality

Figure 5.1 summarises the additionality of the programme as identified through the beneficiary survey (i.e., the level to which these benefits would not have been achieved without the programme). It highlights that more than half of the respondents (60%) did not think that they would have achieved the same benefits without the support of the programme²⁵.

Figure 5.1: Would the benefits received through the programme have occurred without the support?



Source: RSM UK Online Survey, N = 40

“Without the support, I would have a maximum of 60% of the clients and turnover I have now. Without the grant I would not have been able to afford the MacBook, I would have had to go into debt and risk the business to afford what the grant was able to allow me to buy.” – Business consultee

“It’s hard to say what path we would have taken without the support, but the programme has accelerated the position we have reached.” – Business consultee

²⁵ It should be noted that the IFG programme team assessed additionality for each grant application. Therefore, whilst the data presented below indicates some benefits would have been achieved without the support of the programme, each beneficiary identified a minimum of one incentive effect in their application.

5.6 Case Studies

The following case studies have been developed through qualitative consultations with four business beneficiaries.

5.6.1 Case Study 1: NELC-based Telecoms Company

Introduction

This business is a telecoms company that provides broadband connectivity, phone systems, networking solutions and Wi-Fi, principally to businesses. The firm approached the #GrowMySME programme looking for firstly ways to grow their own network of businesses who they could supply, and secondly to receive financial support to offset the issues faced due to the pandemic.

User Experience

Overall, the company was pleased with the support they received noting that the support provided by the business advisor, the level of grant funding provided and the agility of the programme were highly useful to the company.

It was noted that the business advisor component was particularly useful in that it allowed for more informal networking events to take place, which allowed the SME to form new partnerships, share ideas and learn about issues facing other SMEs, so that they could take the appropriate mitigating steps to avoid the same issues.

Furthermore, with regards to the grant funding itself and how it was used the consultee made a point that they felt they could use the grant for whatever purpose they could imagine:

“We got the grant to develop our website which enabled us to promote what we’re doing and enhance the marketing and communication our business...which has been very helpful.”

Impact

The key impact highlighted by the consultee was that the programme helped the business to survive throughout the pandemic. Without the support offered the business commented they would not have had the capacity or the will to continue with their business. The programme also helped to sustain the jobs of the SME employees, as without it the SME was at risk of shutting up shop entirely.

The consultee also noted the support offered allowed them to access new markets through their advisor, which has helped the SME to gather new customers and communicate with potential future customers. Whilst not all of the impacts can be attributed to the programme, the programme’s role cannot be understated in allowing the business to access new markets, a catalyst for business growth and productivity improvements. The consultee reported the support helped the business to survive and without the support they would not have had the capacity or capability to continue.

Suggestions

Overall, the consultee was very happy with their experience with the #GrowmySME Scheme, with the only point of contention being the structure of the ERDF funding requirements. The consultee felt changes should be made to the way grant funding is issued, as the current format of SMEs purchasing their goods/services with the grant, and then having to request the funding was a barrier to some businesses engaging. However, as the consultee notes, this largely is an issue with the funding regulations, but it is something to consider for future programmes.

5.6.2 Case Study 2: NLC-based Media company

Introduction

This multimedia company offers video production and software development services to businesses across the United Kingdom. The company approached the #GrowMySME programme as they were seeking financial support to grow and expand their business at a quicker rate than they were currently achieving.

User Experience

Overall, the company was pleased with the support they received, noting that the support provided by the business advisor and the level of grant funding provided were highly useful to the company. It was noted that the business advisor component was particularly useful as they were able to access other national funding with guidance from their advisor, further engendering their growth and scale-up. The firm have commended their advisor's network of associates, as the firm have had conversations with potential clients from Canada, France and Singapore - regions that were deemed unattainable pre-programme for the business.

“Our advisor was very supportive; he was almost a friend in the organisation.”

Furthermore, with regards to the grant funding, the SME reported they were able to profit due to the successful utilisation of the grant. The SME claimed that not only had the grant they received five years ago paid for itself, but that they were able to make profit which has enabled them to further invest in more equipment and digital processes.

Impact

The key impact highlighted by the consultee was that they have been able to increase their turnover, from a previous average of £300k to approx. £500k. This is a result of the business being able to charge more, as their newly procured equipment and service offer has appealed to larger, more affluent companies. The consultee also noted that they have been able to hire two new employees, one in marketing and one in sales as a result of their expansion and higher demand. The increases in turnover due to improved processes and productive capacity is a direct result of the new equipment procured through the programme. The business reported without the programme they would have been able to source the equipment by themselves, therefore affecting the subsequent turnover increases and new markets accessed.

Suggestions

Overall, the consultee was very happy with their experience with the IFG programme, as the grant support allowed the business to innovate and develop their services offer and to expand their workforce, and the advisory support offer has helped the firm access international markets and meet with clients that would have previously been unattainable.

5.6.3 Case Study 3: HCC-based Marketing Company

Introduction

This non-profit marketing firm promotes the Humber region as a place to live, work, study and invest. The company approached the #GrowMySME programme as they were looking to bring innovation to their business, focusing on digitalisation and to extend the reach of their clients.

User Experience

The support the business required was from three strands: a grant for digital innovation and the procurement of hardware; software development for their team to digitally connect; and the advisory support to aid in advertising their company. Overall, the consultee was pleased with the support they received, noting that the one-to-one

advisory was particularly useful, with the financial assessment of the business being helpful as they wouldn't have had the time to analyse their financials to the same degree.

The advisor was praised by the consultee as they felt they had done more than a sufficient level of research before the one-hour sessions, as to maximise the effect of the sessions themselves. They were able to form a strong relationship with the advisor which the consultee reported made a huge difference when discussing ways of improving their business model.

“Interacting with them through the digital innovation support, they met with the entire team, had what you would call an away day with our team which was really nice. They challenged us but in a positive manner and helped us to see what we could do differently day-to-day to add value.”

Furthermore, the consultee highlighted the successful transition to online delivery of workshops, reporting the delivery team were able to make it as interactive as possible and that little value had been lost from this approach.

Impact

The consultee stated the most impactful component of the IFG programme was the grant support as it enabled the business to change their ways of working, both through hardware procurement and software development to up-scale and access new markets. The firm were able to reduce costs by recruiting an in-house design specialist due to the software development funded through the programme.

The programme enabled the company to stop and think about how they could change and transform their business, which before the programme they would not have had the time for.

Suggestions

Overall, the consultee was very happy with their experience with IFG and highlighted that the digital innovation aspect of the support caught their eye more than other regional support offered. However, it was noted that managing expectations became a challenge as their advisor was able to come up with opportunities and ideas that the consultee quoted as “*out of reach for our business*”. The consultee reported a lack of flexibility in the remit of the grant offer, as their grant was used for digital innovation, but there were other challenges the business could have used grant money to address. Going forward, having a more accessible and adaptable grant to the needs of specific businesses should be applied, as this business found they were excluded from subsequent grants as they had accessed IFG.

5.6.4 Case Study 4: ERYC-based Creative Marketing Company

Introduction

This creative marketing agency specialises in branding, graphic design and marketing working in the private and public sector. The firm approached the #GrowMySME programme looking to improve their hardware operations and for ways to grow a network of potential client businesses.

User Experience

The company were pleased with the support they received, emphasising the value in the advisor support which enabled the business to make key introductions to five new clients. The consultee commented that, without the advisor's well-developed network, they would not have had access to the networking events to engage with potential clients.

It was noted that the advice provided through the advisor during the grant application process was well received, and the subsequent grant enabled the business to purchase integral hardware to scale their business.

Impact

The consultee identified that the grant scheme engendered the biggest impact, as their previous out-dated presented a risk to the business's continuity and, without the grant funding secured through IFG, they would not have been able to afford the upgraded hardware. The consultee felt this was a rare support offer in terms of funding digitalisation, not found elsewhere in the region, commenting,

"I've not come across anything that has been as good for me as the ICT for Growth programme."

A key impact highlighted by the consultee was that they have been able to increase their turnover, doubling their previous financial year's turnover in the first ten months of this year. This comes as a result of the new clients secured through networking and through benefiting from economies of scale as the hardware procured has engendered greater outputs without raising the business's costs.

Suggestions

Overall, the consultee was very happy with their experience with the #GrowmySME Scheme.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

Chapter six provides an overview of the key findings from the evaluation and seeks to address the key lines of enquiry as stated in Table 1.1. Recommendations will be developed following further business consultation and client comments.

6.2 Conclusions

6.2.1 Relevance, Consistency and Design

Consultations with business support advisors working across the Humber noted the lack of ICT literacy amongst SMEs which prevents many businesses from realising their growth potential. IFG is designed to directly address this as part of wider support interventions to raise SME productivity, and through the provision of specialist support, the programme is identified as a key component of the region's business support offer. The core offer adequately addresses key issues related to ICT-related business growth. The blend of individual consultancy support, group training sessions and grant funding provides a comprehensive offering to businesses in the region and allows the programme to meet the diverse needs of those enrolled on the scheme who possess differing levels of both digital capacity and growth aspirations.

The above factors point to the need for the IFG, **a programme that aims to address asymmetric information market failures by increasing digital adoption amongst SMEs**, whilst enhancing SME digital transition capability and addressing funding gap issues through the provision of ICT-specific grants and advisory support.

Our assessment highlights that IFG has a **high degree of strategic fit with national, regional and local economic growth strategies** and that its **offer is unique within the HEY region** and, therefore, its associated level of displacement is deemed to be low.

Having been informed by learning from previous interventions, the overall **programme design was deemed to be appropriate** by stakeholders and **fit for purpose**. The design and flexible approach of the IFG programme, particularly in response to the COVID-19 pandemic, was deemed by stakeholders to be appropriate in helping businesses recover from the pandemic.

