



# SUPERFAST BUSINESS CORNWALL SUMMATIVE ASSESSMENT

Prepared for:  
Serco  
March 2019



Prepared by:  
**Buckman Associates Ltd**  
in conjunction with  
**Southern Horizons (UK) Ltd**



## Executive Summary

**Project Context** - This report provides an independent Summative Assessment of the Superfast Business Cornwall (SFBC) Project which was funded through the Cornwall and Isles of Scilly (C&IoS) European Structural and Investment Funds (ESIF) and delivered by SERCO. The SFBC project was designed to provide a new service for SMEs across Cornwall and the Isles of Scilly to boost business competitiveness through increased understanding and exploitation of digital technology. It offered eligible SMEs, start-ups and social enterprises a tailored programme of high quality information, advice, and digital skills development. Match funding was also made available to enable or accelerate digital projects.

The Summative Assessment took place between January and March 2019, building on an interim evaluation that was undertaken in 2018. It included both primary and secondary research methods.

Evidence from the Summative Assessment shows that SFBC was set up to address a very clear market failure and the design of the service was appropriate to the objectives and the funding available. It encompassed a broad and ambitious set of targets, which, with the capping of the broadband take-up targets between interim and final evaluations, were realistic and achievable.

There were no significant policy or economic changes over the lifetime of the project that would affect SFBC's continued relevance. However, the development of the Growth Hub did create a challenge that impacted on its delivery in that the associated referrals opened the project up to a number of smaller businesses which had less growth potential than was initially envisaged.

It was noted that, due to funding constraints, the service was only able to support a small proportion of C&IoS businesses and stakeholders felt that this sort of project is perhaps needed more than ever going forward. However, SERCO has not bid under the recent Priority Axis 2 call for a follow on SFBC project having found the financial rules and regulations associated with this ESIF programme more challenging than previous programmes, resulting in increased risk with reduced reward. The actual costs of delivery were not covered by the funding.

**Project Progress** - The project mobilisation phase largely occurred as expected but there was some slippage due to a delay in signing the Grant Funding Agreement which was beyond the project's control. This did have an impact on delivery, including recruitment of the team and the ICT Specialists, but the team worked very hard to get the project back on track.

At the time of reporting the majority of output targets had already been exceeded. The exceptions here were C2 and C6 (both relating to the grant scheme) but based on their current pipeline the team was confident that 100% of all targets will be achieved by project closure. The spend was also slightly behind schedule but this is because grant funding cannot be counted as spent until evidenced by the grant recipient and the team was likewise confident that targets will largely be met. Based on their experience of delivering previous programmes the SFBC team was aware that businesses frequently fail to spend all of the money that they are awarded and they managed the process very carefully to limit any underspend across the project as a whole.

**Project Delivery and Management** - The SFBC project was built on the learning and best practice from prior experience. Both the governance and management arrangements and team delivery structures were effective and demonstrated a culture of continuous improvement. The delivery team was

held in very high regard by both participants and stakeholders alike, with businesses showing a high level of satisfaction with the knowledge and experience of advisers (on average 4.56/5).

Evidence shows that SFBC was well-managed, although the team did not find the current ESIF programme an easy fund to work with. The grant scheme in particular should be seen as an area of good practice both in terms of user-friendly yet rigorous process that was developed for applicants and also in the actual management of the funds. However, future schemes could consider a minimum grant size.

It is clear that horizontal principles were embedded into delivery including the requirement for grant recipients to include a measurable environmental objective into their project which should lead to a reduction in their carbon footprint. The project also had an exemplary track record on compliance.

Businesses engaged with the project through a combination of direct marketing and referrals, especially from the Growth Hub. The initial teething issues with the Growth Hub referrals highlighted in the interim report appear to have been ironed out. However, the nature of some of the businesses coming through the Growth Hub's referrals did impact on project delivery as detailed elsewhere and led to some informal segmentation being introduced within the project.

SFBC endeavoured to engage with other business support providers as part of the awareness-raising process and this worked to a modest extent. However, stakeholders would like to have seen more referrals coming from a greater range of organisations such as banks and solicitors.

A clear customer journey was put in place and delivered flexibly, responding to customer needs. Reflections from both service users and wider stakeholders were, for the most part, very positive. For instance, non-grant recipients showed high levels of overall satisfaction with the service, rating it 4.34/5. There was unanimous agreement from the stakeholders that SFBC offered a quality service and that it worked well as an overall package of support. The team drew on Yellow Belt Certified (Improvement in Public Service Process) Methodology for continuous improvement. One of the elements that the team would have adapted if they had delivered a follow on project was the workshops. Whilst highly valued, the workshops could be challenging to deliver and some businesses expressed a desire for smaller 'bite-sized' learning. The team developed a series of workshops split into two hours of basic followed by two hours of higher level content and businesses were able to attend both or just one of these sessions. The team had begun to develop webinars as an alternative/complementary model but these were not actually launched.

**Project Outcomes and Impact** - Evidence shows that there have already been a number of positive business benefits to date for participants, with 100% of applicants having already, or planning to implement at least one action. With SFBC's focus on 'strategy first,' many businesses will have received support on a range of business issues from procurement to cash-flow and. It is likely that these will endure way beyond the lifetime of the intervention and this is reflected in the range of business improvements identified by businesses. The fieldwork also clearly demonstrated that the support has helped businesses make progress in relation to digital strategies, technologies and transformation. Over 90% of non-grant recipients were expecting to see productivity improvements and 97% of grant recipients were expecting growth.

SFBC's economic impact has been significant, with the project creating 234.73 jobs at the time of the evaluation, equating to £8.55m gross GVA. Additionality was found to be high (with low levels of deadweight, displacement and leakage) and net additional jobs created equalled 163 with net GVA equating to approx. £6.73m. The evidence suggests that the jobs created were high quality jobs in higher value occupational groups. However, wages were below average, potentially due to the high proportion of

trainees and apprenticeships taken on by participants. Perhaps unsurprisingly, the data shows that businesses in receipt of a grant or receiving more hours support were the most likely to create jobs.

Stakeholders could also point to areas of Strategic Added Value. The team made a concerted and effective effort to build relationships locally for the benefit of the area. The project was also thought to have improved the business base and wider technology ecosystem. Importantly, impacts can be seen in relation to SFBC's 'logic model' and the project has made a contribution to the Priority 2b objectives and programme specific results. However, there remain a large number of businesses in C&IoS that still need to improve their digital capability in order to be effective.

**Project Value for Money** - SFBC demonstrated good VFM on the basis of unit costs, when compared with national and local benchmarks. Return on Investment achieved for the public purse was also high. Every one pound invested will produce a return of £6.49 by project closure.

**Conclusions and Lessons Learned** - Evidence shows that SFBC really did make a significant difference for participating businesses and for the economy of C&IoS. Given its excellent performance it is unfortunate that SERCO has not bid for a follow on project under the recent ESIF call due to the inflexibility of the funding stream and the lessons learned are therefore framed at a policy level and for those designing similar interventions.

### Lessons for Policy Makers

- One of the biggest lessons from this project is that interventions like this really do make a difference. However, due to funding constraints the team was only able to engage with a limited number of businesses. If policy makers have ambitions to transform business productivity across the area, they must invest resources at a sufficient scale to enable this to happen. Beyond this, it may also be useful to consider the eligibility criteria for this sort of business support in any future funding regimes to ensure it can have the broadest impact.
- In the shorter term, the evaluation has indicated that the current (English) interpretation of the ESIF guidelines, with too much risk and little reward, may make it increasingly difficult for organisations such as SERCO, that have the proven expertise and track record of delivery to engage in this sort of activity.

### Lessons for Those Designing and Implementing Similar Interventions

- SFBC was well designed and delivered. However, the grant funding scheme stood out as an area of particular good practice that offers lessons for other interventions. Although future schemes could consider a minimum grant value.
- The evaluation found that the greatest economic impact occurred amongst businesses that had received a grant, as well as an increasing correlation with the number of hours of support received. This highlights the importance of intensive support in creating economic impact.
- There may also be lessons in the recruitment of the team. Team members had a blend of commercial and technical expertise which was essential, as well as their supportive, friendly and patient style.
- Likewise, the team's systematic approach to continuous improvement may hold lessons for others. Had SFBC been continuing, one of the areas that the team would have adapted was the workshop delivery. They had begun to innovate with 'bite sized' learning delivered online in the form of webinars as an alternative/complementary model. Although not actually piloted within the project's lifetime it may be worth consideration for future interventions.

## Contents

|   |    |
|---|----|
| <b>Executive Summary</b> .....  | 2  |
| Contents .....  | 5  |
| <b>Section One: Project Context</b> .....                               | 6  |
| 1.1 Introduction.....   | 6  |
| 1.2 Aim of the Project.....   | 6  |
| 1.3 Market Failure, Policy Fit and Continued Relevance.....             | 10 |
| 1.4 Project Design.....   | 12 |
| 1.5 Looking to the Future .....   | 13 |
| <b>Section Two: Project Progress</b> .....                              | 14 |
| 2.1 Introduction.....   | 14 |
| 2.2 Milestones .....  | 14 |
| 2.3 Spend and Output Performance.....                                   | 16 |
| <b>Section 3: Project Delivery and Management</b> .....                 | 23 |
| 3.1 Introduction.....   | 23 |
| 3.2 Project Delivery .....  | 23 |
| 3.3 Beneficiary Engagement, Customer Journey & Quality of Support ..... | 30 |
| <b>Section 4: Project Outcomes and Impact</b> .....                     | 43 |
| 4.1 Introduction.....   | 43 |
| 4.2 Business Impacts .....  | 43 |
| 4.3 Economic Impact .....   | 54 |
| 4.4 Additionality .....   | 57 |
| 4.3 Progress in Relation to the Logic Model.....                        | 60 |
| 4.5 Programme Specific Results Indicators .....                         | 63 |
| 4.6 Strategic Added Value .....   | 63 |
| 4.7 Has it made a Difference? .....                                     | 64 |
| <b>Section 5: Project Value for Money</b> .....                         | 67 |
| 5.1 Introduction.....   | 67 |
| 5.2 Assessment.....   | 67 |
| 5.1 Return on Investment.....   | 69 |
| <b>Section 6: Conclusions and Lessons Learned</b> .....                 | 70 |
| 6.1 Introduction.....   | 70 |
| 6.2 Overall Assessment .....  | 70 |
| 6.3 Lessons Learned .....   | 72 |

## Section One: Project Context

### 1.1 Introduction

This report provides an independent Summative Assessment of the Superfast Business Cornwall (SFBC) Project which was funded through the Cornwall and Isles of Scilly (C&IoS) European Structural and Investment Funds (ESIF) and delivered by SERCO. Building on an interim evaluation that was undertaken in 2018, the Summative Assessment took place between January and March 2019 and included both primary and secondary research methods. A desk based review of key documentation was undertaken alongside both online and telephone surveys of business beneficiaries and a series of interviews with the delivery team and wider stakeholders.

The online business surveys were set up at the start of the programme to be administered on a rolling basis at two points in time: firstly to capture feedback from businesses six months after their engagement with the service and secondly at the 12 month point. Please note that the on-line surveys only captured feedback from organisations that received the business support element (i.e. excluding any businesses that received a grant). By the time of the Summative Assessment a total of 84 responses had been received from businesses six months after their engagement and a total of 25 responses had been received from businesses 12 months after their engagement. A total of 32 qualitative interviews were also held with businesses as part of the Summative Assessment (across the interim and final stages), specifically with grant recipients. Stakeholder interviews were likewise undertaken to capture views from those involved in the delivery of the project as well as from other local business support providers and a selection of strategic stakeholders. Eleven interviews were undertaken at the interim stage and ten at the final stage. Although this piece of work was commissioned prior to the release of the Ministry of Housing, Communities and Local Government (MHCLG) guidance on conducting Summative Assessments, the evaluation process and resulting report have been tailored to conform to the Summative Assessment requirements.

### 1.2 Aim of the Project

The SFBC project was designed to provide a new service for SMEs across Cornwall and the Isles of Scilly in order to boost business competitiveness through increased understanding and exploitation of digital technology. This ERDF funded service started in June 2016 and was originally designed to run until March 2019 but was granted an extension until the end of May 2019 with practical completion in June. It offered eligible SMEs, start-ups and social enterprises a tailored programme of high quality information, advice, and digital skills development. Match funding was also made available to enable or accelerate digital projects. The overall aim of the project was to support SMEs and start-ups to exploit Superfast Broadband by utilising the new enabled technology resulting in improved business performance, growth and continued sustained investment beyond the life of the support.

Specific objectives were to:

- Provide a programme of information and support that would inspire SMEs to invest in and exploit new technologies;
- Build an up to date Knowledge Bank and undertake evaluation that demonstrates the business benefits and Return on Investment (ROI) of investing in new technology;

- Ensure synergy with the Superfast Broadband (SFBB) infrastructure roll out to maximise appropriateness and timing of interventions;
- Deliver across the full region and ensure delivery in hard to reach areas;
- Work closely with, and up-skill, the Growth Hub and other delivery partners;
- Encourage businesses to be ambitious - delivering enhanced impacts and higher value jobs;
- Undertake a flexible approach that meets business requirements and evolves with feedback and changes in technology;
- Create legacy of new behaviour with continued investment beyond the project; and,
- Achieve target outputs and impacts.

Output and outcome targets originally included:

- C1: 300 Enterprises Supported;
- C5: 60 New Enterprises Supported;
- C6: £746k private investment;
- C29: 110 businesses with new to the firm products;
- P4: 150 additional businesses taking up broadband access of at least 30mbps; and
- C8: 210 new jobs created.