6.2.2 Progress Against Contractual Targets

Programme uptake has been healthy, with referrals into the programme coming from a variety of sources (including the #GrowMySME website). As of December 2022, the programme received 1,168 Eols, of which c.99% were eligible for support, suggesting that marketing and referral processes were engaging with appropriate businesses. Enquiries were recorded from **a broad spread of locations across the region** (HCC – 26%; NELC – 21%; ERYC – 30%; and NLC – 22%), and an appropriate range of business ages and sizes. The sectoral mix of enquiries was also broad, although approximately three quarters of enquiries (75%) were recorded in non-priority sectors (or unknown).

The programme is **currently on course to achieve five of its seven output targets**. Strong areas of performance include enterprises receiving support (97% of the profiled target), private match investment (95% of the profiled target), and employment increases (116% of the profiled target). The programme is behind profile on enterprises receiving non-financial support (71%) and enterprises with broadband speeds of 30 MBPS (32%), however, as noted, the poor performance in this area may be attributable to the changes in economic context and business needs as a result of the pandemic.

Expenditure defrayal sits at **89% of the programme’s budget** (December 2022), following a reprofiling of the programme expenditure.

Successful delivery of the programme was supported by the use of **intensive one-to-one consultancy support** and the **content provided through the workshops**, with 88% of survey respondents (n=38) stating that they were either satisfied or very satisfied with the support received from business advisors, and 93% of respondents (n=40) reported that there was nothing further their advisors could have done to improve the support offer.

6.2.3 Outcomes and Impacts

The evaluation has identified evidence of outcomes and impacts as identified within the programme logic model, relating to: productivity; competitiveness; business growth; increased lending.

The online survey of business beneficiaries identified that 61% of respondents (n=26) reported an increase in sales to some extent following participation in the programme. Of the 24 respondents who offered further detail on their turnover, ten identified the increase, ranging from £8,000 to £750,000. The average increase in turnover / sales reported was £129,200. As of December 2022, programme monitoring data had identified that 124 jobs have been created against a target (end of Q2 2023) of 107 – 116% of the target. Furthermore, 52% of the respondents (n=11) to the online survey highlighted that they had experienced an increase in employment.

Table 6.1 provides a summary of the key benefits identified in the beneficiary survey. The online survey highlighted that more than half of the respondents (60%) did not think that they would have achieved the same benefits without the support of the programme. Shading denotes combined scores for ‘some extent’ and ‘large extent’ of over 70%.

Table 6.1: Key Business Impacts / Benefits

	No and not expected in the future	No but expected in the future	Yes, to some extent	Yes, to a large extent	N/A	Total
Increase in productivity	2%	7%	37%	54%	0	41
Increase in efficiency	2%	7%	24%	64%	2%	42
Accessed new markets	12%	24%	21%	21%	21%	42
Growth in sales	2%	23%	42%	19%	14%	43
Develop new products/ services	7%	20%	27%	34%	12%	41
Increase employment	12%	26%	23%	21%	18%	43
Be more innovative	2%	12%	43%	36%	7%	42
Become more resilient	2%	7%	45%	36%	10%	42
Accessed finance	7%	20%	20%	22%	32%	41

Source: RSM UK Online Survey; N = 41 – 43 businesses

6.2.4 Delivery and Management Effectiveness

The strategic management and governance processes in place were appropriate for the scope and scale of the programme, and management was regarded positively by stakeholders. Furthermore, the role of the

business advisors was found to be important in relation to recruitment. It was identified that advisors were able to utilise their pre-existing connections to generate high-quality referrals.

Stakeholders suggested **potential to improve communication and internal reporting across IFG, BGS, and FFG.** It was highlighted that the joining up the operating processes across all three programmes would have led to harmonised internal reporting structures and allowed for a more coherent monitoring process for reviewing reports from programme to programme.

Notwithstanding the performance issues highlighted above, advisors and SMEs were largely satisfied with the quality of the service delivery and found the **delivery model to be fit for purpose.** Beneficiaries were impressed by the one-to-one consultancy provision, finding the friendly, face-to-face method of delivery highly effective.

It was recommended by stakeholders that the use of **best practice visits** could also benefit businesses engaging in this support offer and that continuing with the **hybrid approach in the delivery of workshops and webinars** will maintain the appeal to a larger number of businesses, while continue to offer face-to-face sessions for tailored, less formal support.

The programme was able to engage a good mix of SMEs, including ‘larger’ companies with 50+ employees. Table 3.8 highlighted that 5% of enquiries came from business with 50+ employees which is significantly higher than the composition of the region’s business base (i.e., only 98%²⁶ of businesses in HEY employ up to 50 staff).

6.2.5 SME Experience

As highlighted in section 6.2.3, a number of business benefits have been identified.

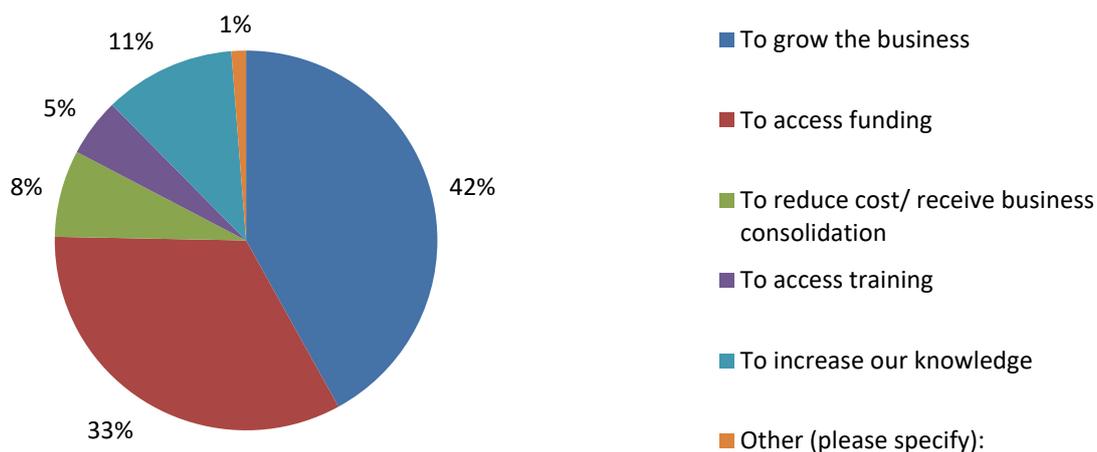
The online survey of business beneficiaries identified that for **each aspect of the recruitment process, the majority of respondents were either satisfied or very satisfied.** Furthermore, 98% of respondents (n=42) stated that they were **satisfied with the level of support available** during the application process.

In relation to the support provided by business advisors, the online survey of business beneficiaries identified that 88% of respondents (n=38) were either satisfied or very satisfied. Furthermore, 93% of respondents (n=40) reported that there was nothing further their advisors could have done to improve the support offer.

Figure 6.1 provides a breakdown of the reasons why the online survey respondents accessed the programme. As highlighted, 42% of respondents accessed the programme to grow their business and 33% of respondents were aiming to obtain funding.

²⁶ UK Business Counts, 2022

Figure 6.1: Reasons for accessing the programme



N = 43

6.3 Recommendations

The following key lessons have been identified through the evaluation process which can inform the development of similar provision in future:

- joining up the operating processes across all three programmes would have led to harmonised internal reporting structures and allowed for a more coherent monitoring process from programme to programme (however, it is noted that, as in this instance the three programmes were funded through separate ESIF calls, this wasn't possible in this instance). Furthermore, a single programme manager would ensure a cohesive approach to delivery and may lessen the bureaucratic burden placed on programme managers. Future similar programmes should consider combining the operating processes of linked programming and appointing a single programme manager to ensure efficiencies are maximised;
- staffing pressures and challenges impacted the mobilisation of the programme, and it was suggested that several of staffing assumptions in the funding application were under-scoped. While this did not appear to affect the quality of the support delivered by the programme, future similar programmes should ensure that a robust benchmarking exercise is undertaken to scope out staffing requirements;
- the use of best practice visits could benefit businesses through visiting other SMEs in the area which are thriving. It would be an opportunity for them to ask questions about what works, understand the business journey and gain inspiration whilst enlarging their networks. This type of engagement should be reflected within similar future provision;
- a continued hybrid approach in the delivery of workshops and webinars was identified as a method of delivery that appealed to a larger number of businesses, while also offering face-to-face sessions for tailored, less formal support. This warrants further consideration in the design of similar future provision;

- 
- consideration should be given in the design of future similar provision to the inclusion of business advisors in the grant review process, c. 6-12 months after businesses receive a grant, to determine if the business achieved what they wanted to achieve; and
 - from an evaluation perspective, evaluating the three programme elements of #GrowMySME individually has created challenges in attributing impacts, issues and key lessons as stakeholders and beneficiaries may struggle to differentiate between specific programme elements. Consideration should be given to overarching programme-level evaluation in future similar situations.

In addition, recommendations have been identified that are specific to funders:

- issues were identified throughout the evaluation process in relation to the ERDF eligibility and monitoring requirements associated with accessing support and grant funding. Consideration should be given to streamlining the administrative burden (on both SME beneficiaries and programme delivery partners) in future similar programmes; and
- a balance between having and achieving pre-set target outputs (such as the 12-hour consultancy requirements) need to be balanced more carefully against the need to provide bespoke and meaningful guidance to SMEs. Consideration should be given as to how to reflect the outputs / benefits of engaging with a business beyond set output targets even if, as noted during consultations, this may be difficult to execute in practice.

APPENDIX 1: STRATEGIC CONTEXT

UK Industrial Strategy

Since the programme commenced, the Government has published the UK Industrial Strategy which sets out four 'Grand Challenges' the UK will need to overcome to remain a global power in the industries of the future: artificial intelligence and the data economy, clean energy growth, future of mobility and an ageing society. The Strategy sets a national framework for addressing these challenges and promotes a digitally connected economy that realises value from connected, large-scale data. The overall strategic vision is for the UK economy to grow by having a base of competitive, resilient SMEs that are equipped to take advantage of digital and ICT capabilities. On-going Government support for increasing the use of ICT and other digital technologies is further evidenced by the following commitments:

- over £1bn of public investment to enhance the UK's digital infrastructure;
- £176m for the provision of 5G connectivity and £200m for local areas to encourage the roll-out of full-fibre networks;
- £725m of investment in a new Industrial Strategy Challenge Fund to capture the value of innovation, and support projects which utilise artificial intelligence and data;
- an additional £406m investment in maths, digital and technical education; and,
- the introduction of a new National Retraining Scheme to support the re-skilling of the labour force, with an initial £64m investment in digital and construction training.

Regional Policy

IFG also builds upon both the Humber Local Industrial Strategy (LIS) and the Humber Strategic Economic Plan 2014-2020 (SEP) which envisions the Humber as “a renowned national and international centre for renewable energy and an area whose economy is resilient and competitive”²⁷. The SEP acknowledges the crucial role of technology in facilitating business growth; not only is it often integral to innovation (which in turn leads to production of new products and access to new markets) but is linked to improving productivity and resilience. IFG directly supports the delivery of SEP strategic priorities by:

- providing specialist ICT advice as part of the broader co-ordinated, universal business support and signposting offer;
- building the growth capabilities of SMEs through the provision of one-to-one and one-to-many digital training opportunities;
- increasing the level of innovation amongst local businesses;
- providing targeted support to businesses in priority sectors highlighted in the SEP as ones to particularly benefit from improved digital literacy (chiefly creative and digital, manufacturing and logistics); and,
- delivering a more co-ordinated and streamlined export support to businesses across the LEP area.

By providing expert advice and workshops aimed at encouraging the effective utilisation of ICT and digital technologies, the programme enables SMEs to create or adopt new products and processes whilst improving productivity, efficiency, and competitiveness.

²⁷ The Humber LEP (2014). *Strategic Economic Plan 2014-2020*. <https://www.humberlep.org/wp-content/uploads/2014/11/StrategicEconomicPlan.pdf>

Hull City Council – Hull’s Economic Strategy 2021-2026

The IFG programme is aligned with HCC’s Economic Strategy which provides a framework to both respond to the economic impact of the pandemic; and support continued growth and investment based on Hull’s core strengths. This strategy highlights Hull’s advantageous position in digital connectivity and access to ultrafast broadband, as well as growth in the digital, services, and carbon neutral sectors. The strategy also identifies opportunities for rapid manufacturing utilising the ultrafast fibre network within the digital and automated sectors in the region. The strategy additionally outlines plans to increase local provision of digital skills training and support including upskilling for employees in sectors where technological changes are impacting on skills requirements. As such, the ICT for growth programme contributes to the aims of this strategy through one-to-one advice, IT industry led workshops, Hardware and software consultancy, and broadband vouchers to start new businesses. The intervention is strategically aligned to Hull City Council’s economic strategy and will contribute to the planned creation of an innovative, digital and net zero city.

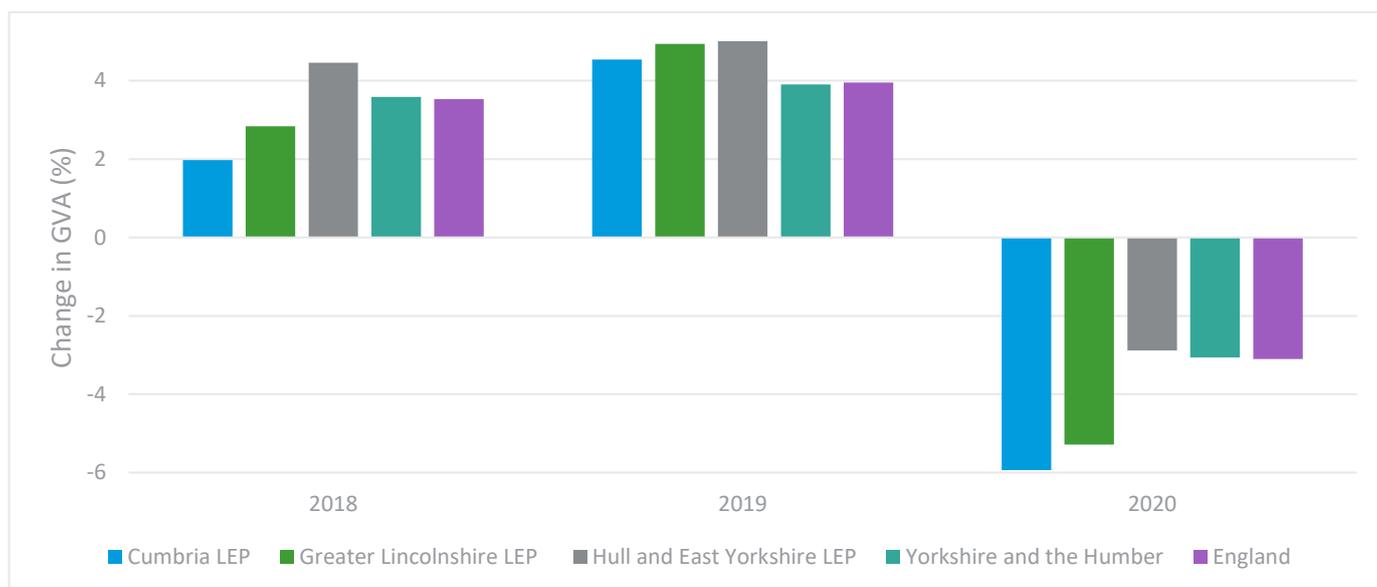
Hull and East Yorkshire LEP - Economic Growth & Workforce Wellbeing Strategy 2021-2026

This programme is aligned with the Economic Growth & Workforce Wellbeing Strategy (2021-2026) which sets out the strategic framework with a focused overview at a regional level of the strategic aims and objectives which will be required to be actioned from 2021 to 2026 to grow the economy of Hull and East Yorkshire. This strategy places an emphasis on growing a skilled and inclusive economy whereby digital skills are fully embedded. It is noted that there a need for basic digital upskilling across all sectors to meet employer needs. Key to this is collaboration with partners and the Humber Local Digital Skills Partnership to raise digital skills levels across the region and raise the ambition of employers, employees, and residents. HEY LEP will support businesses to adopt digital technologies and invest in upskilling employees to maximise efficiency and productivity. ICT for Growth contributes to the aims of this strategy through improving the competitiveness of SMEs by offering one to one advice, workshops delivered by IT experts, hardware and software consultancy, as well as broadband vouchers to new businesses.

APPENDIX 2 : REGIONAL PRODUCTIVITY AND EMPLOYMENT

GVA

Figure A2.1: Percentage change in Total GVA by LEP Area, 2018-2020



Source: ONS

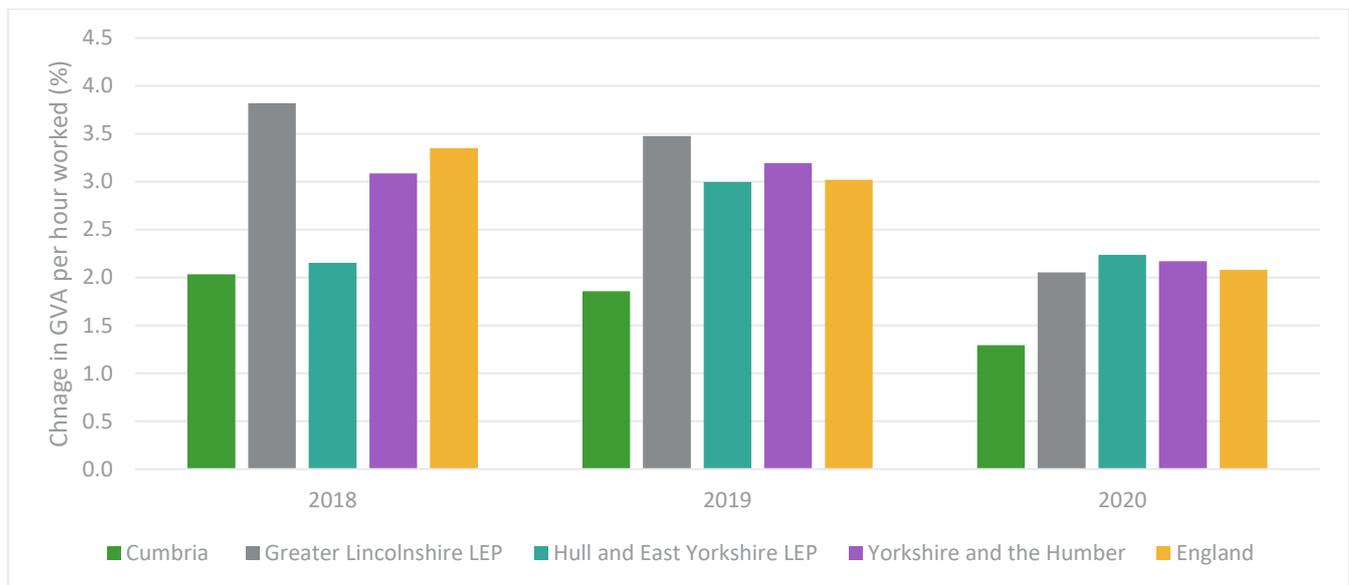
Total GVA in Yorkshire and the Humber²⁸ grew steadily between 2018 and 2019, growing 3.6% from 2017 – 2018, and a further 3.9% increase the following year. However, the Yorkshire and the Humber area's GVA shrank by 3.1% in 2020 due to the Covid-19 pandemic, as the restrictions on face-to-face interactions heavily impacted SMEs nation-wide, causing lower demand for goods and services and disruption to production and supply chains, leading to the revenues of many businesses to decline sharply and persistently.²⁹ This had a knock-on effect of leading to higher unemployment as indicated in Figure A2.3.

This trend was evident across the LEP's selected for comparison. Cumbria, Greater Lincolnshire and HEY experienced GVA % change Growth from 2018-19 of 4.5%, 4.9% and 5.1% respectively. Similarly, the same LEP's contracted 5.9%, 5.3%, and 2.9% in 2020. HEY LEP consistently outperformed these comparator LEP's as well as England and the Yorkshire and Humber Region.