However, as highlighted in the interim evaluation, the P4 target to increase the number of businesses taking up broadband access was not of SERCO's choosing. It is the understanding of the evaluation team that SERCO was requested to include this target at the time of the application in order to deliver against the Operational Programme objectives. The target required 50% of the businesses supported to take up superfast and, given that the project's activities were more aligned with digital utilisation than demand stimulation, delivering against this indicator would have been very challenging. Further, as highlighted in the Project Change Request (PCR) they found that businesses coming to the service typically already had faster broadband and those who wanted it and were able to access it could do so online or via a phone call and therefore did not need SFBC support in this area. The businesses that struggled to access faster broadband were found to be few in number and supporting them required intensive research which was considered to be a disproportionate allocation of project resources. Having achieved 16 (or 11%) of its P4 target the PCR, which was approved, requested that the P4s be capped at 16 and offered instead to increase outputs in other areas including 15% more business assists; 9% more new to firm products and leverage of an additional £15,107 of match funding. As a direct result of supporting a few larger value projects the overall number of grant funded projects was also reduced from 70 to 55 within the PCR.

Intended impacts for SFBC included the development, adoption and exploitation of new technologies, SME growth and increased productivity as well as job creation. Whilst the primary aim of SFBC was to support businesses, the project also included master-classes with local business support organisations in order to digitally up-skill those working the area more generally. As such, it aimed to create a lasting legacy beyond the life of the project.

These ambitions were initially articulated through a 'benefits map' which was more latterly represented within MHCLG's logic model. Both are shown overleaf (Figures 1 and 2). Please note that these are the original versions (i.e. prior to the outputs being re-profiled).

Figure 1: Benefits Map

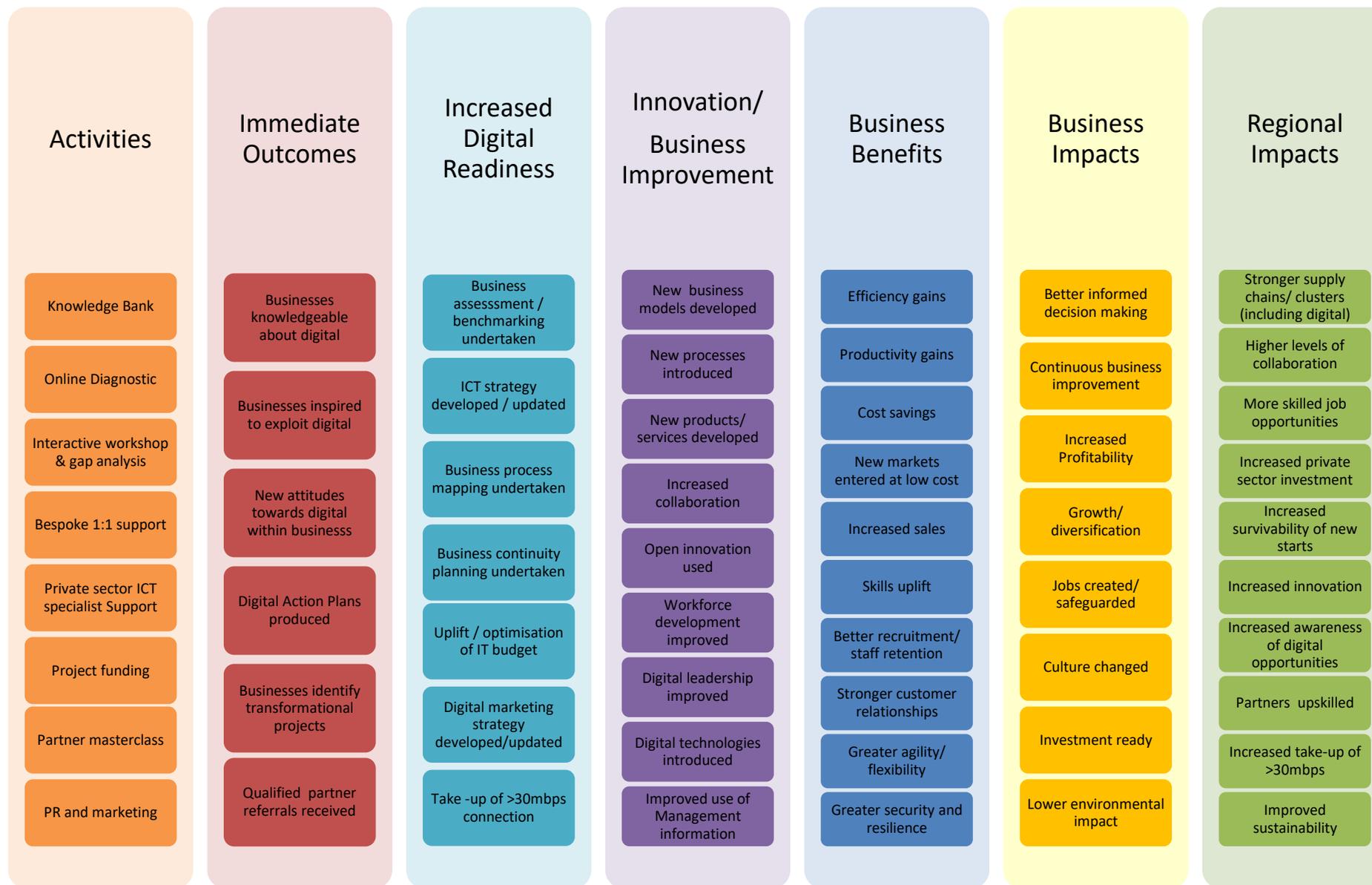


Figure 2: Logic Model



### 1.3 Market Failure, Policy Fit and Continued Relevance

The SFBC Project was designed to address a clear market failure. Over £132m (£50m ERDF) had been invested in the roll out of superfast broadband infrastructure across Cornwall and the Isles of Scilly but despite being the best connected rural area in Europe, businesses were not taking up the full opportunities enabled by the infrastructure. Therefore the Return on Investment in the infrastructure was not being fully realised and individual businesses were failing to fulfil their growth potential. The programme of support was developed to address this particular market failure by providing targeted information to drive up demand, advice and support to exploit the technology in order to improve productivity and create high value jobs.

At the application stage there was a strong degree of fit between the aims of this project and:

- **The England Operational Programme** – the project set out to deliver a flexible range of information, advice, support and funding to directly address the requirement of Investment Priority 2b - developing ICT products and services, e-commerce and enhancing demand for ICT; and, increasing the number of SMEs making use of digital technology; and,
- **The Cornwall and Isles of Scilly European Structural and Investment Fund Strategy** – it was primarily designed to support ‘Conditions for Growth C4G1: Improve Digital Skills’ but also included actions in respect of:
  - G4B4: Increasing workforce productivity through skills - by supporting businesses to identify and ensure they have access to the skills they need to maximise their potential using ICT;
  - FE1: Driving growth via R&D investment supporting businesses to integrate into global supply chains – by helping businesses to adopt new ways of working, enabled by digital technologies;
  - FE2: Investing in activities to support Cornwall and the Isles of Scilly as ‘Green and Marine’ - by working with the Cornwall Marine Network to ensure all marine businesses have access to the service;’
  - C4G2: Reducing carbon emissions - by supporting businesses to top digital technologies;
  - C4G3: Removing physical barriers to business growth – by supporting businesses based in rural and remote areas by demonstrating the ways in which digital technologies can open markets etc;
  - C4G4: Developing communities that are economically and socially sustainable – by demonstrating the benefits and practical ways of implementing remote and flexible working with a skills up-lift and higher value jobs through digital exploitation; and,
  - C4G5: Improving Progression into the labour market – by encouraging businesses to consider flexible and part-time working, as well as recruiting apprentices.

More broadly, the area’s Strategic Economic Plan had identified poor connectivity as one of the greatest barriers to growth in the area. The distance to market and dispersed economic geography had been highlighted as significant issues for the economy and having Superfast Broadband in the region was seen as a solution to many of these barriers. However, this would require the utilisation of superfast broadband-

enabled technologies but national evidence from the Broadband Stakeholder Group ('Capitalising on Connectivity', 2014) had identified a significant lag in the taking up of those benefits from some SMEs, partly resulting from lack of awareness but also stemming from a reluctance to invest.

The evaluation team therefore concludes that there was a strong rationale for the project at the outset and there was unanimous agreement from the stakeholders interviewed as part of the Summative Assessment that it was much needed within C&IoS:

*“Given all of the investment there had been in superfast infrastructure it was essential for a project like this to sit alongside it and make sure that businesses could make the most of it”*

*“The area is so isolated geographically and businesses really needed the service to make the most of the infrastructure that was put in place and to use it to their advantage”*

It was also pointed out that digital technology is essential for productivity: it was described as a cross cutting theme that touches all areas and all types of business across every sector. However, many businesses do not know what they need or indeed how to procure it and private sector companies will typically be trying to sell their own solution. Stakeholders felt that SFBC's role as an impartial 'honest broker' to source the right solution for businesses was (and continues to be) crucial.

*“Other providers may deliver free events but they are often a marketing ploy to entice people in and get them to buy something expensive that they may not need”*

Equally, it was pointed out that SFBC was never intended to be a simple grant programme. Unlike other programmes the idea was to only provide grants to a selection of businesses that would really benefit from them; and to work really closely with those businesses to develop the right technical solution with their grant. That was seen as a key differentiator from the outset.

The continued relevance of the project is also clear. Since SFBC commenced there has been a growing national recognition that digitisation is having a rapid disruptive and transformative effect on our economy that extends beyond the ICT sector across all sectors of the economy. In its report in 2016, the Productivity Leadership Group likened the impact of 'digitisation' to the "Fourth Industrial Revolution." Not only do companies need to have a view of how digital can help them compete in a globalised market, but increasingly it is being recognised that digitisation may also be the key to significant improvements in productivity'. The UK Digital Strategy likewise states that digital transformation can make every business in every sector more productive, wherever they are located. More recently, the Government's Industrial Strategy<sup>1</sup> recognises that the world is undergoing a technological revolution, and that this fourth industrial revolution is of a scale, speed and complexity that it unprecedented.

Locally, the refreshed Strategic Economic Plan for Cornwall and the Isles of Scilly<sup>2</sup> continues to emphasise the role of digital innovation and stakeholders were keen to stress that there are no other projects offering this type of support within the area. In the words of one stakeholder:

<sup>1</sup> <https://www.gov.uk/government/topical-events/the-uks-industrial-strategy>

<sup>2</sup> [https://www.cioslep.com/assets/file/Vision 2030/Vision-30.pdf](https://www.cioslep.com/assets/file/Vision%202030/Vision-30.pdf)

*“Of all the European funded programmes out there this will be the most missed when it goes”*

There was widespread agreement that this sort of project is still needed – perhaps even more so given the rapid advances in technology and changing ways of working. The UK’s current economic and political uncertainties were also highlighted as a reason for a continued focus on digital exploitation – i.e. to drive efficiencies and help businesses reach new markets.

Whilst it is concluded there have been no significant contextual changes that would impact on SFBC’s continued relevance, there have, however, been some contextual changes which have impacted on its delivery. As reported in the interim evaluation, based on their experience of delivering previous programmes, the SFBC team had intended to target the service at eligible businesses with at least 3-4 employees and with the potential to grow. All of their direct marketing was aimed at that profile. However, the development of the Growth Hub to some extent altered the nature of the target group. In recognition of the fragmented business support landscape throughout the country, a network of Growth Hubs have been set up to join up national and local business support and make it easier for businesses to find the help they need. Locally, a large number of referrals to SFBC have come through the Cornwall and Isles of Scilly Growth Hub. Whilst that was in many ways a very positive development, in reality it also meant that the profile of businesses the team were able to work with shifted. A large proportion of the referrals that came through this route were for very small micro businesses and sole traders which were less likely to have the same growth potential as the businesses that SFBC actively were actively targeting. As a consequence, the team has had, over time, to informally review its segmentation strategies in order to deliver against targets and this is discussed in more detail in Section 3.

## 1.4 Project Design

The project was designed on the basis of SERCO’s experience of developing and delivering seven other digital technology business support programmes (both locally and further afield); and the evidence drawn from independent evaluations of those programmes. It focused on:

- A targeted programme of communication - providing sector specific information and advice, specialist advice and support to enable businesses to adopt new technologies;
- The provision of a digital diagnostic and digital advice - providing businesses with tailored guidance on how to apply and exploit these digital opportunities to improve performance and access new markets; and,
- A flexible programme of advice, specialist support, digital skills development and project funding to increase the number of businesses implementing digital best practice and utilising digital technologies to boost productivity and catalyse growth.

Alternative delivery options were considered but discounted on the basis of intelligence from evaluation research and direct feedback from business users. The need for service flexibility to respond to changing technology/digital opportunities and to economic conditions was clearly identified as a priority from the outset and this was also welcomed by stakeholders.

There is a clear logic within the ‘benefits map’ from activities to outcomes and impact which suggests that the project was, for the most part, well designed to achieve its objectives, particularly for digital utilisation. However, as pointed out in the interim evaluation it was less well designed in respect of the demand stimulation objectives, reflecting the inclusion of this target at the late stage of project development by MHCLG. The evaluation team is pleased to see that this element was subsequently capped and concludes that the remaining output targets were realistic and achievable.

The only other design related comments from a stakeholder perspective were around the project’s reach given the scale of the digital challenge facing the C&IoS, purely because of the constraints of the available funding and the limitations of the ERDF eligibility which should be a consideration for policy-makers in future years.

## 1.5 Looking to the Future

It should be noted that although stakeholders believe there to be a continued need for this sort of project, Despite its extensive ERDF track record and the success of SFBC, SERCO has not bid under the recent ERDF Priority Axis 2 call: ‘Enhancing Access To, and Use and Quality of, Information and Communications Technology’ which could have provided an opportunity for a follow on SFBC project. As will be discussed later in the report, they have found the financial rules and regulations associated with this ESIF programme more challenging than previous programmes. MHCLG’s current approach to ESIF (in England) has been seen to increase risk for delivery bodies and reduce the reward. This may be particularly problematic for organisations such as SERCO who have a shared service model that centralises back-office operations for use by multiple divisions of the same company. Following efforts to consider how they could make a future project viable a difficult decision was taken not to bid for further funding.