²⁸ GVA Data only available up to 2020

²⁹ Bank of England – Impacts of the Covid-19 crisis: Evidence from 2 million UK SMEs. [Bank of England Staff Working Paper No. 924](#)

Figure A2.2: GVA per hour worked by LEP Area, 2018-2020



Whilst total GVA dropped, GVA per hour worked increased, indicating that those who were in work were more efficient. Perhaps Covid-19 remote working arrangements may have been a contributing factor to this.

In terms of change in GVA per hour worked from 2018-19, productivity in the wider Yorkshire and Humber region was growing largely at the same rate as the country average. Figure A2.2 illustrates the impact Covid-19 has had on GVA per hour worked across the comparator regions, as growth year-on-year into 2020 was the lowest of the three years. Despite this, with experiencing growth of 2.2% from 2019-20 HEY LEP outgrew both the national average and the selected comparator LEP's which experienced growth of 2.1%, 1.3% (Cumbria), and 2.1% (Greater Lincolnshire).

Growth in productivity in the wider Yorkshire and Humber region over the period (8.5%) is ahead of the national average (8.4%), suggesting the business support available to SMEs throughout the Covid-19 outbreak such as the Finance for Growth programme, Growing the Humber, Business Loan Fund and the Spark Fund have had a positive effect on the region's productivity. HEY LEP's growth in GVA per hour worked over the period accumulates to 7.4%, greater than that of Cumbria's (5.2%), but less than Greater Lincolnshire's at 9.4%.

Unemployment

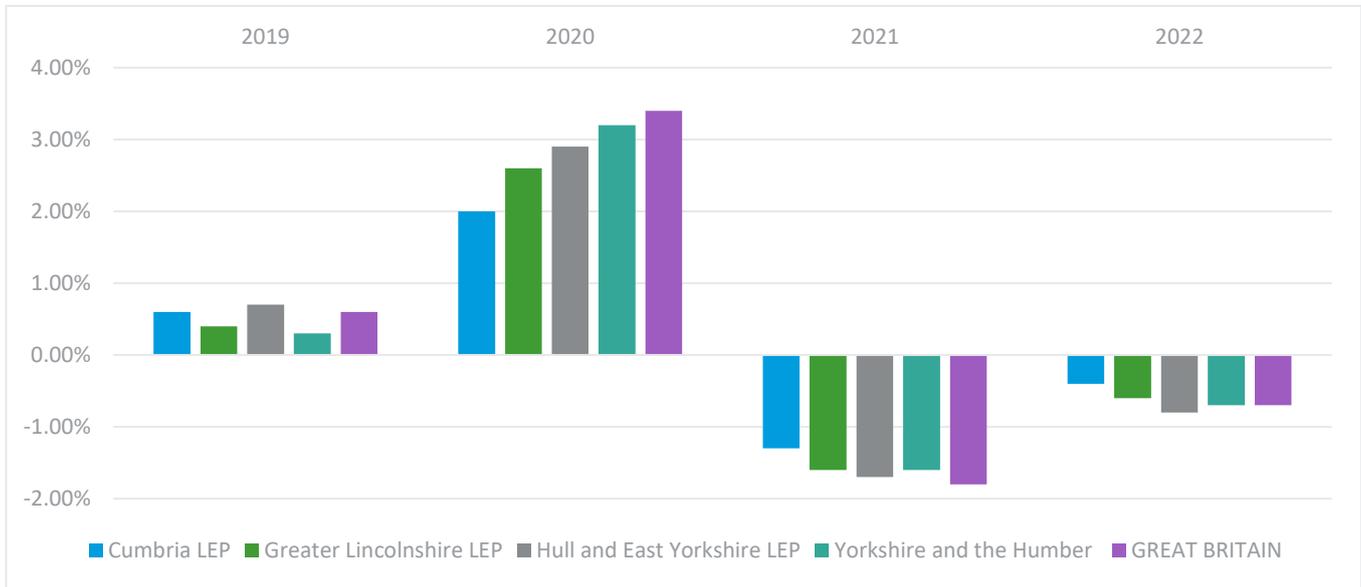
Claimant count in the HEY LEP currently stands at 4.1%, marginally higher than the total Yorkshire and Humber region (4.0%), higher than comparator LEP's Greater Lincolnshire (3.4%) and Cumbria (2.5%), and higher than the GB average (3.70%).³⁰

Since 2019, the number of people claiming unemployment-related benefits in HEY LEP has both increased and decreased. This is in line with the National trend, whereby a nationwide spike in unemployment occurred as a result of the Covid-19 pandemic. Claimant count in HEY grew 2.9% in 2020, more than Cumbria (2.0%) and Greater Lincolnshire (2.60%) LEP's, but less than the GB average and Yorkshire and Humber Region which experienced even greater rises in claimant counts (3.40% and 3.20% respectively).

³⁰ Nomis Claimant Count data – seasonally adjusted

Figure A2.3 shows the effect that HEY LEP’s response to the pandemic had on claimant count rates from 2020-22. From 2020-21 HEY experienced a larger drop in claimant count than that of the Yorkshire and Humber region and both comparator LEP’s, but a smaller decrease than the GB average. This trend was carried forward from 2021-22, but with HEY LEP experiencing a larger drop in claimant count (-0.80%) than the GB average as well as Greater Lincolnshire and Cumbria LEP’s. This suggests that interventions such as the Business Growth Scheme are having positive effects in the region. Despite this, claimant count in the region still remains above national average, highlighting a need for continued support in HEY.

Figure A2.3: Annual change in Claimant Count, 2019-2022

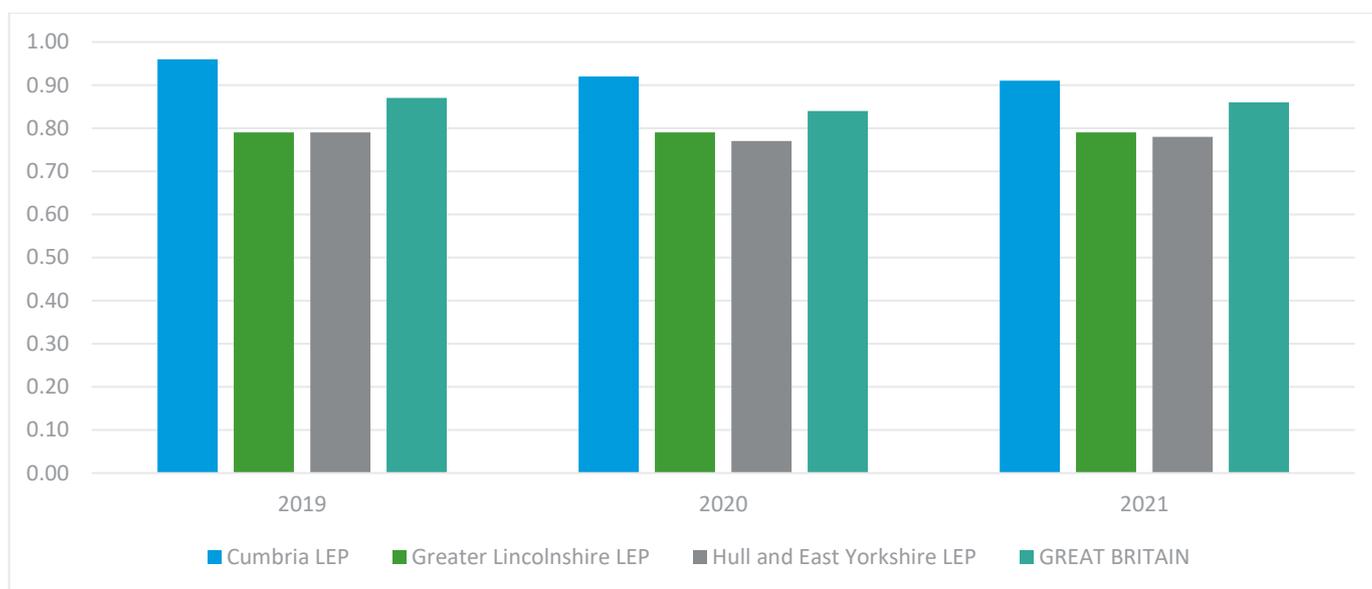


Source: ONS

Job Density

The latest data available from 2019 – 2021 shows that the number of jobs per resident of working age (male and female: 16-64) in the HEY region has remained largely consistent. In 2021 it stood at 0.78, lower than the both the Cumbria LEP and national average, but closely aligned to that of Greater Lincolnshire LEP. This shows that there is spare capacity across the Hull and East Riding LEP, with room to increase employment. This is illustrated in Figure A2.4.

Figure A2.4: Job Density by LEP area, 2019 – 2021



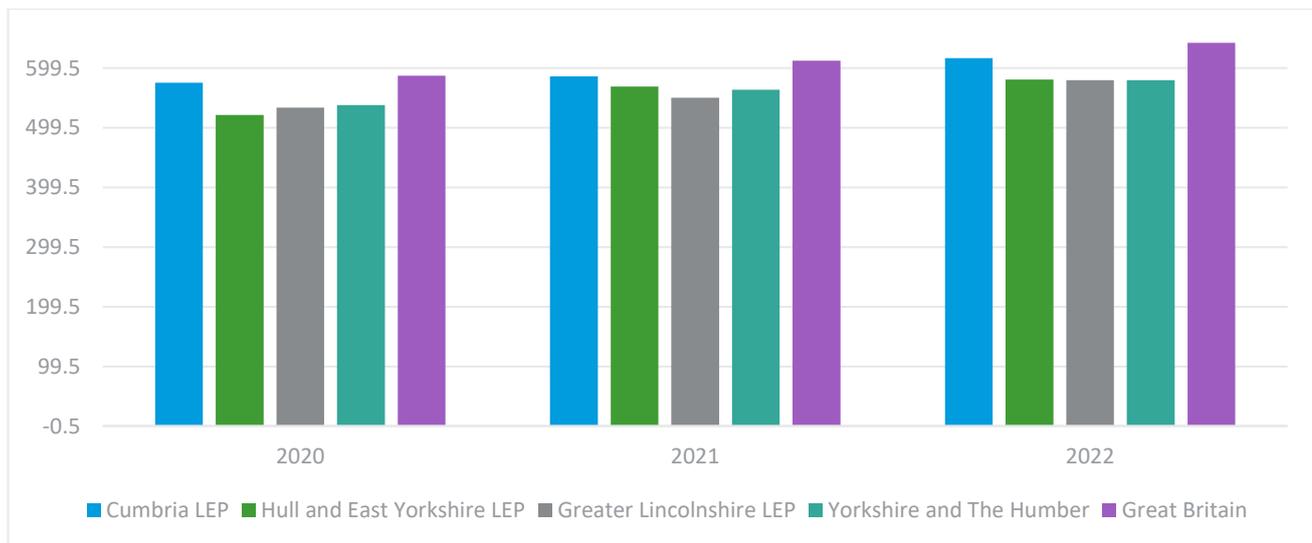
Source: ONS

Gross Weekly Pay

Figure A2.5 shows that average gross weekly pay for the HEY LEP is largely in line with Greater Lincolnshire LEP and the Yorkshire and Humber Region, sitting at £580.50 in 2022. It is lower however than both Cumbria LEP (£616.10) and the GB Average (£642.00).