### KEY FINDINGS – Project Context

- The SFBC project was set up to address a very clear (information) market failure
- There was a strong rationale for the project at the outset and a good fit with national and local policy objectives
- The design of the service was appropriate to the objectives and the funding available
- However, the service was only able to support a very small proportion of businesses that need support to face the challenge of the digital revolution, partly because of ERDF eligibility restrictions
- It encompassed a broad and ambitious set of output and outcome targets, which, with the recent removal of the high broadband take-up targets, are now considered realistic and achievable
- There have been no significant policy or economic changes since it started that would affect the project’s continued relevance – indeed many stakeholders believe that the service is perhaps needed more now than ever
- However, the development of the Growth Hub did create a challenge that impacted on its delivery in that the associated referrals opened the project up to a number of smaller businesses which had less growth potential than was initially envisaged
- SERCO did not bid for a follow on project to SFBC when the opportunity arose as the financial regulations around the programme were felt to be prohibitive within the context of a shared service model

## Section Two: Project Progress

### 2.1 Introduction

The section of the report provides an independent assessment of SFBC's progress. It focuses on progress in relation to project milestones as well as achievements against contracted targets for outputs and spend.

### 2.2 Milestones

Figure 3 overleaf shows the project milestones as per the application, together with an additional column which represents the actual position as at February 2019. Any changes from the milestones given within the application are shown in bold italics. The information contained within Figure 3 has been taken primarily from the quarterly ERDF claims progress report (October – December 2018) but also reflects the extension that was approved with the PCR post the December report. As can be seen from the Figure, the project mobilisation phase largely occurred as expected but there was some slippage in terms of deploying the full team and procuring the specialist consultant network. The SFBC team confirmed that this slippage resulted entirely from the delay in signing the Grant Funding Agreement which was beyond their control. Unfortunately the delay in recruitment did also have an impact on delivery because they were unable to start delivering the workshops or developing the website and this can be seen in the further slippage against milestones following the service start date. However they did manage to mobilise relatively quickly once staff were in place and it is clear the team has worked very hard to get the project back on track.

Having set up the Knowledge Bank in July 2016, content was continuously added and 523 businesses had registered to access it. As we draw towards project closure, the Knowledge Bank now contains:

- 45 Topic Guides;
- 26 Blogs;
- 10 Top Tips;
- 3 Checklists;
- 11 Software Guides;
- 36 Written Case Studies;
- 10 Video Case Studies; and,
- 11 Other videos.

A range of workshops and events were also delivered which, on the mainland, included three annual showcases along with 37 workshops (including Inspiring Action and Women in Business), 22 business master-classes and seven partner master-classes. N.B. there are more events scheduled before project closure. Two events were also delivered on the Isles of Scilly. This included the Tech Essentials two day (back to back) workshop with the offer of one-to-one support sessions in September 2017. The team also worked with the Islands Partnership to co-host a Digital Forum focused on booking software. This was followed the day after with a Technology for Growth workshop and again the offer of one-to-one support in September 2019. Knowledge Bank resources were developed specifically to support this event and the SFBC team led on the organisation and marketing to support the Islands Partnership. SFBC also participated in the Growth Hub's Grow your Business on the Isles of Scilly in October 2016 where they gave a presentation on 'Taking your Business Digital.'

**Figure 3: Milestones**

| Milestone   | Start Date      | Completion Date                             | Actual / Anticipated Date                           |
|---|-----------------|---|---|
| <b>PROJECT START/END DATE</b>   | <b>1 Apr 16</b> | <b>31 Mar 19</b>                            | <b>27<sup>th</sup> May</b>                          |
| <b>Project Mobilisation</b>   | 1 Apr 16        | 30 May 16                                   | No change   |
| Mobilisation team in place  | 1 Apr 16        | 30 May 16                                   | No change   |
| Key staff roles deployed (Programme & Partnership Manager, Marketing Manager, Project Contract Manager and Digital Business Enabler)  | 1 Apr 16        | 15 Apr 16                                   | No change   |
| Initial Marketing Plan  | 1 Apr 16        | 30 Apr 16                                   | No change   |
| Initial Stakeholder Engagement Plan   | 1 Apr 16        | 30 May 16                                   | No change   |
| Initial Digital Specialist Consultant Network procured and PSAs in Place (builds on existing network)                                 | 1 Apr 16        | Initial network in place 30th May. On-going | <b>Initial network in place 30th July. On-going</b> |
| All remaining staff deployed  | 1 Apr 16        | 30 May 16                                   | <b>31.10 all roles including secondments</b>        |
| Critical systems and process reviewed / developed (including CPD Plan, continuous improvement plan, QA assurance and grant processes) | 1 Apr 16        | 30 May 16                                   | No change   |
| Procurement of key suppliers  | 1 Apr 16        | 30 May 16                                   | <b>10 Jun 16</b>                                    |
| Pre Engagement Visit (PEV)  | 1 May 16        | 30 May 16 (Report) tbc                      | <b>PIV 10 Aug 16</b>                                |
| <b>Service Start Date</b>   | 1 Jun 16        | ---   |   |
| Initial Knowledge Bank website and CRM operational  | 1 Jun 16        | 30 Jun 16                                   | <b>1 Jul 16</b>                                     |
| Stakeholder Advisory Group Convened   | 30 Jun 16       | Till end of project                         | No change   |
| First Claim   | 15 Jun 16       | 30 Jun 16                                   | <b>24 Aug 16</b>                                    |
| First Contract Review with DCLG   | 30 Jun 16       | Quarterly till end of project               | No change   |
| First Enterprise supported  | 30 Jun 16       | ---   | <b>Sept 16</b>                                      |
| First Masterclass   | 31 Jul 16       | ---   | <b>Dec 16</b>                                       |
| First Small Grant Project Authorised  | 31 Jul 16       | ---   | <b>Oct 16</b>                                       |
| First Expert Panel (Large Grants)   | 31 Aug 16       | ---   | <b>Mar 17</b>                                       |
| Progress And Verification (PAV)   | TBC by DCLG     | ---   | No change   |
| Interim Evaluation  | 1 Oct 17        | 30 Nov 17                                   | No Change   |
| Project Closure Plan produced   | 1 Aug 18        | 31 Aug 18                                   | No change   |
| Final Evaluation  | 1 Feb 19        | 1 Mar 19 (final report)                     | <b>Brought forward</b>                              |
| Project End Date / Service concluded  | 31 Mar 19       | ---   | <b>May 2019</b>                                     |
| Legacy Statement Issued   | 30 Apr 19       | ---   | No change   |
| Project Activity Completion / Final Claim   | 30 May 19       | ---   | No change   |

## 2.3 Spend and Output Performance

Figure 4 presents the overall targets and progress to date against SFBC's outputs and spend as at the end of February 2019. The targets reflect the recent PCR approval in which a number of adjustments were agreed. In summary:

- **Spend** – with an overall (adjusted) target of £3,806,091, 87% had been spent by the end of February 2019, representing 89% of the ERDF component. The financial performance will always slightly behind profile until project closure because grant funding cannot be counted as spent until evidenced by the grant recipient. However, the team is confident that the majority of the target will be achieved by project close. The team has been pro-actively working with businesses throughout the delivery period to help them deliver their projects and ensure that the claim for funding is compliant. In fact this has been noted as one of SFBC's areas of good practice. As noted elsewhere in the report, based on their experience of delivering previous programmes the team was aware that businesses frequently fail to spend all of the money that they are awarded and they therefore managed the process very carefully to limit any underspend across the project as a whole. Contract withdrawal letters have been issued to businesses where their projects have been underspent to ensure that any remaining funds could be effectively reallocated.
- **Outputs** - excellent progress has been made against the output targets. Five targets had already been exceeded by the end of February 2019 (C1 = 103%, C5 = 122%; C8 = 112%; and, C29 = 108%). The only targets yet to be delivered relate to the grant scheme (C2 and C6) where, at the time of reporting, 51 out of the 55 enterprises had received a grant and 71% of private investment matching public support to enterprises had been achieved. However, based on the current pipeline, the team is very confident that both of these targets will be achieved by project closure.

Figure 4: Spend and Output Performance as at the end of February 2019

| Indicator  | Targets    |            | Performance at Time of Evaluation |             | Overall Assessment at Time of Evaluation | Projected Performance at Project Closure |             | Overall Assessment by Time of Project Closure |
|--|------------|------------|-----------------------------------|-------------|--|--|-------------|---|
|  | Original   | Adjusted   | No.                               | % of target |  | No.                                      | % of target |   |
| Total Revenue Expenditure (£)  | £3,730,555 | £3,806,091 | £3,318,575                        | 87%         |  | £3,806,091                               | 100%        |   |
| Total ERDF Revenue Expenditure   | £2,984,444 | £3,044,873 | £2,703,010                        | 89%         |  | £3,044,873                               | 100%        |   |
| C1: Number of enterprises receiving support                                | 300        | 345        | 356                               | 103%        |  | 365                                      | 106%        |   |
| C2: Number of enterprises receiving grants                                 | 70         | 55         | 51                                | 93%         |  | 55                                       | 100%        |   |
| C5: Number of new enterprises supported                                    | 60         | N/A        | 73                                | 122%        |  | 73                                       | 122%        |   |
| C6: Private investment matching public support to enterprises              | £746,111   | 761,218    | £615,565                          | 81%         |  | £761,218                                 | 100%        |   |
| C8: Employment increase in supported enterprises                           | 210        | N/A        | 234.73                            | 112%        |  | 238                                      | 113%        |   |
| C29: Number of enterprises supported to introduce new to the firm products | 110        | 120        | 130                               | 108%        |  | 130                                      | 108%        |   |
| P4: Businesses taking up SFBB 30M bps                                      | 150        | 16         | 16                                | 100%        |  | 16                                       | 100%        |   |

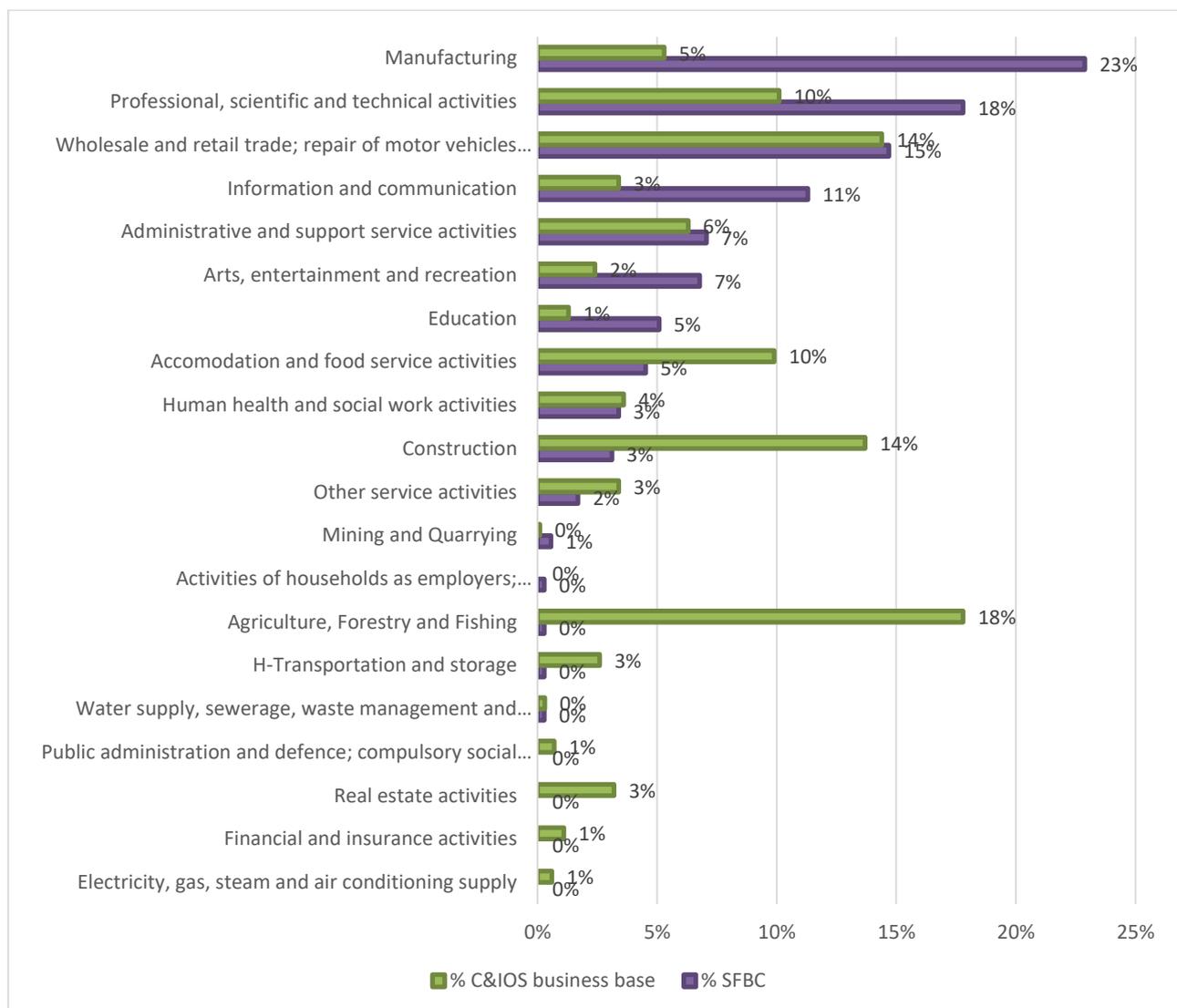
Key: Red = less than 85%, Amber = between 85% and 95% and Green = greater than 95%

### 2.3.1 Types of Businesses Supported

Figure 5 below shows that the SFBC project supported businesses from a wide range of sectors. The most frequently supported were businesses from the manufacturing sector, which represented 23% of all SFBC supported businesses. This is considerably higher than the proportion of manufacturing businesses in C&IoS, which stands at just 5% of the business population. When compared with the C&IoS business base we can see some sectors are over represented (e.g. manufacturing and information and communication), whereas others are under-represented (e.g. construction and agriculture, forestry and fishing). These patterns of over/under representation are most likely to be accounted for by:

- SFBC campaigns to attract certain sectors into the project;
- Eligibility criteria which exclude some businesses in some sectors (e.g. primary production such as agriculture, forestry and fishing);
- Businesses who are not or do not have the opportunity to trade out of area to ensure the support does not distort the competitive landscape (displacement); and,
- Sectoral propensity to engage in the digital transformation agenda.

Figure 5: SFBC Businesses Supported by Sector Relative to the C&IoS Business Base



Source: SFBC monitoring data, February 2019 and UK business counts, 2018

### 2.3.2 Geographic Reach

In terms of geographic reach, Figure 6 overleaf shows the location of participants (>1 hour support left hand side and >12 hours support on the right). Both appear to be fairly well distributed across the programme area including one participant from the Isles of Scilly. Coverage has been strongest in the Falmouth/Redruth/Truro postcode areas but this is to be expected as these are the areas with a greater business density. The high levels in Falmouth may also reflect the density of technology related businesses in the area, as well as perhaps the university and innovation centre. There were fewer participants in the east of the county (East of Bodmin) and on the Lizard peninsula. Whilst this may reflect business density, it may also reflect a stronger networking environment in the West of the county, with a greater density of business networking groups and business support projects supporting a culture of engagement. Figure 7 shows that the location of workshops has been well distributed, although there were fewer delivered in the East of the county.



#### CASE STUDY: MA GRIGG

MA Grigg is a family owned country store that has been trading for over 40 years from a large purpose built site near St Austell. Initially catering for farmers with products, advice and expertise, the business subsequently expanded from its traditional base into a destination shopping venue with a wide range of lifestyle and outdoor brands.

The company started trading online in 2010 which generated sales from outside of Cornwall and, as an

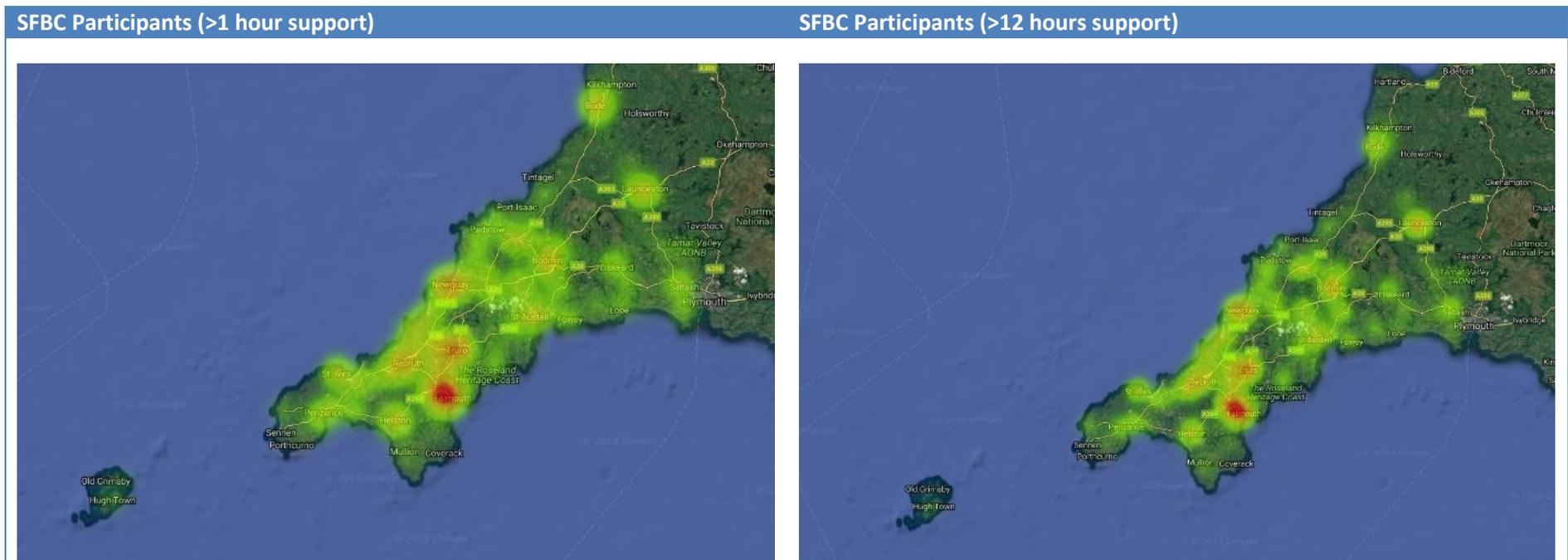
expanding business they saw an opportunity to grow their online sales further through increasing product lines and sales of existing lines. However, they did not have the digital systems in place to support this growth. They were finding stock difficult to track which caused time delays and increased the cost of meeting orders.

Following an introduction from the Growth Hub MA Grigg worked with SFBC to develop a solution and received support to implement a new warehouse management system with full integration into their existing website system. This has enabled the business to control and track stock, thus allowing them to increase stock volume and range to meet customer demand.

Fiona Grigg said ***“technology has always played an important role in our business, especially since we started trading online but we were struggling to get it right. Managing our stock became very time consuming as we tried to expand and we found ourselves letting customers down. This project has made a massive difference for us. The SFBC grant application was really straightforward and we have had fantastic support from the team”***

The business has already seen a number of “bottom-line” benefits as a result of the project. Their turnover has increased, they have been able to take on more than 10 new staff and they feel much more resilient as a consequence.

Figure 6: Geographic Location of Participants in SFBC and Workshops/Events (at the time of the evaluation)



Source: SFBC, 2019



**KEY FINDINGS – Project Progress**

- The project mobilisation phase largely occurred as expected but there was some slippage in terms of deploying the full team and procuring the specialist consultant network. This was due to a delay in signing the Grant Funding Agreement which was beyond the project's control
- Unfortunately this delay in recruitment did have an impact on delivery and this was seen in the further slippage against milestones following the service start date. However the team mobilised relatively quickly once staff were in place and it is clear that they have worked very hard to get the project back on track
- The Knowledge Bank was set up, with content being continually added and 523 businesses have registered to access it to date
- There were almost 70 events/workshops delivered on the mainland. Two workshops and one event were delivered on the Isles of Scilly and the team also contributed to a Growth Hub event on the Isles of Scilly
- The majority of output targets have already been exceeded. The exceptions here are C2 and C6 (both relating to the grant scheme) but based on their current pipeline the team is confident that 100% of all targets will be achieved by project closure
- The spend is slightly behind profile at the current time but this is because grant funding cannot be counted as spent until evidenced by the grant recipient and the team is confident that targets will largely be met
- Based on their experience of delivering previous programmes the SFBC team was aware that businesses frequently fail to spend all of the money that they are awarded and they managed the process very carefully to limit any underspend across the project as a whole
- The project supported businesses across a broad range of industrial sectors, however, there was some over/under representation when compared with the C&IoS business base. This most likely reflects ERDF eligibility criteria, which restricts participation from some sectors (e.g. agriculture) and precludes supporting businesses which do not and will not trade outside of C&IoS as well as the propensity to engage with digital transformation (e.g. information and communication)
- The team worked hard to encourage participation from businesses from across the C&IoS area, with a good coverage of events across the geography. Despite this, participation levels were higher in the West of the county, reflecting business density and potentially 'networking effects'

## Section 3: Project Delivery and Management

### 3.1 Introduction

This section of the report provides a qualitative analysis of the implementation of the project. The first half of the section covers the project delivery including the governance and management arrangements as well as the delivery structure, project management and integration of horizontal principles. The second half comments on beneficiary engagement, the customer journey and the quality of support received.

### 3.2 Project Delivery

#### 3.2.1 Governance and Management Arrangements

Managed by SERCO, the SFBC project was built on the foundations of the Superfast Business Cornwall project that was delivered in the Convergence programme area from 2013- 2015, as well as incorporating elements from the South West Superfast Business programme. It brought together the learning and best practice from both projects.

There was a dedicated Programme Manager in place for SFBC, supported by a small staff team (see below) and the team felt that this arrangement worked very well. Additional layers of governance were put in place specifically for the grant funding element. This included an Expert Panel along with an Internal Panel, both of which made recommendations on funding decisions as described in more detail below. Beyond this, grants were ultimately approved by a SERCO Managing Director which provided an internal audit process and ensured that they met financial and contractual requirements and ultimately ERDF compliance. This simple governance structure allowed the Programme Manager to concentrate on delivery, unencumbered by the need to service a 'steering group.'

#### 3.2.2 Delivery Structures

On a day-to-day basis SFBC was delivered by a team of four Digital Business Advisers, two Digital Business Enablers and an on-line Adviser in addition to the Programme Manager. They also benefitted from 'back-office' support from a small contracts team (which included the grant claims) and a small marketing team. From an internal perspective recruiting the right staff was a key challenge for the project but their efforts here clearly paid dividends as they managed to recruit a team with the required expertise in business advice, ICT and project management. The blend of commercial and technical expertise was essential, as was their supportive, friendly and patient style. At the time of the interim evaluation stakeholders were overwhelmingly positive about the delivery team, some noting that they managed to achieve a great deal with limited resources and the feedback continued to be positive during the Summative Assessment:

*“SFBC has such a great, hard-working team”*

*“The team are very professional and it’s a well-oiled machine, particularly in comparison with some other ERDF programmes”*

Likewise, positive comments from the qualitative interviews with grant recipients included:

*“My Adviser’s knowledge was excellent and he had a very calm manner”*

*“The team is very clear, helpful and flexible in their approach”*  
*“The team are amazing - they are so positive and keep the momentum going”*

*They have been fantastic, enthusiastic and helpful. [They] saw the potential of my idea and supported me through the process”*

Similarly, non-grant recipients were also positive:

*“Inspired me to be proactive and confident, knowing I could get answers to any problems or difficulties by asking the team”*

*“Excellent support from [my adviser] and the team. Often a fresh perspective can be invaluable”*

The delivery team was enhanced by a network of external private sector ICT specialists that were brought in on a case-by-case basis to support specific business requirements. The specialists were engaged once a clear specification was developed and this was translated into a work package for them which the customer ultimately ‘signed-off’ when they were happy that the work had been delivered to the required standard. The stakeholder interviews indicated that this delivery model worked extremely well. The ability to ‘mix and match’ flexibly across different specialisms was welcomed and many stakeholders commented positively on the calibre of the specialists that were engaged. At the time of the interim evaluation a small number of comments were made to suggest that because this aspect is so bespoke there could, however, be some discrepancies between the specialists in terms of their approach and added value. One of the specialists themselves noted that they would benefit from greater interaction with the other specialists to ensure consistent delivery. However, specialists were drawn from a number of disciplines and each work package was bespoke for the business being supported therefore ‘consistency’ was not expected and this was not raised again within the Summative Assessment. The consensus was that the overall package of support provided by the delivery team and specialists was of high quality.

The project also benefited from an ‘Expert Panel’ as highlighted above which specifically supported the process for larger grant applications (usually over £10,000) and was made up of professionals with relevant backgrounds encompassing legal, financial and technical specialists. N.B. decisions on smaller grants were made by an internal group with the business case being presented by the Digital Business Enabler<sup>3</sup>. For the larger applications the team would work very closely with the business and support them with the process right up until the point where they presented their proposal to the Expert Panel. Although the projects were described as being ‘oven ready’ by the time they reached that stage, evidence suggests that the Panel process really added value to the project. The Panel was able to contribute their expertise - often resulting in businesses considering things they may not have thought about themselves, to help ensure that their project was a success. In the words of one Panel member:

*“There was a good mix of organisations on the Panel and we had a healthy level of debate. We were there to advise and help make the projects as good as they could be”*

---

<sup>3</sup> The internal group and the Expert Panel are each structured in the same manner and are both chaired by SERCO’s Head of Contracts - Employment, Skills and Enterprise

Although for the most part the Panel only made recommendations for improvements, stakeholders could recall a small number of occasions when the advice resulted in a more significant change to the proposal and in one case the withdrawal of an application entirely because it was considered to be in the business's best interests. In light of this, although the Expert Panel was not a decision making body as such (in that the decision to fund ultimately rested with SERCO) it is nevertheless important to consider the governance of the group. The Panel members that took part in the Summative Assessment interviews were confident that the process was transparent and well documented. It was suggested that the SFBC advisers were always very clear with businesses about expectations from the outset and they also felt that there was a clear conflict of interest policy in place which required members to absent themselves from the discussion if they had a connection to the presenting business<sup>4</sup>. Equally, the SFBC team confirmed that conflict of interest policies were put in place to cover:

- Selection of specialists – ensuring the rationale for the selection of the specialist was documented and saved; and,
- Advisers having other roles – ensuring that staff declared any secondary employment or business involvement to ensure there was no conflict on time or activity with their role as an adviser on this project.

The evaluation team concludes that the structure, as described above, was fit for purpose and provided a solid foundation for delivery.

### 3.2.3 Project Management

Most stakeholders were overwhelmingly confident that SFBC was a well-managed project and it is something that the team itself has been very proud of:

*“It has done what it set out to do and at an operational level has been very efficient”*

From an internal perspective it was seen as the culmination of 20 years of experience over which time every facet of delivery had been regularly reviewed with continuous changes made as they went along. In the words of one team member:

*“I think it's the best thing we've ever done!”*

This is backed up by its exemplary record on compliance. SFBC has been the subject of three audits:

- Two Article 125 MHCLG Audits – one held on the 27th June 2017 and the other in September 2016
- An Article 127 Government Internal Audit Agency (GIAA) Audit - held 29th August to 1st September with Mathew Dalton and Paul Wilson.

The Article 125 visit resulted in no actions and no recommendations being identified and it was confirmed, by the auditors following the Article 127 Audit that:

***“Claim expenditure testing was passed without error and we noted that time recording was robust, including for staff working whole-time on the project, which is a particular point of best practice”***

<sup>4</sup> Please note that the conflict of interest policy has not been reviewed or verified by the evaluation team

**“Procurement policies, strategies and methodology statements are excellent and there are no concerns”**

**“Examination of SME beneficiary files and associated checks for eligibility, state aid, outputs and delivery of grants confirmed a number of really good systems and processes”**

The latter resulted in a congratulatory email from the MHCLG case officer in light of the high standards to which the GIAA operate. They feel their efforts have paid dividends; having demonstrated high standards of compliance, they have since benefited from a lighter level of scrutiny than experienced by some other projects.