Having said this, HEY experienced a significant uptrend of 11% from 2020 to 2022, outgrowing all comparator regions. Cumbria LEP, Greater Lincolnshire LEP, the wider Yorkshire and Humber Region and GB average experienced slower growth of 7%, 8%, 8%, and 9% respectively.

Figure A2.5: Gross weekly pay by area, 2020-2022



Source: ONS

Growth Sectors

Table A2.1 Growth Sectors in the HEY Region

Programme Partner	Growth Sectors identified
Hull City Council ³¹	<ul style="list-style-type: none"> • Medical, Health and social care sectors including allied industries. • Port, transport, and logistics sectors with direct access to export markets. • Manufacturing, construction, renewables, food and manu-services sectors. • Growth in the digital, services, and carbon neutral sectors.
East Riding of Yorkshire ³²	<ul style="list-style-type: none"> • World leading Renewable energy sector. • Agri-food & bio renewables. • Ports & Logistics. • Maritime fishing. • Manufacturing. • Creative & Digital.
North Lincolnshire Council ³³	<ul style="list-style-type: none"> • Advanced engineering • Chemicals and petro-chemicals • Food and drink

³¹ HCC Economic Strategy 2021-2026 | Hull City Council. Available at: <https://www.hull.gov.uk/council-and-democracy/policies-and-plans/economic-strategy>

³² ERYC Economic Strategy 2018 - 2022 (no date). Available at: <https://www.eastriding.gov.uk/> (Accessed: March 10, 2023).

³³ North Lincolnshire Local Plan October 2021. Available at: <https://www.northlincs.gov.uk/>



Programme Partner	Growth Sectors identified
	<ul style="list-style-type: none">• Metals;• Ports• Freight and logistics,• Renewable• Tourism
North East Lincolnshire Council ³⁴	<ul style="list-style-type: none">• Ports and Logistics• Renewable Energy• Chemical and Processing Industries• Housing and Construction• Food Processing• Health and social care• Visitor Economy, Services and Retail

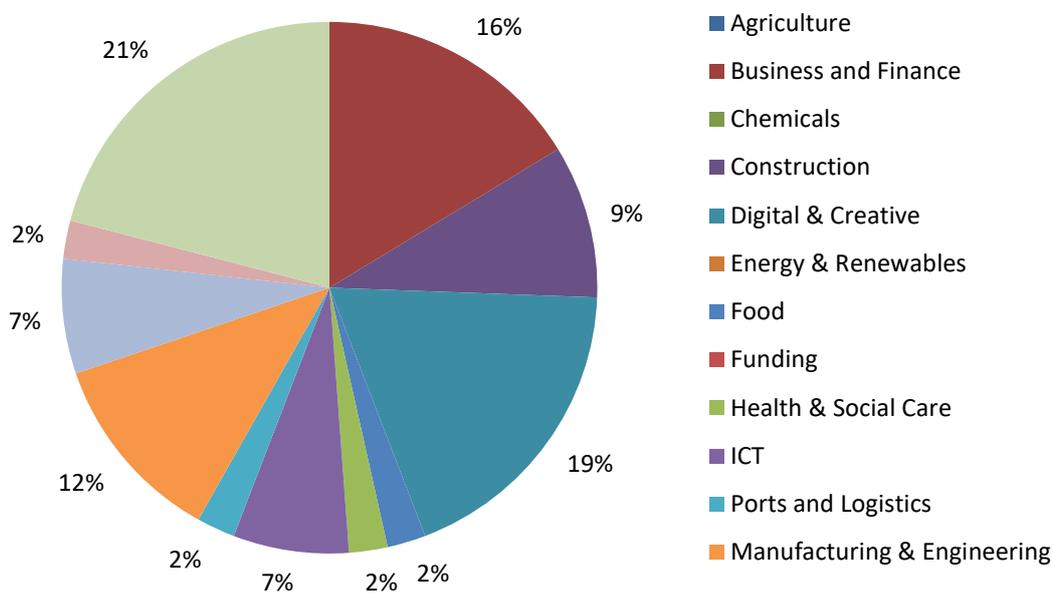
³⁴ North East Lincolnshire Council. North East Lincolnshire Economic Strategy 2021

APPENDIX 3: SURVEY ANALYSIS

This appendix provides a summary of the survey responses received to date (n=43).

Figure A3.1 provides a breakdown of the sector profile of respondents.

Figure A3.1: Sector Profile



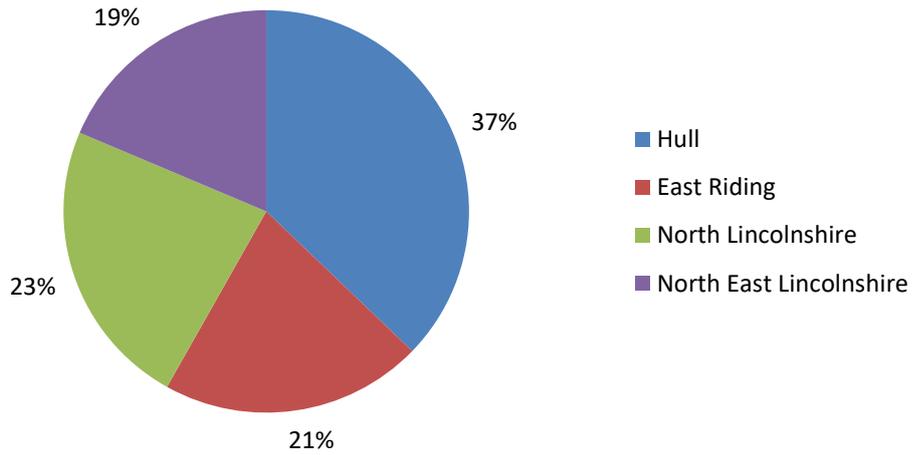
N = 43

As highlighted in Figure A3.1, the most prevalent sectors were Digital and Creative (19%), Business and Finance (16%) and Manufacturing and Engineering (12%). For those respondents selecting “other” responses included:

- training provider;
- entertainment;
- education;
- sports entertainment;
- specialist HSE services to industry;
- charity;
- interpretation and translation;
- recruitment; and
- engineering.

Figure A3.2 provides a breakdown of the local authority areas of respondents.

Figure A3.2: Local Authority Area

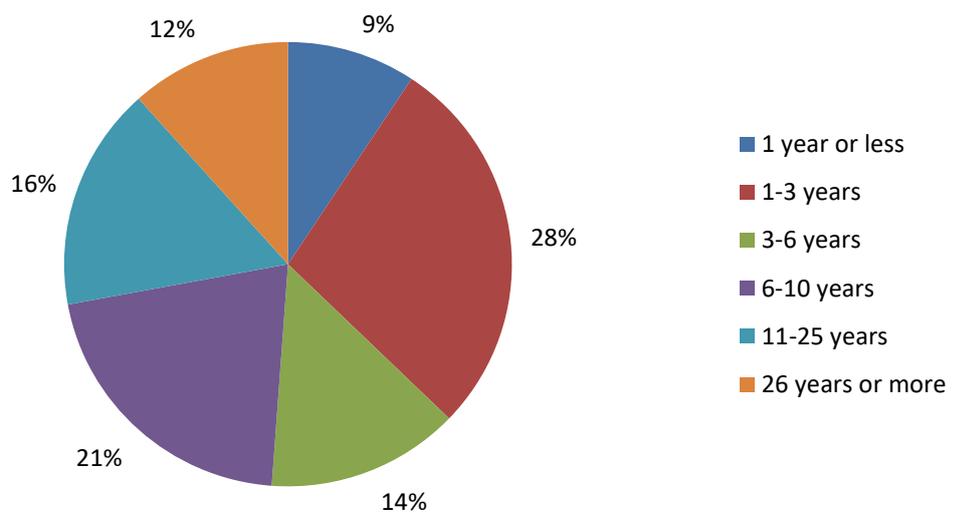


N = 43

As highlighted in Figure A3.2, The most prevalent areas were Hull (37%), North Lincolnshire (23%) and East Riding (21%).

Figure A3.3 provides a breakdown of how long each respondent has been trading.

Figure A3.3: How long has each respondent been trading

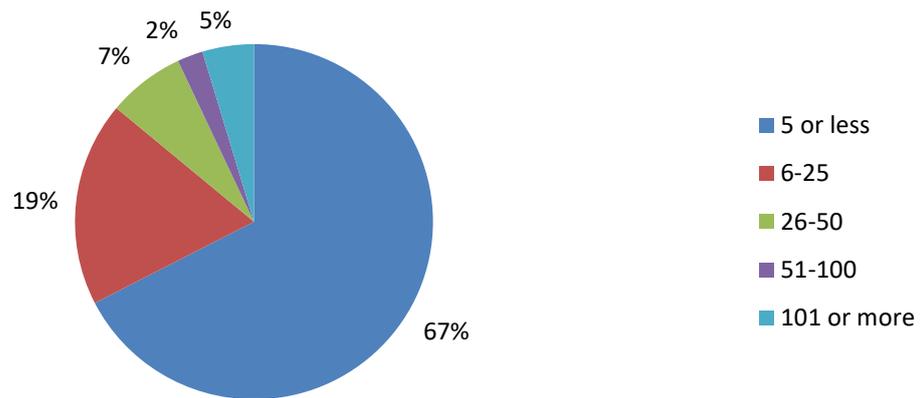


N = 43

As highlighted in Figure A3.3, almost one third of respondents (28%) have been trading for 1-3 years. A fifth of respondents have been trading for 6-10 years (21%). The next most common answer was 11-25 years (16%).