Management of the grant funding was singled out in particular as an area of good practice by internal and external stakeholders alike. Based on their experience of delivering previous programmes the team was aware that businesses frequently fail to spend all of the money they are awarded and so managed the process very carefully to ensure that there would be limited or no underspend across the project as a whole. The team achieved this by pro-actively working with businesses to help them at project delivery stage, ensuring that they did not ‘meander’ from their milestones and that their claims for funding would be compliant. As highlighted in Section 2, contract withdrawal letters were issued to businesses where their projects were underspent to ensure that any remaining funds could be effectively reallocated.

More generally, there has been evidence of systematic continuous improvement across the lifetime of the project. Four SFBC team members were Yellow Belt Certified (Improvement in Public Service Process) which comes from Lean Six Sigma Methodology for continuous improvement. A Yellow Belt leads limited improvement projects and /or serves as a team member as a part of more complex improvement projects. Team meetings were often run using the methodology so that even the non-certified members could apply this thinking to project delivery. As a result, some of the paperwork, such as the Action Plans, underwent several iterations to help make them as business-friendly as possible. However, two more fundamental adaptations stand out as being noteworthy:

- **Workshop delivery** – although the SFBC workshops were highly regarded the team did experience some challenges in getting people to sign up and then attend. Staff were of the view that the reasons for this included:
  - The high volume of business events/workshops in C&IoS delivered as part of ERDF programmes meaning that there was significant competition for businesses time and attention; and,
  - The fact that the workshops were free which meant that people were more likely to drop out at the last minute or attend in order to ask 1-2 key questions, but not actually commit to engaging with the project fully.

From a business perspective, one grant recipient commented (unprompted) that events are too time consuming for businesses to attend and often not the most effective way to learn. As a learning practitioner, her view was that ERDF projects per se, would be more beneficial to businesses if they were delivered on-line as ‘bite sized’ learning. Businesses would then be able to learn what they needed to learn and apply it straight away. In her view, the act of applying the

learning consolidates it and as the majority of businesses may not be in a position to apply all of the learning straight away, the majority of the learning can be lost. This is also reflected in a comment from one of the non-grant funded businesses:

*“There was too much information at one time to be able to digest and implement. I struggled to find the time to make it happen and then forgot how to do it and what was relevant and still am. A follow up refresher would be good”*

Over time the team developed a series of workshops split into two hours of basic followed by two hours of higher level content and businesses were able to attend both or just one of these sessions. Towards the end of the project, the team had also begun to develop a webinar pilot as an alternative/complementary mode of delivery. However, this was never launched as there was insufficient time to make it worthwhile, particularly given their decision not to bid for a follow on project. It may nevertheless be a valuable learning point for others delivering similar business support programmes.

- **Segmentation** – as highlighted in Section 1.3 above, SFBC originally intended to work primarily with businesses that had high growth potential but in reality often received referrals for businesses that were technically eligible for support but did not fit their ideal criteria. As a consequence, in the early stages of the project the team found that they were sometimes expending costly resources (i.e. through 1:1 delivery) on businesses in which they were unable to make a significant difference. Over time the team feels that it became more efficient at segmenting clients and directing those least likely to benefit from the support towards the online business support and also workshops, having adapted the ‘tech essentials’ workshop into a two day back-to-back workshop for this purpose. This was not an official policy as such and was described more as an evolution but it did free up the more expensive 1:1 resource for where it would have a bigger impact. Equally, based on their early experiences they allowed some of the more advanced companies to skip the workshop aspects altogether if it was felt that they would not benefit from them.

There was some suggestion that, with hindsight the segmentation approach described above could have been developed sooner, however, it took some time to work through. The only other internal reflection about areas for improvement, related to the use of specialists. The budget allocation allowed for specialists to deliver 175 ‘work packages’ (up to £500 plus VAT) over the course of the project. Managing this profile over the project period required corrective action to be taken at several points to either encourage or discourage advisers to allocate work to the specialists. Some reflected that this aspect of the service could potentially have been managed better with clearer allocations.

The use of specialists within the delivery model was particularly important because it enabled the team to provide what they considered to be the best service for the end-users, although it actually cost SERCO more than if they employed core staff to perform this function. Making the finances ‘stack-up’ was an enduring challenge for SFBC, particularly within MHCLG’s interpretation of the ESIF guidance which, it was suggested, was very different from their experience of delivering a similar project in Wales. Although evidence suggests that SFBC has had a very good relationship with the local MHCLG team on the ground, the English interpretation of the guidelines appears to have been set nationally and the SFBC team feels that there has been no local discretion over delivery. They have found the current ESIF fund a difficult fund to work with,

particularly in a shared service structure, and this is one of the key reasons why they did not bid for a follow on project.

Over and above this, when reflecting on what they would have done differently had they bid for another project, there was a desire expressed to experiment with on-line forms for output capture. However, it was also recognised that MHCLG requires wet signatures for items such as sign in sheets and grant applications.

### 3.2.4 Horizontal Principles

It is clear that horizontal principles were woven into service delivery. As set out in the application form, the SFBC project was designed to address the three pillars of sustainable development as follows:

- **Environment** – increasing environmental best practice including uptake of digital technologies to reduce negative environmental impacts from factors such as transport;
- **Social** – enabling work to be undertaken flexibly and collaborating over large distances with ease which can help to improve not only work life balance but also tackle issues of isolation; and,
- **Economy** – driving business growth and employment by supporting the creation of a thriving economy for Cornwall and the Isles of Scilly.

These principles were embedded into the programme of activities which achieved a good geographic reach to help overcome peripherality and rurality (see section 2.3.2 for more detail) and introduced participants to a range of digital tools that could support sustainable development. The team confirms that all venues were assessed to ensure they had good disabled access and attendees were asked about any special requirements. Support for the Equality and Diversity theme included work to reach audiences such as Women Led Enterprises. A total of ten events were run for Women Led Enterprises in the hope that these efforts would help to break down barriers and address the under-representation of women in technology related fields. Despite this, SFBC monitoring data show that only 88 of the 246 jobs created through the project were filled by women. This is unsurprising, as the challenge of improving the diversity of the digital sector is nationally recognised<sup>5</sup>.

Grant recipients were also required to set at least one measurable environmental objective for their project. These were wide ranging but typically included a reduction in carbon footprint from one or more of the following: increase in use of recycled materials; reduction in resources (especially paper); decrease in waste; reduction of travel; and, reduction of energy use. For example:

*“The use of marketing automation software will allow us to be more efficient in our processes. More will be automated and the requirement for printed materials will reduce...We expect printing to be reduced by 50%”*

*“The implementation of these projects will significantly reduce the use of paper and printing throughout the business and aid us in our desire to have paperless offices. This in turn will lead to decreased waste”*

*“The utilisation of the developed platform in combination with the Skype for business software is proposed to reduce mileage travelled to clients by around 50% of the current annual mileage”*

<sup>5</sup> UK Digital Strategy, DCMS, 2017

*“We can confirm that this project will allow the factory server to become a virtualised environment, hosted on our existing architecture, removing the requirement for a stand-alone server, saving approximately 1600 kwh per year”*

*“One of the key drivers behind the virtualisation of our environment is to provide real tangible efficiency both in usage of electricity through (BTU) air conditioning and (KW) consumed”*

#### CASE STUDY: Communities for Renewables CIC



Set up in 2012 as a Community Interest Company, Communities for Renewables CIC (CfR) helps communities set up local energy enterprises and supports them to develop, finance and manage their own renewable energy generation. CfR has worked with over 30 local energy enterprises, local authorities and social landlords across the UK. Over the last few years it's helped to develop and finance over £40million of community-owned solar projects ranging from solar PV panels on community

buildings to one of the largest community-owned solar farms in the UK. As well as helping communities set up renewable energy schemes, an important part of their offer to clients is an on-going 'asset management service' to operate and manage the schemes over their life (often 25 years).

Reflecting on his experience of SFBC, Director Jake Burnyeat recalled how attending a digital workshop gave him the inspiration and headspace to realise that they needed an 'asset management platform' to take forward the business. Following the workshop, Jake met with SFBC's Digital Business Adviser to discuss the concept and was provided with funding towards the costs of a private sector ICT specialist to scope out their project. The asset management platform was an innovative new product, delivering a 'real time client portal' that provided clients with all the tools needed to monitor performance of their renewable energy installations, administer their companies and communicate with their members, their local community and each other. The portal enables clients, who are often community volunteers with limited capacity to quickly and easily access the information they need and allows collaborative tasks to be completed more easily. The platform and associated service offering is unique in the UK.

The impact of the project on CfR has been significant. The development of the platform has been a significant factor in the growth of the asset management side of the business, which has doubled in the last year. Jake is optimistic that the new platform will enable them to reach new markets, rolling out their asset management service to smaller private solar farms as well as local authority sectors. Importantly, the product is also helping them to become more resilient and financially stable, allowing them to achieve a key company objective to cover core operating costs through the asset management service, which provides a long term stable income stream. In Jake's opinion, the project would not have happened at all without support from SFBC. In Jake's words:

***‘Without the workshop that give me inspiration and time to think and then the subsequent support to develop the concept, we would not have come up with the idea. Further, assistance with procurement also made the project more viable (as it significantly reduced costs) and the grant helped give the confidence to invest. It showed the board that this was not just a whacky idea, but others also thought it was a good idea’***

## 3.3 Beneficiary Engagement, Customer Journey & Quality of Support

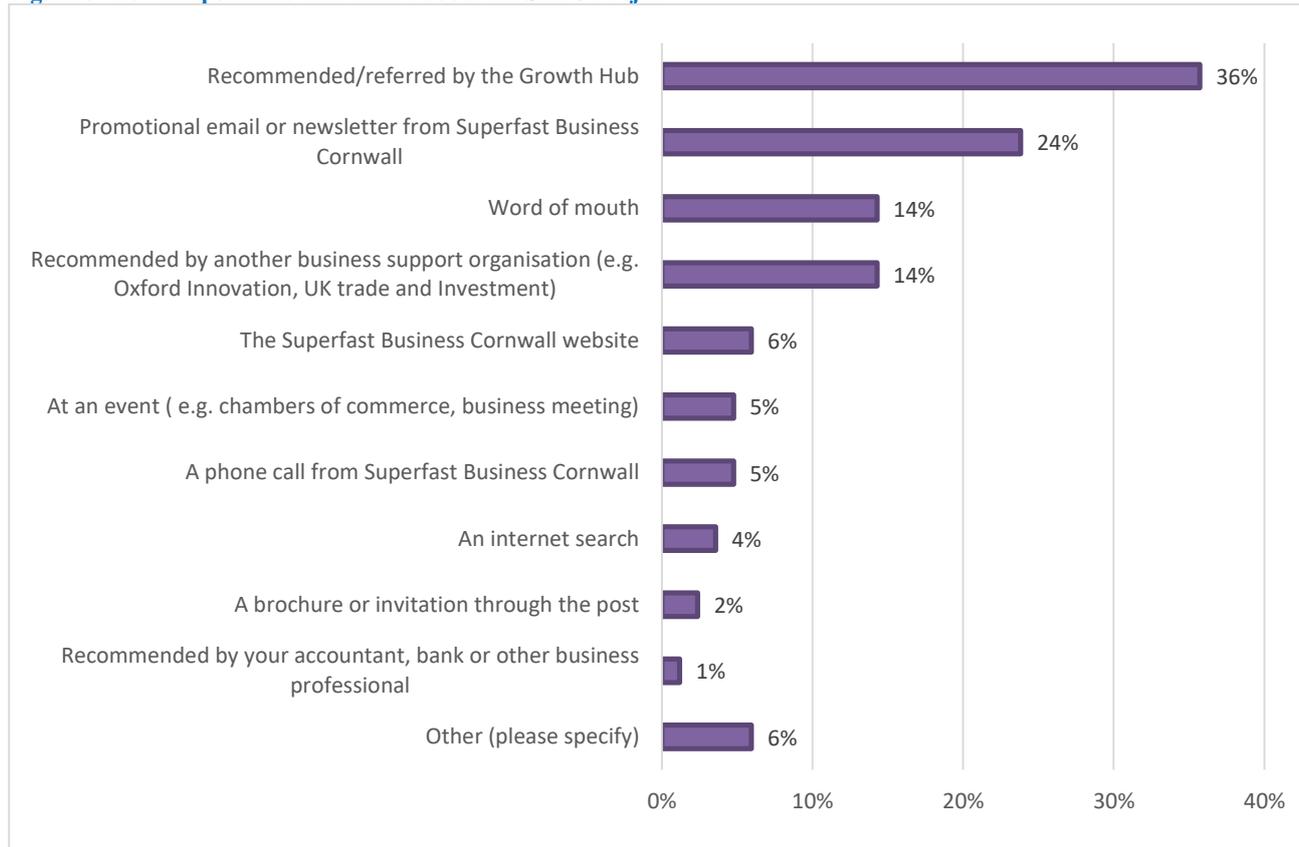
### 3.3.1 Marketing and Referrals

The team employed a variety of tactics to raise awareness of SFBC and promote the service from the use of social media through to advertising in the Business Cornwall magazine. Alongside their general media and social media presence there were some specific co-ordinated marketing efforts such as the ‘Champions Campaign.’ This drew on case studies from SFBC beneficiaries using social media, press releases and e-newsletters as well as the website. Three large full day “show case” events were held, which included keynote speakers, masterclasses and stands for technology and business support exhibitors: Technology for Growth, December 2016 at the Royal showground Wadebridge, connect to the Future, October 2017, at Goonhilly Earth station and Digital Forum 2018 at Hotel Victoria Newquay. A further half day event is planned for April to introduce beneficiaries of the service to on-going support. The website, more generally, has received a monthly average of 1,142 unique page views and SFBC’s social media following can be summarised as follows:

- Facebook followers - 235
- Instagram followers - 217
- Twitter followers – 1,705
- LinkedIn followers – 78

Beneficiaries typically engaged in the project through a combination of this marketing/promotion and through direct referrals. At the time of the interim evaluation our survey found that the most common engagement route was ‘referral from the Growth Hub’ and Figure 8 shows that this continued to be the case at the Summative Assessment stage. At the time of the interim evaluation the Growth Hub representative indicated that they referred more clients to SFBC than to any other programme. The interim report also noted some ‘teething problems’ (on both sides) with the referral process from the Growth Hub but evidence suggests that these were proactively managed and by the time of the Summative Assessment stakeholders felt that the issues had by and large been resolved. However, it should be noted that the nature of some of the businesses coming through the Growth Hub’s referrals did nevertheless impact on project delivery as detailed in other sections of this report.