Figure A3.4 provides a breakdown of the number of employees for each respondent.

Figure A3.4: Employee number of each respondent

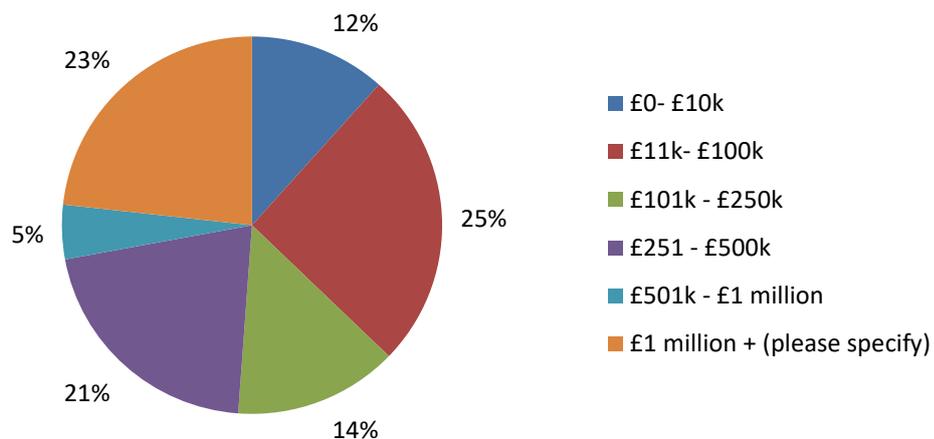


N = 43

As highlighted in Figure A3.4, most respondents (67%) had 5 or less employees, while one fifth (19%) had 6-25 employees.

Figure A3.5 provides a breakdown of turnover for the last full financial year of each respondent.

Figure A3.5: Turnover figures for the last full financial year

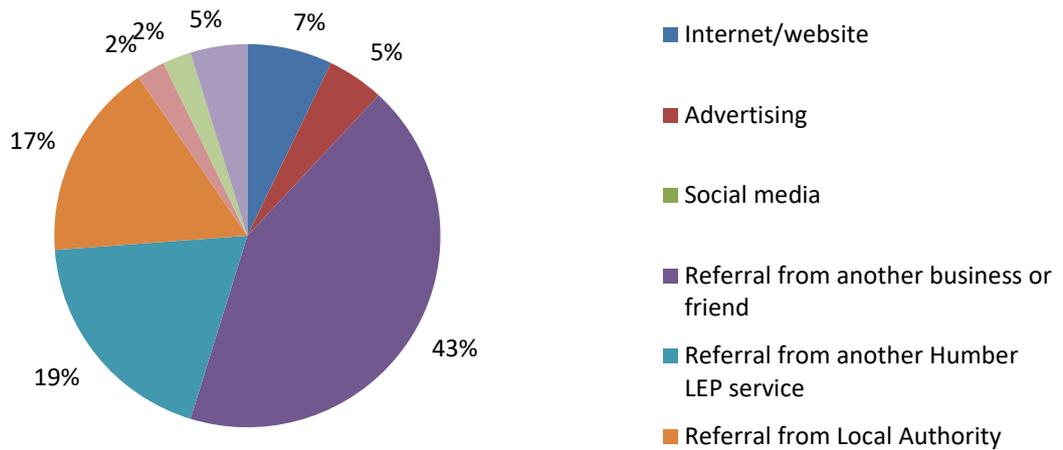


N = 43

As highlighted in Figure A3.5, over quarter of respondents (25%) had between £11k-£100k turnover for the last full financial year, while a fifth of respondents (21%) had turnover of £251k-£500k. For the respondents who answered above £1 Million (23%), the turnover figures ranged from £1.2 Million - £32 Million with the average being £7.5 Million.

Figure A3.6 provides a breakdown of how each respondent found out about the programme.

Figure A3.6: How did each respondent find out about the programme

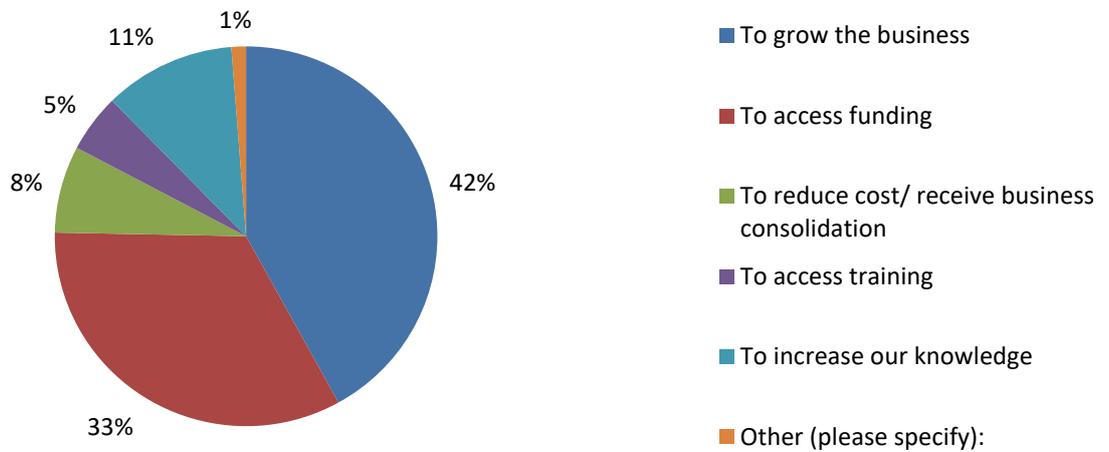


N = 42

As highlighted in Figure A3.6, almost one half of respondents (43%) found out about the programme through referral from another business or friend while a fifth of respondents (19%) found out about the programme through referral from another HEY LEP service. The next most common answer was referral from local authority (17%).

Figure A3.7 provides a breakdown of why respondents accessed the programme.

Figure A3.7: Reasons for accessing the programme

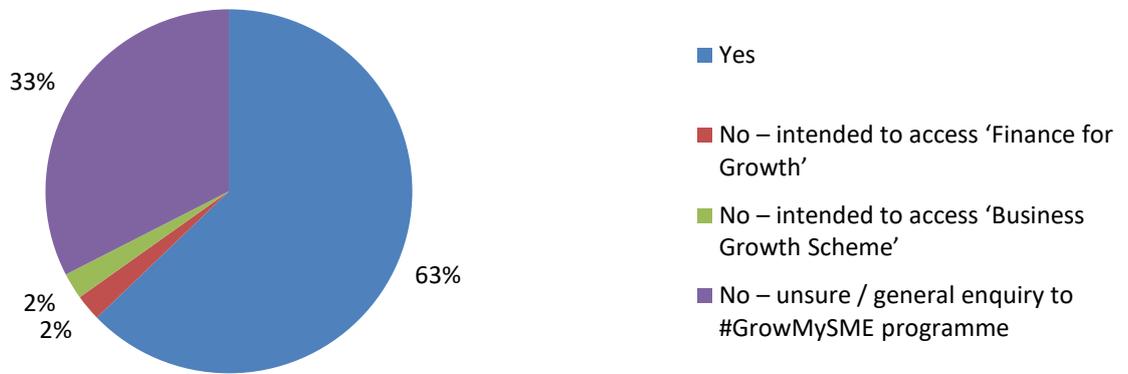


N = 43

As highlighted in Figure A3.7, the most prevalent reason for accessing funding was to grow the business (42%) while the second most common answer was to access funding (33%). One respondent selected “other”, answering that it was to help clients.

Figure A3.8 breaks down if respondents initially intended to access the ICT for Growth Scheme.

Figure A3.8: Did respondents initially intend to access the ICT for Growth Scheme

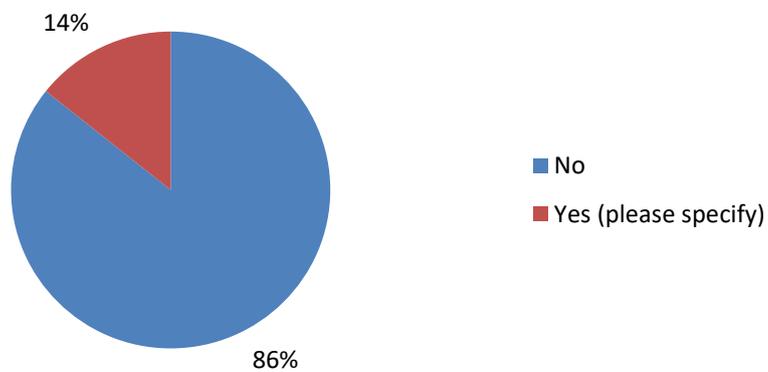


N = 43

As highlighted in Figure A3.8, most respondents (63%) initially intended to access the ICT for Growth Scheme. While over one third (33%) answered “No – unsure / general enquiry to #GrowMySME programme”.

Figure A3.9 breaks down if respondents have accessed similar support programmes prior to accessing the #GrowMySME programme.