The second most frequently selected option from the post completion survey was promotional email or newsletter from SFBC. Word of mouth and recommendations from other business support organisations were also important. Part of the team’s strategy was to engage very proactively with other business support providers in order to both digitally up-skill the providers and to enable them to understand the SFBC offer so that they could more effectively sign-post businesses to it. The SFBC team felt that the approach was only moderately successful and also found that the small number of referrals that did come through from elsewhere were not always eligible for support, with other organisations often not understanding some of the key criteria such as displacement. However, the approach was nevertheless warmly welcomed by the stakeholders that engaged with the project. Many felt that they benefitted from the partner master-classes and they also commented positively on the reciprocal nature of the relationship and cross-referrals. Other responses to the survey included ‘eventbrite’ (2%), an article in Business Cornwall magazine, previous involvement and third party social media posts.

**Figure 8: How Respondents Had Heard about the SFBC Project**

Source: SFBC post completion survey. N = 84

At the interim stage members of the Expert Panel in particular indicated that they would have liked to see more referrals coming through from a wider variety of providers such as banks and solicitors. At the Summative Assessment stage Panel members likewise reflected that the team had had to work hard to engage businesses and this was also reflected in our conversations with team members. That said - stakeholders felt that the project was marketed well, particularly given the size of the team.

*“They are clear on what their offer is and the routes to market”*

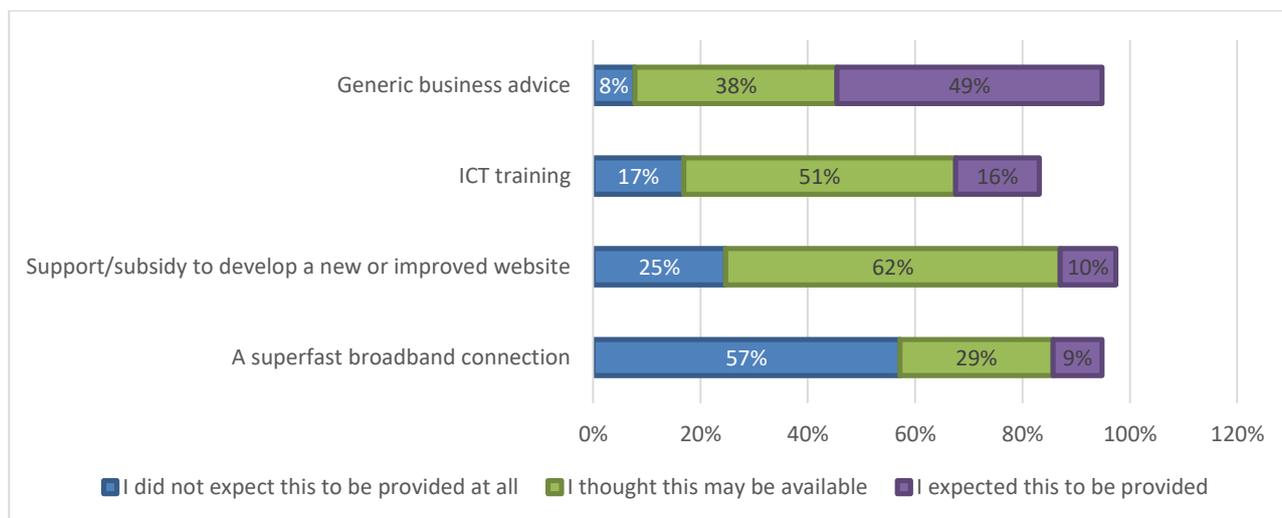
Stakeholders also commented that the SFBC project has reached businesses that have never been touched by other forms of support.

People generally felt that brand awareness was good and that SFBC had a positive reputation throughout C&IoS, building on the previous programme. Stakeholders commented that SFBC’s workshops and events were particularly useful for drawing businesses into the wider support offer. Additionally, some stakeholders pointed to the effective use of alumni for case studies, although others felt that more case study material would have been beneficial. Use of social media was also singled out as being effective. There had been an increased emphasis on social media between the interim and Summative Assessments which had moved from sporadic to almost daily posts. In the words of one stakeholder:

*“The posts are always relevant, good quality and visual”*

During the interim evaluation some stakeholders noted that there could be a misconception for beneficiaries around what the project entailed because of its name - i.e. some businesses thought it was about broadband provision. This was tested through our post completion survey. Figure 9 shows that 9% of participants thought that a superfast broadband connection would be provided and a further 29% thought it might be. Figure 9 also shows that shows that 49% expected ‘generic business advice’ to be provided and 16% thought that ‘ICT training’ would be. A high proportion (62%) also thought there may be ‘support/subsidy available to develop a new or improved website’. These findings highlight the challenge of managing participant’s expectations as well as potentially improving the marketing messages.

**Figure 9: Expectations of what the SFBC Service would Provide**

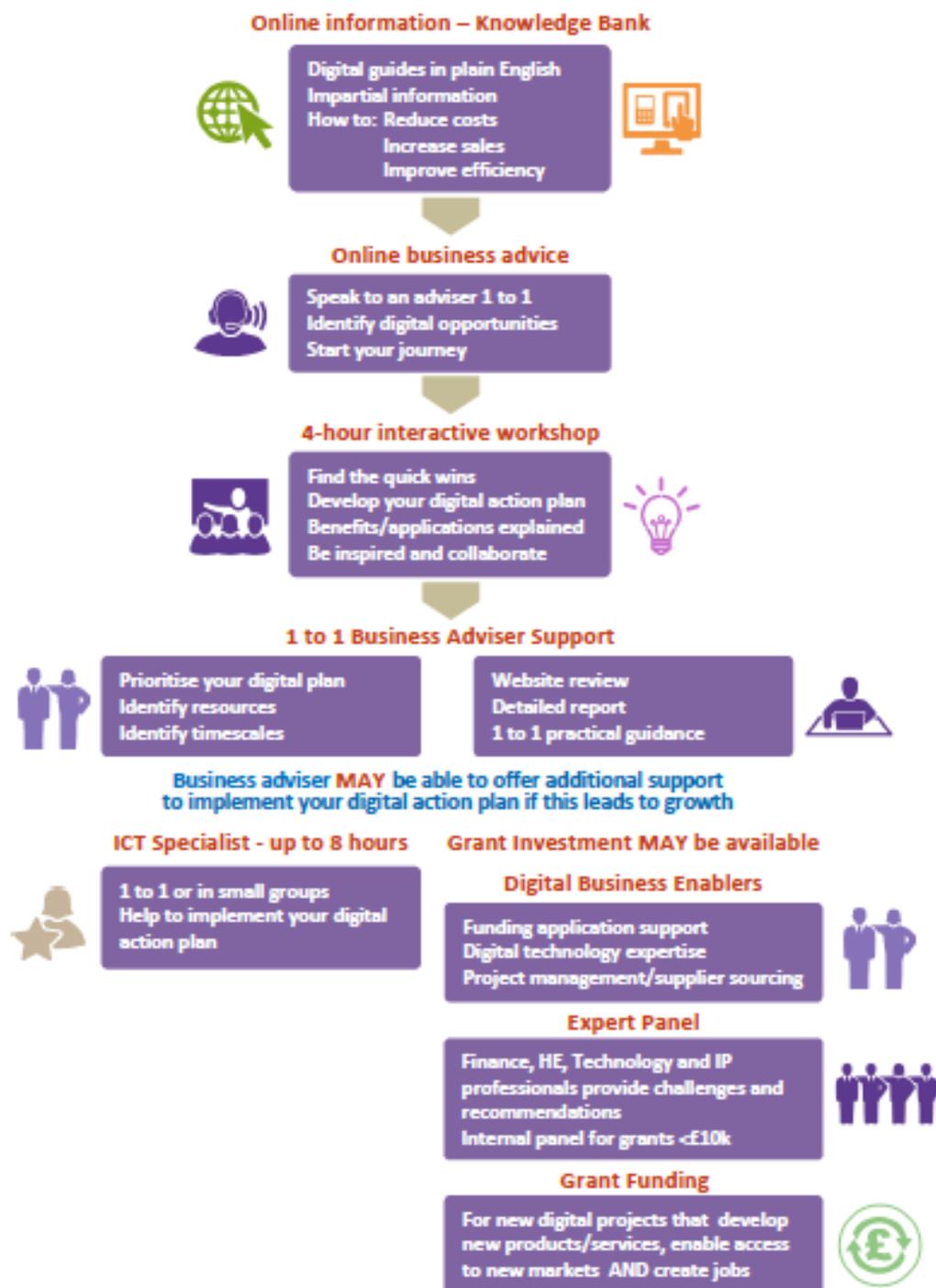


Source: SFBC post completion survey. N = 77 (note, response varies by item)

### 3.3.2 The Customer Journey

Once a business had engaged with SFBC they were able to access different parts of the service depending on their individual needs. Based on the experience of delivering other programmes, the SFBC team put in place a clear customer journey (shown in Figure 10 below) and stakeholders commented positively on the fact that in most cases it started with businesses having to attend an initial workshop before they went on to access other parts of the offer. This was felt to be very valuable to help work out what businesses required.

Figure 10: Customer Journey



The monitoring data shows that the customer journey was utilised in a flexible way, responding to business needs. Of the 589 businesses contacting the project:

- 265 attended a Technology for Growth Workshop;
- 449 had received one to one advice to help develop action plans;
- 304 received a website review, with some companies having more than one (i.e. the total number of website reviews conducted is 384);
- 265 participated in a digital technology masterclass;
- 164 had support from a private sector specialist; and,
- 55 received a grant.

This shows that whilst Technology for Growth workshops were an important part of the process, businesses were able to access one to one advice without being required to attend a workshop initially. As highlighted in Section 3.2.3 the project has responded flexibly to the needs of businesses and recognised that for some, the workshop would not be suitable. However, of the 589 participants, at the time of the evaluation only 364 has completed a full programme and signed a declaration, and whilst 64 remain in progress, 161 participants had 'dropped out' before receiving 12 hours support. The team suggested that one of the reasons for this is that businesses would sign up to attend an event or a workshop, use the opportunity to ask their burning question, but then fail to engage further. Whilst this may be useful to the business initially, they are not able to benefit from the full programme of support.

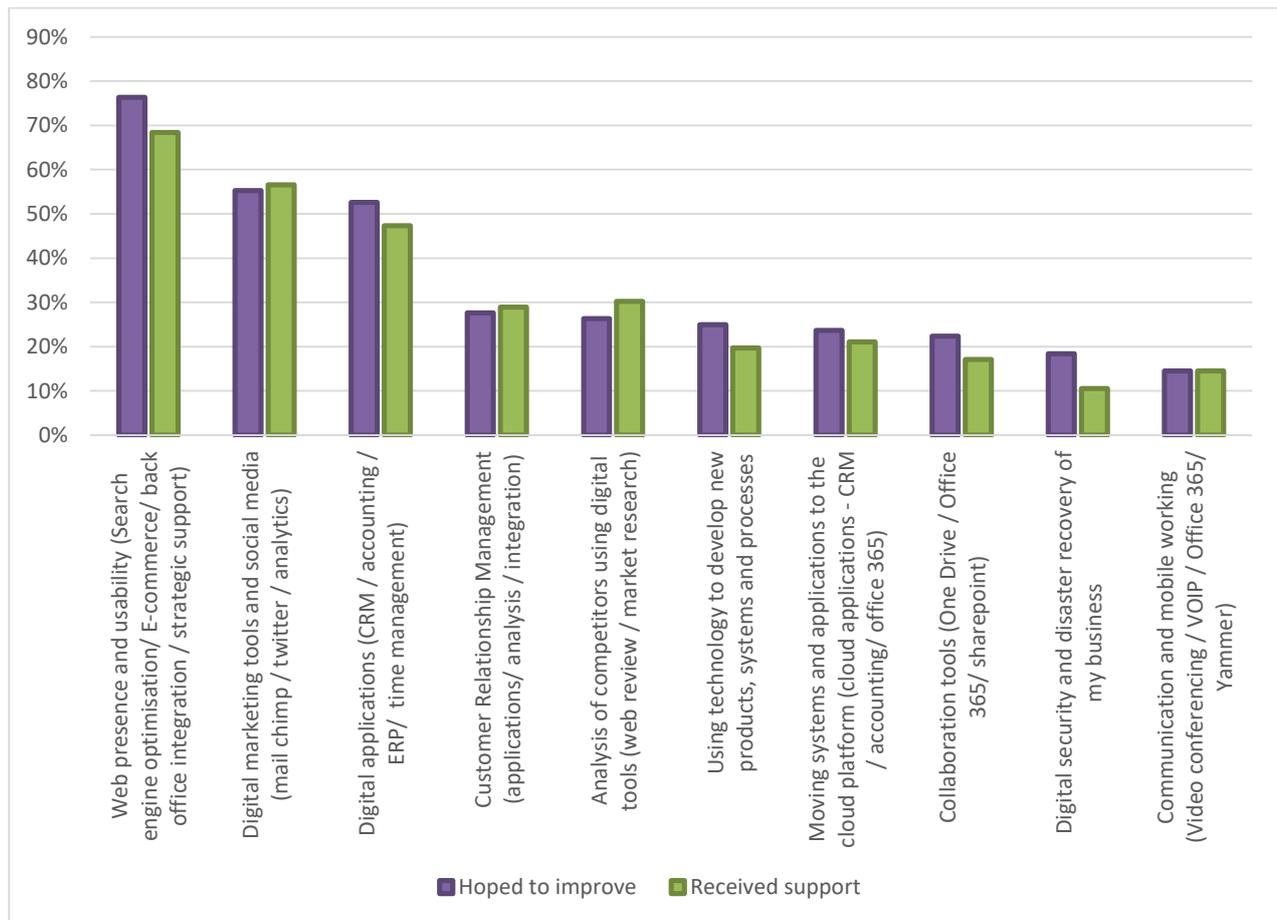
### 3.3.3 Quality of Support: Reflections from Service Users and Stakeholders

Figure 11 explores the areas that businesses participating in the post-completion survey had hoped to improve as a result of their engagement and the extent to which they felt that they had received support in that area. It shows that, for the most part, there was a good alignment between the areas in which they hoped to improve and the support they had actually received. The areas with the largest gap (proportionally) between aspirations and delivery were:

- Digital security and disaster recovery of my business – 43% of those that hoped to improve in this area did not receive support in it; and,
- Collaboration tools (One Drive/Office 365/sharepoint) – 24% of those that hoped to improve in this area did not receive support in it;

Interestingly, in other areas, businesses had received support even though they had not hoped to make improvements in these areas at the start of the project. This suggests that the support provided may have broadened business horizons and understanding of their own needs.

**Figure 11: Areas in which Businesses had Hoped to Improve and Areas in which they Actually Received Support**



Source: SFBC post completion survey. N = 76

The post completion survey respondents were also asked to rate a series of statements about the SFBC service on a scale of 1-5 where 1 is 'strongly disagree' and 5 is 'strongly agree.' The average score for each statement is presented in Figure 12 overleaf. A total of 96% of respondents agreed/strongly agreed that the 'advisers were knowledgeable and experienced' (therefore scoring very highly at 4.56) and the 'impartiality of the advisers' was also rated very highly at 4.37. The lowest scoring aspects related to the delivery of work by third party specialists, where respondents were more likely to be neutral about the service. It should be noted that overall, satisfaction with the service was 4.34, with 90% agreeing or strongly agreeing with this statement.

**Figure 12: Extent to which Respondents Agreed or Disagreed with Statements about the Service (Average Score Presented)**

Source: SFBC post completion survey. N = 51

Respondents were also invited to comment about any aspect of the service they were particularly satisfied with. Twenty nine responses were received, with a selection of comments presented below:

*“SFBC has been pivotal in helping me to identify and shape my business plan using online technologies. I would not be where I am today had I not received SFBC's support. SFBC has been a game changer for launching my business in superfast time”*

*“It was and still is very useful to be able to ask a question about something that is confounding me (re my facebook page or twitter etc.) and get a prompt practical answer. Sometimes that's all you need”*

*“I found the one to one with [redacted] really helpful. He was able to decode the lingo for me”*

*“The knowledge of the team is amazing and the workshops have definitely shown me the potential of social media and the more effective use of technology”*

*“The Digital Masterclass was excellent and well worth the time”*

*“Through this service and others we have a plan whereas before we did not know the direction we should take. Our plan was the result of the knowledge gained and we have options as and when issues or opportunities occur”*

*“Follow ups and sessions with [redacted] and [redacted] brought my business ideas into focus for me, and helped me understand where I was going and what I had to do to achieve my ambitions”*

*“The speed of support was very good and our adviser helped us move forwards in most areas we were interested in”*

*“[redacted] is very, very helpful, approachable and knowledgeable and I enjoyed working with her”*

Respondents were likewise invited to comment on any aspects of the service they were particularly dissatisfied with. It should be noted that 61 respondents skipped this question altogether and a further eight answered ‘none’. Substantive comments included:

*“There are still courses I would like to do and hope will be available/more frequent - Google analytics (was unable to attend recently due to being away on business), Google Ads, how to collect and use data for marketing, email marketing”*

*“Didn't feel my particular digital needs were clearly understood and assisted - though that might have just been me not understanding what was being said”*

*“I thought I would get more one to one support and a follow up visit”*

*“If a specialist is assigned to work with you, one to one, for a specific and limited length of time the outcome could be much more effective if: a) the amount of time is made clear at the beginning and b) how that time is used is discussed and agreed with the Client”*

*“The earlier parts of the service felt like boxes were being ticked for the benefit of Superfast rather than our needs”*

The survey also included a ‘Net Promoter Score’ question which asks on a scale of 0-10 how likely the recipient would be to recommend SFBC to another business. The methodology works by assigning those people that score 9 or 10 to the category of ‘promoters,’ those that score 7-8 to the category of ‘passives’ and those that score 6 or under to the category of ‘detractors.’ The Net Promoter Score is the percentage of promoters minus the percentage of detractors (i.e. ignoring the passives) which gives a possible range of +100% to -100%. Of the 73 respondents within our post support survey, there were 44 promoters (60%), 22 passives (30%) and 7 detractors (10%) which means that the Net Promoter Score is +50%.

### **The Grant Funding Recipients**

A total of 32 qualitative interviews took place with grant recipients, representing 31 unique businesses (15 took part at the interim stage and additional 16 took part at the final stage with one particularly interesting business being interviewed at both stages to chart their progress over time).

SFBC’s grant funding recipients included a diverse range of businesses. A number of those that took part in the qualitative interviews described themselves as tech companies and/or described technology as being central to their business. Others indicated that had used technology to varying levels, some commenting on how it has become increasingly important to their business over time, for example:

*“It’s always played its part but we have had significant growth in the last 18 months and it has become central to the business – we couldn’t function without it now”*

*“It has become increasingly important over the years for a few reasons including the need to keep a good audit trail and the changing requirements of customers”*

A very small number of grant recipients described themselves as complete novices. In the words of one interviewee:

*“I didn’t even know what search engine optimisation meant when I started”*

Perhaps reflecting their differing starting points, client journeys through the service have varied. Some businesses stated that they had solely received the grant funding element whereas others had made use of wider aspects of the service including website reviews and expert reviews, along with workshops and events. This demonstrates the flexibility of the project and tailoring to individual needs as discussed elsewhere. Where wider aspects of the project had been used the grant recipients were generally very positive about their experiences:

*“I signed up for every workshop I could get my hands on to help improve my knowledge”*

*“One of the real benefits has been my increased knowledge and digital skills through the workshops”*

At the interim stage a small number of comments were made by some of the more technically able businesses to the effect that the content was a little basic for them. This was recognised by the SFBC team and, as discussed elsewhere, their approach was changed so that not all businesses were required to attend the workshop if it would not be beneficial for them. This issue was not raised at all during the final evaluation.

The qualitative interviews also indicate that whereas some grant recipients were very clear about why they wanted a grant and what the project specification would look like from the outset, for others the process was much more iterative:

*“We knew what we wanted for the business but had no idea what was possible. The team’s expertise helped us to understand over time what we could actually do”*

*“We had been eyeing up a possible project for some time and wondered if SFBC could help with it. We were clear (ish) on what we wanted to do but the team helped us to move from a concept to specifics”*

Their digital projects were wide-ranging in nature but in many cases have involved the integration of different software and systems, enabling different parts of the business to ‘talk to one another’ including:

- Client Relationship Management systems;
- Staff time and attendance systems;
- Integrated accountancy systems;
- Business scheduling systems;

- Intelligent data management systems;
- Asset management systems;
- Production software solutions;
- Stock-control and shipping systems;
- Cloud based software solutions;
- Enterprise Resource Planning (ERP) and Open Source Platforms; and,
- Project Management solutions.

In addition, the grants have enabled app development, database development, data security accreditation, portable testing, marketing solutions, public access wifi solutions and a virtual reality experience for clients.

In some cases the project involved purchasing one or more 'solutions' (either off the shelf or bespoke) and/or purchasing expertise (such as developer time). For others the project included staff time to develop or implement the solution. In one case this took the form of a student project and another business described how SFBC had enabled them to undertake a traditional R&D project in-house.

Irrespective of their starting points and reasons for engagement, the majority of the interviewees were extremely positive about the application process:

*“I was very impressed by how painless it was compared to other schemes”*

*“Amazingly straightforward and very quick - really speedy decision and very painless”*

*“Really good. Went to the Expert Panel and did the presentation which was a really positive experience. The application process was much better than others I've been involved in and it's really well managed”*

*“The presentation was also a useful exercise”*

Many businesses also spontaneously commented on how supportive and helpful the SFBC team had been throughout the application process.

*“Very supportive in helping us to translate our needs into something that matched the criteria of the fund and was suitable”*

*“Advisers [were] really accessible and helpful”*

*“The Adviser was delightful and extremely helpful”*

Four out of the 31 businesses expressed less positive comments. In one case the recipient had applied for a very small sum of funding (less than £2,000) and felt that the paperwork was cumbersome and the process too onerous for the amount of funding received. Two others likewise felt that the forms were overly complicated and repetitious but were nevertheless positive about the support they had received. In the final case the business had received an initial visit by a third party specialist and felt that the meeting was unstructured and did not help them move forward. This was fed back to the delivery team at the time who took prompt action and the business was pleased to report that their experience improved significantly

with input from the Digital Business Enabler. This business has, however, subsequently reported dissatisfaction with the level of bureaucracy and evidence required for the claims process as did one other business at the final evaluation stage. It should be noted that there were no other negative comments made about the claims process and the team confirm that the requirements were necessary to ensure project compliance.

Notwithstanding these comments, interviewees were confident that their expectations had either been met or exceeded by the project:

*“It surpassed everything I could ever imagine”*

*“Completely 100% met [my] expectations and even exceeded them”*

*“Exceeded expectations in terms of benefits and ease”*

When asked if anything could have been better, most interviewees could not think of a single thing. A few comments were made about the paperwork (as above). One recipient felt that the supporting workshop they had attended was good but hard to justify in terms of time. The only other feedback, which was framed as a query rather than a criticism, was whether there would be some benefit from bringing grant recipients together in small workshops to talk about their projects and learn from each other.

### Stakeholders

During the interim evaluation, in order for the research to support continuous improvement, stakeholders were invited to reflect on each aspect the customer journey and their thoughts are presented below.

Taking each element in turn:

- **The Knowledge Bank** – was thought by stakeholders to be well organised, well written and well received, covering a good range of subject areas. It was valued as a resource, particularly because of its impartiality. Some suggested that it worked especially well in conjunction with support from the Digital Business Advisers/Enablers (rather than as a stand-alone piece).
- **The workshops (including the four hour interactive workshop)** - were also described as being very well organised, professionally delivered and highly relevant. It was suggested that they had a good place in the market and catered for a broad range of technologies which were then followed up in more detail by specialist engagement. However, some stakeholders indicated that attendance could be variable and, as highlighted in section 3.2, the team considered experimenting with different approaches (webinars) during the latter stages of the project.
- **The Business Adviser support** – was described as the *“differentiator”* for the project and was thought to be where most of the impacts came from. This aspect was thought to work particularly well and, through a diagnostic process, resulted in a clear Digital Action Plan for each business. As well as gathering key business information, the process focused on where the business was and where it would like to be, with recommendations and prioritised actions, in terms of using technology to: work efficiently within the business; influence and interact with customers; and, collaborate and compete with others.

As a discrete aspect of this element, the website reviews were also widely praised by most stakeholders that had knowledge of them. Many felt that clients loved this aspect, particularly because it was so practical. At the interim evaluation one critical comment was made around the software that was used which the interviewee felt could be more sophisticated but this had improved by the time of the Summative Assessment all in all the website reviews were thought to be a very popular and useful part of the service.

- **The ICT specialist support (delivered on both 1:1 basis and in small groups)** - was also seen as being very practical and useful, particularly because of the calibre of the specialists, alongside the core SFBC team. However, some stakeholders could not distinguish between the generic workshops and the special 'master-classes' that were delivered in the small groups.
- **The grant funding** - was described as "*hitting the right spot*" and adding real value for the businesses that receive it, in some cases leading to rapid growth. The SFBC team was particularly praised for helping businesses to think holistically about what they could apply for but only encouraging them to apply for things that were fundable. A clear set of guidance material was drawn up for applicants covering how the grant funding worked; what could be funded; procurement requirements; and, grant claim requirements. The process itself was applauded for being highly streamlined and effective without compromising its integrity – or in the words of one stakeholder: "*very slick*" - with a quick decision on the outcome for the business, particularly compared to other grant funding schemes. It was also pointed out that the experience of preparing the application and, for the larger grants, pitching to the Panel was a valuable one for businesses, irrespective of whether they secured the funding. The process required business to consider all aspects of their operation, to define their needs and to clearly articulate a project specification which could be incredibly useful in and of itself, but doubly so if they receive the grant to implement the project. And the Expert Panel was thought to add credibility and value to the process. That said, stakeholders also commented that the grant funding element was one of the most resource intensive aspects of the delivery. The team spent a lot of time supporting the business with their application and endeavoured to only bring to the Panel (or internal group) business cases that were ready and fundable. They also kept a very close eye on managing the budget to ensure that they could spend all of their grant allocation. However, evidence suggests that this has been proactively managed and the team was confident that they have made good funding decisions.

The Summative Assessment did not repeat this exercise but asked stakeholders to reflect back on the project as a whole and comment on any elements that had stood out as working particularly well and/or those which had been challenging. Interestingly, the 1:1 support was the most frequently mentioned part of the project that was felt to work well, followed by the workshops, website/Knowledge Bank and website reviews. Although external stakeholders were very positive about the role of the grant element and Expert Panel, this was less frequently mentioned than other components. Internally, however, the team was very proud of what it had achieved through the grant programme, although they also reflected that if the project were to have continued in the future, they would put in place a minimum grant value, as the administrative burden associated with grant schemes is the same regardless of the grant size. The only aspect that was singled out (both internally and externally) as being challenging was the workshops, which were well received but seen as harder to deliver.