Figure A3.9: Have respondents accessed similar support programmes



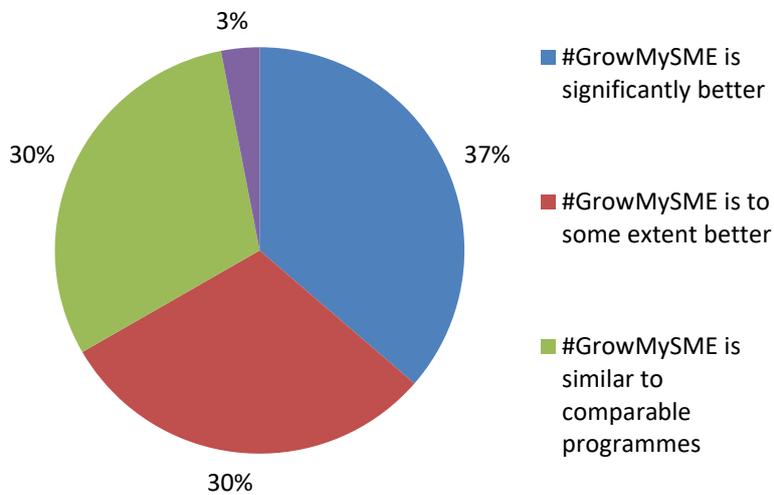
N = 42

As highlighted in Figure A3.9, most respondents (86%) have not accessed a similar programme. Of the respondents who answered yes, the following responses were provided:

- Finance for Growth;
- Grow SME;
- Grants for Growth Scheme;
- Finance for Growth;
- government funding; and
- PAPI.

Figure A3.10 provides a breakdown of how respondents would rate the #GrowMySME programme compared to other support accessed.

Figure A3.10: #GrowMySME compared to other support programmes

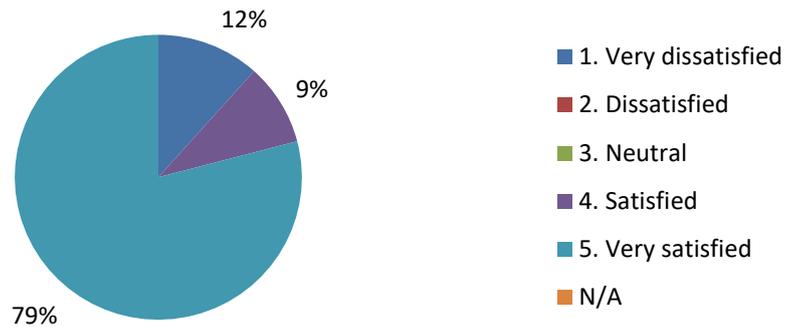


N = 33

As highlighted in Figure A3.10, The most prevalent answer among respondents was #GrowMySME is significantly better (37%). The next most common responses were #GrowMySME is similar to comparable programmes (30%) and #GrowMySME is to some extent better (30%).

Figure A3.11 breaks down if respondents are satisfied with the support they have received from their main advisor / Account Manager.

Figure A3.11: Satisfaction with support provided by main advisor / Account manager

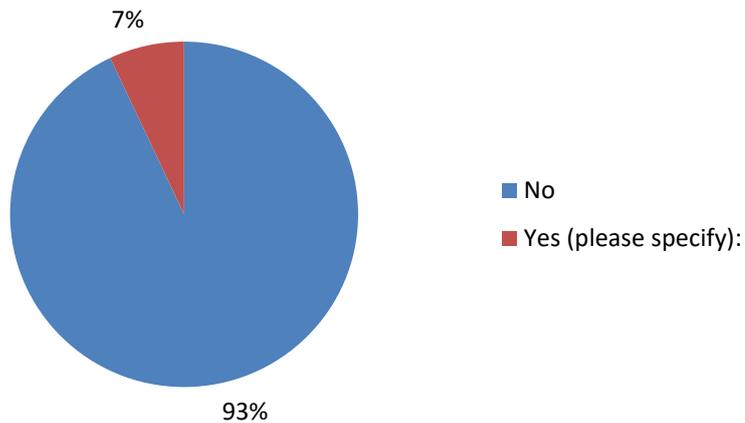


N = 43

As highlighted in Figure A3.11, most respondents (79%) were very satisfied with the support they had received.

Figure A3.12 provides a breakdown of if respondents felt there was anything their main advisor / Account Manager could do better/ differently.

Figure A3.12: Could respondents main advisor / Account Manager do anything better / differently



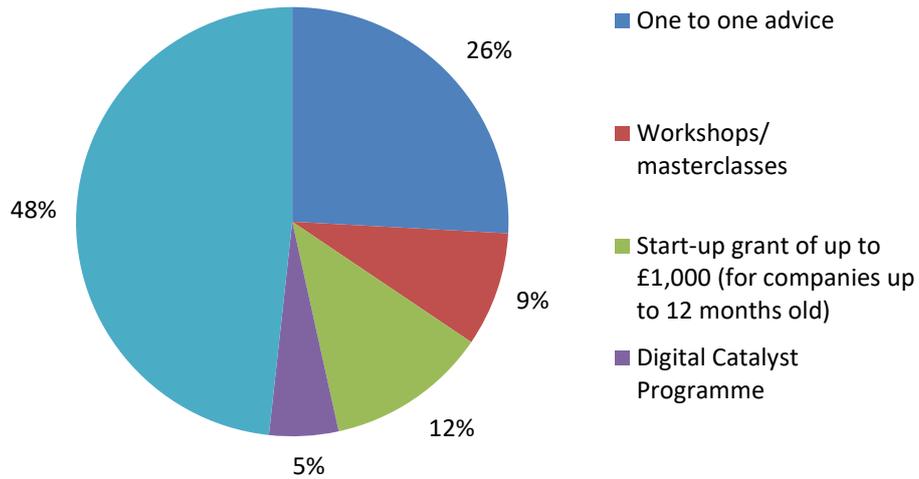
N = 43

As highlighted in Figure A3.12, most respondents (93%) felt that their main advisor / Account Manager couldn't do anything better / differently. Of those who answered yes (7%), the following responses were provided:

- Better engagement; and
- Large difference in the ability of the advisors worked with.

Figure A3.13 provides a breakdown of the support respondents have and are receiving.

Figure A3.13: Support respondents received and are receiving

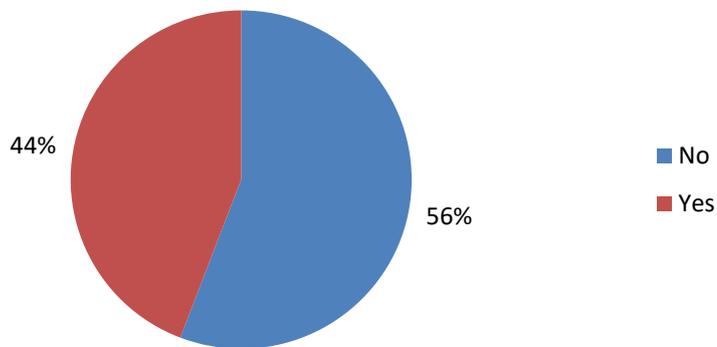


N = 41

As highlighted in Figure A3.13, almost one half of respondents (48%) had received a grant, while one quarter (26%) had received or were receiving one to one advice. Exactly half had received or were receiving grant support for SME growth projects. Grant funding ranged from £1-£10k with the average amount being £3k.

Figure A3.14 breaks down if respondents received a diagnostic / needs assessment with an adviser to identify the support which would be beneficial to their business.

Figure A3.14: Had respondents received a diagnostic / needs assessment with an adviser to identify the support which would be beneficial to their business

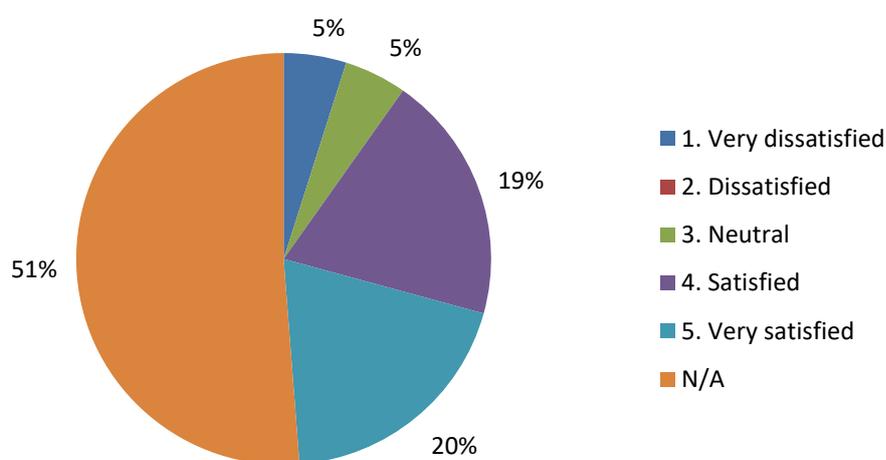


N = 43

As highlighted in Figure A3.14, over one half of respondents (56%) had received a diagnostic / needs assessment while the remaining respondents had not.

Figure A3.15 provides a breakdown of how useful respondents found the diagnostic / needs assessment.

Figure A3.15: How useful respondents found the diagnostic / needs assessment



N = 41

As highlighted in Figure A3.15, both very satisfied and satisfied had been selected by a fifth of respondents (20% and 19% respectively) while half of respondents (51%) selected N/A.

Table A3.1 provides a breakdown of how satisfied respondents are with the application process

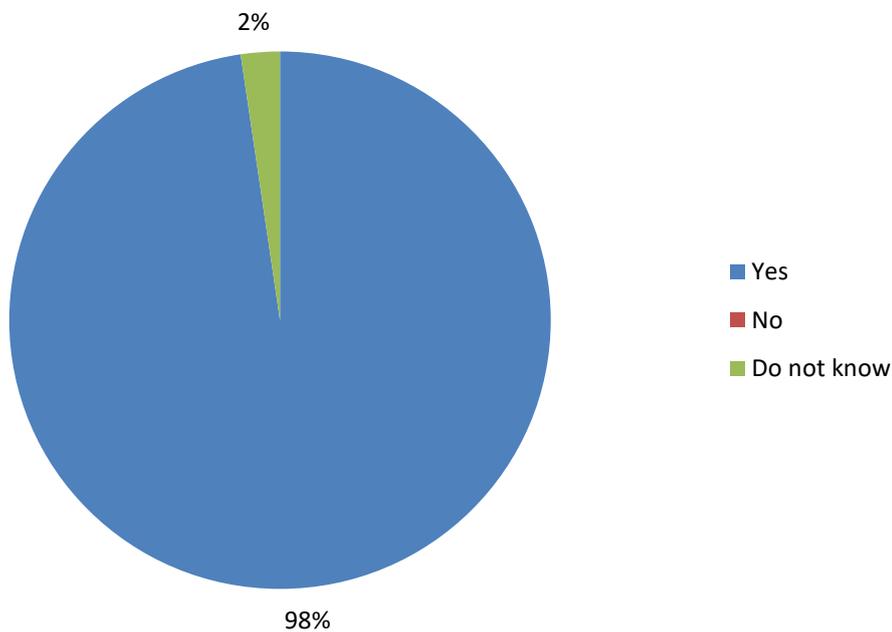
Table A3.1: How useful respondents found the diagnostic / needs assessment

	Very dissatisfied	Dissatisfied	Neutral	Satisfied	Very satisfied	N/A	Response Total
The usefulness of the application guidance information provided	0	0	9%	28%	61%	2%	43
Support provided by your advisor	0	0	0	12%	86%	2%	43
The clarity of the application form	0	2.5%	0	31%	64%	2.5%	42
The level of information you had to provide e.g.,	0	0	9%	35%	54%	2%	43

	Very dissatisfied	Dissatisfied	Neutral	Satisfied	Very satisfied	N/A	Response Total
management accounts							
The time taken to complete your application	0	5%	5%	28%	60%	2%	43
The time taken to receive a response	0	2%	5%	14%	77%	2%	43

Figure A3.16 breaks down if applicants felt they received enough support and guidance during the application process.

Figure A3.16: Did applicants receive enough support and guidance during the application process

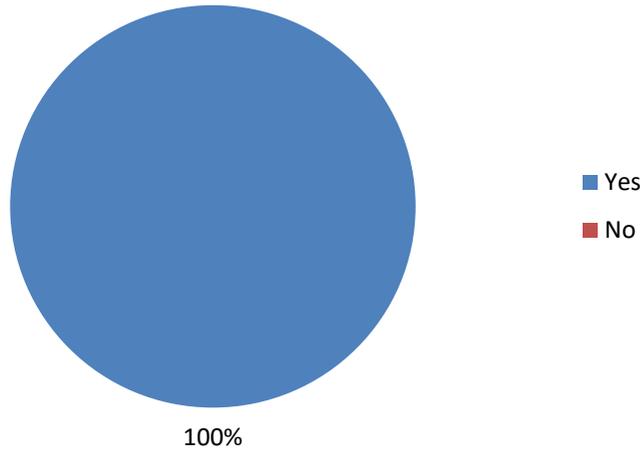


N = 43

As highlighted in Figure A3.16, most respondents (98%) felt they had received enough support or guidance during the application process. No respondents answered no.

Figure A3.17 provides feedback on if applicants believed the benefits were worth the effort invested.

Figure A3.17: Were benefits worth the effort invested



N = 42

As highlighted in Figure A3.17, all respondents (100%) felt the benefits were worth the efforts invested.

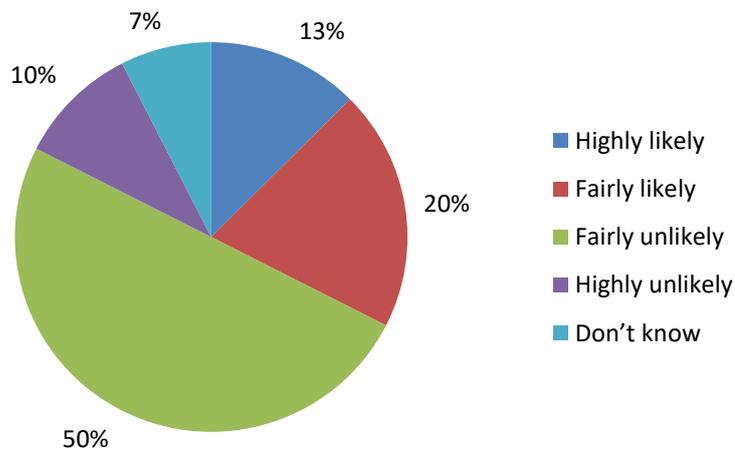
Table A3.2 breaks down the extent to which support through the programme has delivered on the following tangible impacts/financial benefits

Table A3.2: Extent to which support through the programme has delivered on the following tangible impacts/financial benefits

	No and not expected in the future	No but expected in the future	Yes, to some extent	Yes, to a large extent	N/A	Response Total
Increase in productivity	2%	7%	37%	54%	0	41
Increase in efficiency	2%	7%	24%	64%	2%	42
Accessed new markets	12%	24%	21%	21%	21%	42
Growth in sales	2%	23%	42%	19%	14%	43
Develop new products/ services	7%	20%	27%	34%	12%	41
Increase employment	12%	26%	23%	21%	18%	43
Be more innovative	2%	12%	43%	36%	7%	42
Become more resilient	2%	7%	45%	36%	10%	42
Accessed finance	7%	20%	20%	22%	32%	41

Figure A3.18 breaks down if respondents feel that the benefits, they received through the programme, have occurred without the support.

Figure A3.18: Would the benefits received through the programme have occurred without the support



N = 40

As highlighted in Figure A3.18, half of respondents (50%) answered that it was fairly unlikely that the benefits would have occurred while one fifth (20%) answered that it was fairly likely.

For respondents who saw an increase in turnover, amounts ranged from £8k - £750k with the average increase being £130k. A different respondent also noted that their turnover increased by 75%. Table A3.3 breaks down what percentage of the increase in turnover respondents would attribute to the programme.

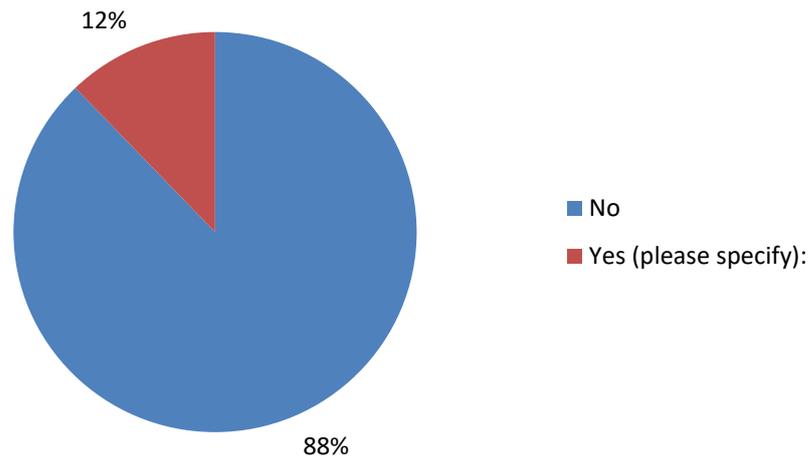
Table A3.3: Percentage of increase in turnover respondents would attribute to the programme

Percentage increase	0%	5%	15%	25%	40%	67%	70%	75%	100%	Total
Number of respondents	1	2	1	1	1	1	1	1	3	12

N = 11

Figure A3.19 provides a breakdown on what else respondents felt the programme could offer / do differently to better support their business.

Figure A3.19: What else could the programme offer / do differently to better support businesses



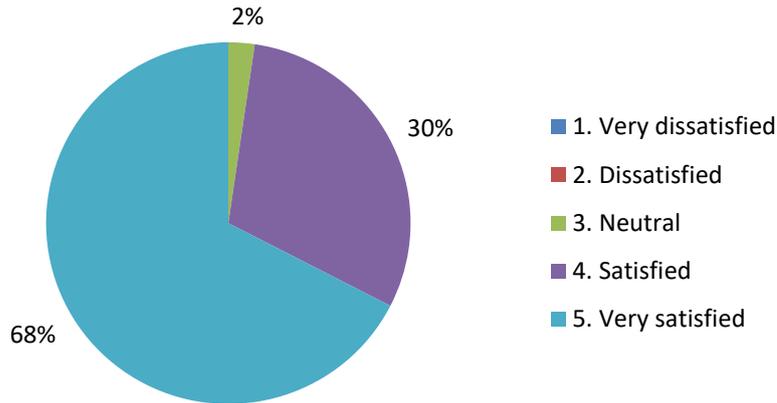
N = 41

As highlighted in Figure A3.19, most respondents (88%) felt there was nothing more the programme could offer / do differently to better support them. For those respondents selecting “yes”, the following responses were provided:

- follow up to ask if there are any other parts of the business that need help. Discovered there are so many people who can offer support/mentoring but didn't know about it until it came up in conversation and someone passed them on;
- grants for general equipment;
- broader funding for SME green energy plans;
- quicker decision making; and
- advertise the funding to charities so we can plan growth through own business plans.

Figure A3.2- breaks down how satisfied respondents felt with the overall quality of the support they received.

Figure A3.20: Satisfaction with support received



N = 43

As highlighted in Figure A3.20, the most common answer selected by respondents was very satisfied (68%) with the next most prevalent answer being satisfied (30%).

Programme effect on employment

For respondents who both increased employment and were able to quantify it, the responses were as follows. Three respondents took on one employee, three respondents took on two employees, one respondent took on 10 employees and another took on 40 employees. Other respondents noted that they increased employment by 130% and another to the value of £20k.

Table A3.4 breaks down what percentage of the increase in employment respondents would attribute to the programme.

Table A3.4: Percentage of increase in employment respondents would attribute to the programme

Percentage increase	10%	20%	40%	50%	60%	100%	Total
Number of respondents	1	1	1	2	1	4	10

N = 10

Aspects of the programme that respondents would change

One respondent was intimidated by the application process and believed that better tailoring it to the industry / making it simpler would help speed this particular stage up. Another respondent believed that it would be beneficial to receive more information regarding advisors. In this respondent’s case, they worked with two advisors one of whom they struggled to obtain advice from while the other they deemed to be very helpful. The last suggested change made by a respondent was to speed up the decision-making process.