Importantly, there was unanimous agreement from the stakeholders at both interim and Summative Assessment stages that SFBC offered a quality service and that it worked well as an overall 'package of support.' At the interim stage a small number of comments were made from external stakeholders to the effect that, given the complexity of the service, there need to be clear communication sitting alongside it and this was also recognised internally - members of the team likewise reflected that the communications and messaging had to be revised a few times. Aside from some minor frustrations about the restrictions associated with ERDF eligibility and the short-term nature of the funding, the only other comments made by stakeholders reflected a disappointment that SFBC did not have more funding in that with more resources it could have increased its reach. One stakeholder also felt that with more funding it could also have expanded its remit to help businesses with more basic digital needs, not just the 'higher-end' market because they felt that there is a real gap in the market for this type of support.

### KEY FINDINGS – Project Delivery and Management

- The SFBC project was built on the learning and best practice from prior experience. Both the governance and management arrangements and team delivery structures were effective and demonstrated a culture of continuous improvement using Yellow Belt Methodology
- The delivery team had a blend of commercial and technical expertise which was essential and they were held in very high regard by both participants and stakeholders alike
- SFBC was also a well-managed project although the team did not necessarily find the current ESIF programme an easy fund to work with, especially operating within a shared service structure
- Management of the grant scheme in particular should be seen as an areas of good practice
- It is clear that horizontal principles were embedded into delivery including the requirement for grant recipients to include a measurable environmental objective into their project which should lead to a reduction in their carbon footprint. The project also had an exemplary track record on compliance
- Businesses engaged with the project through a combination of direct marketing and referrals, especially from the Growth Hub. The initial teething issues with the Growth Hub referrals highlighted in the interim report appear to have been ironed out
- However, the nature of some of the businesses coming through the Growth Hub did impact on project delivery as detailed elsewhere and led to some informal segmentation being introduced
- SFBC endeavoured to engage with other business support providers as part of the awareness-raising process and this worked to a modest extent. However, stakeholders would like to have seen more referrals coming from a greater range of organisations such as banks and solicitors
- A clear customer journey was put in place and delivered flexibly, responding to customer needs
- Reflections from both service users and wider stakeholders were, for the most part, very positive
- The grant funding process was applauded for being highly streamlined and effective without compromising its integrity although future interventions should consider a minimum grant value
- There was unanimous agreement from the stakeholders that SFBC offered a quality service and that it worked well as an overall 'package of support.' One of the elements that the team would have adapted in a follow on project was the workshops. These were valued by businesses but were in some respects challenging to deliver and some businesses indicated a preference for shorter bite sized learning. The team had begun to develop webinars but these were not actually launched

## Section 4: Project Outcomes and Impact

### 4.1 Introduction

Having provided an overview of progress and outputs in Section Two, this section of the report focuses on wider outcomes and impacts arising from SFBC's work with reference to the beneficiary experience and the Project Logic Chain. This section also considers the project's additionality, contribution to Programme Result Indicators and Strategic Added Value, concluding with an assessment of whether it's made a difference.

### 4.2 Business Impacts

Although SFBC focussed on Digital Tech, the business support provided was always intentionally focused on 'strategy first.' From the team's point of view it was important to get the digital tools right to help improve the business, rather than chasing the 'shiny technology.' Often this meant that businesses received (unexpected) support with aspects such as procurement, finance (especially cash-flow), risk assessment and documentation. It is likely that these benefits will endure way beyond the lifetime of the intervention.

This part of the report reviews the impact for:

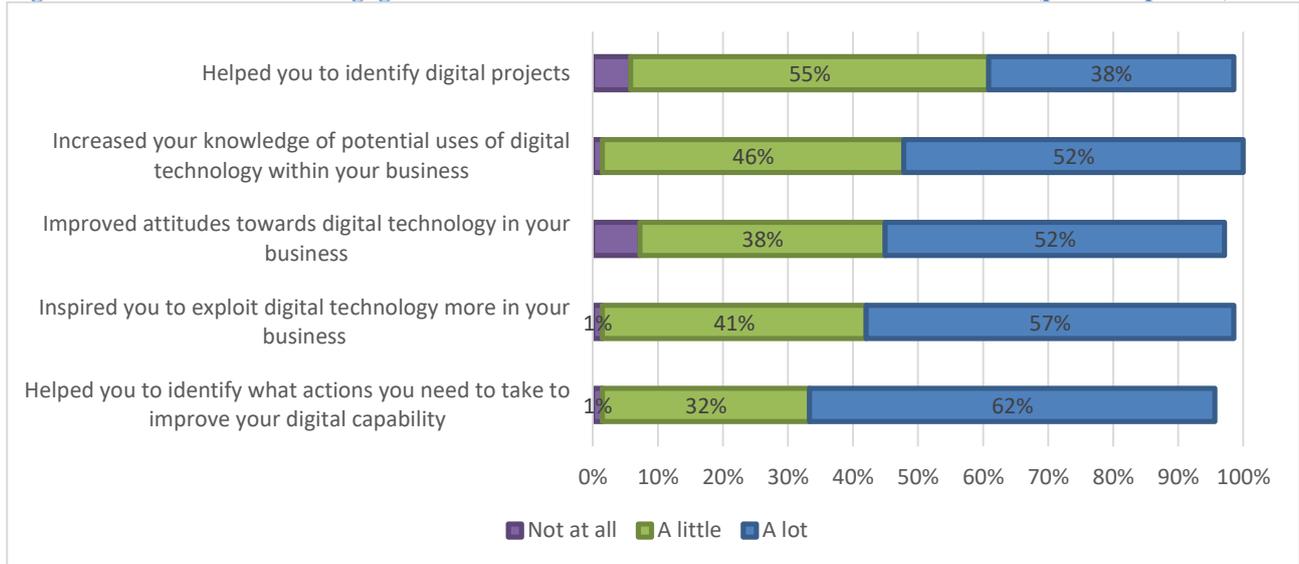
- Those businesses that received digital business support without a grant, drawn from our post completion and subsequent 12 month follow-up surveys; and,
- Those businesses that received grant funding, drawn from our qualitative interviews with 31 businesses.

#### 4.2.1 Impact for Business Support Beneficiaries (Non-Grant Recipients)

##### Immediate Outcomes

Figure 13 overleaf shows that the support helped 62% of businesses 'a lot' to identify what actions they needed to take to improve their digital capability and inspired 57% 'a lot' to exploit digital technology more in their business. The data shows that the every business has been helped at least 'a little' in one of these areas, with 78% of businesses helped 'a lot' in at least one area. These indicators show that the project has connected with businesses, inspired them and improved knowledge. Most importantly it has helped businesses to identify practical actions that they can take to improve their digital capability.

**Figure 13: Extent to which Engagement with SFBC has Resulted in Immediate Outcomes (post completion)**

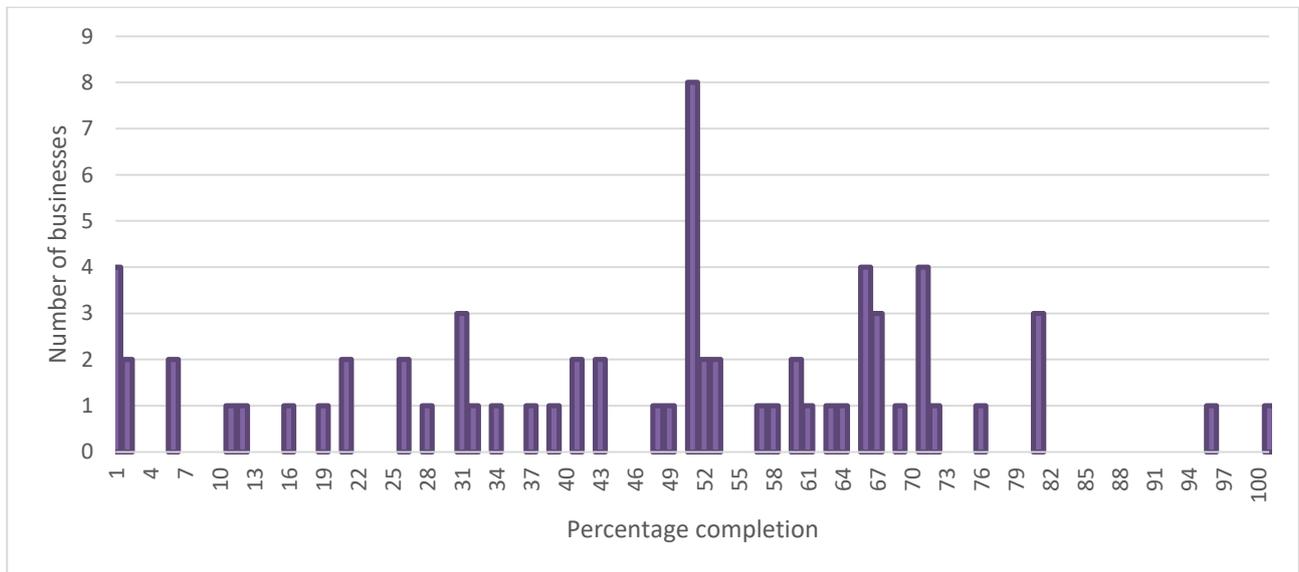


Source: SFBC post completion survey. N = 69 (note response varies by item)

**Progress on implementing Digital Action Plans**

In both surveys, businesses were asked to use a sliding scale to indicate how much progress they had made in implementing their Digital Action Plan. Figure 14 below shows the response for the post completion survey, which shows a wide spread of responses from zero to 100%. The average (mean) at this stage was 45% completion and the most frequency occurring (mode) was 50%. When surveyed 12 months post completion, we see the average (mean) had risen to 60% and the most frequently occurring was 75%. This suggests that businesses are continuing to make progress with implementing their Digital Action Plans.

**Figure 14: Progress Made in Implementing Digital Action Plans (post completion)**



Source: SFBC post completion survey. N = 68

### Increasing Digital Readiness

When asked what actions they have undertaken or plan to undertake as a result of the support, 73% of businesses identified at least one action as a result of the support provided. Of the 27% that had not yet undertaken action, 100% planned to undertake at least one action in the future.

Figure 15 overleaf shows that the most frequent actions that businesses have undertaken as a result of the support were:

- Developed/updated digital marketing strategy (43%)
- Implemented new digital products or services (38%)

In terms of planned actions, the most frequently planned actions were to:

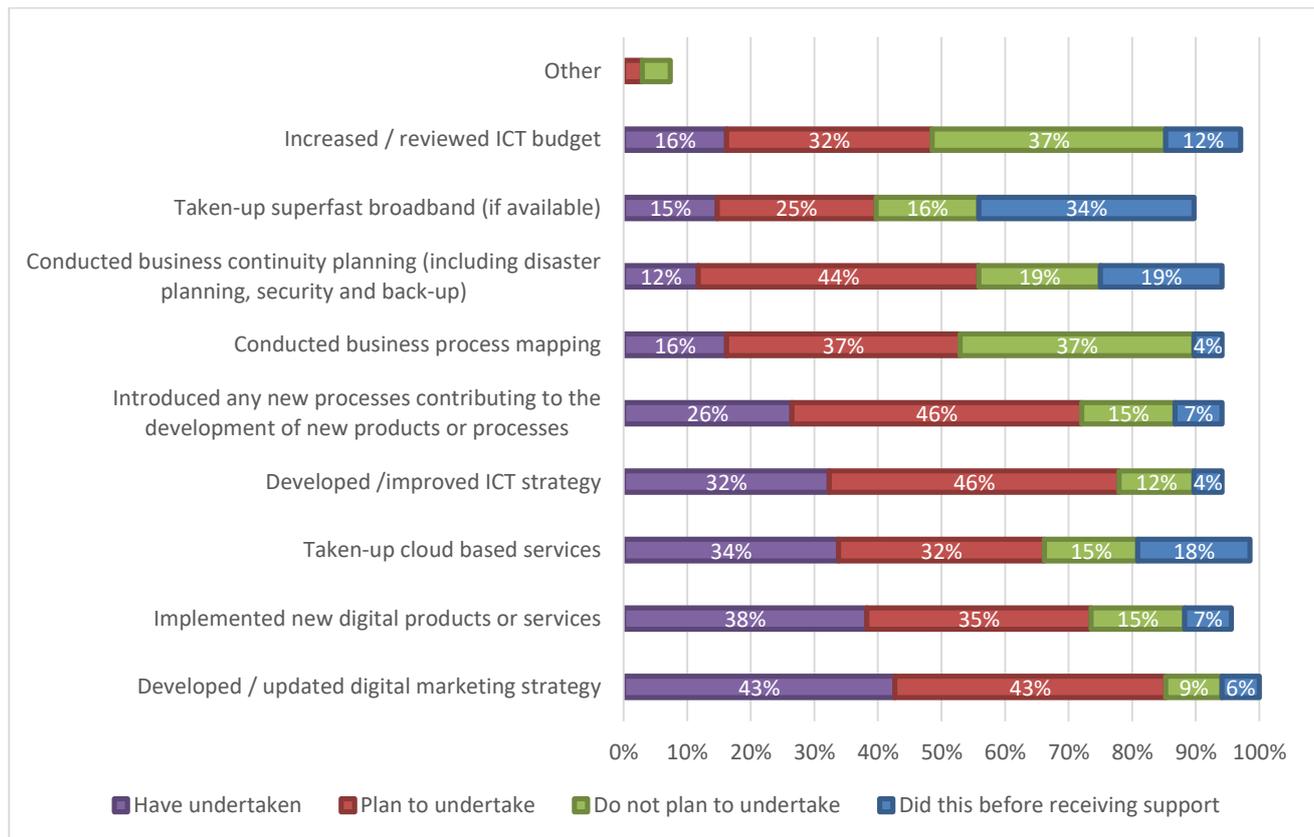
- Develop/improve ICT strategy (46%)
- Introduce new processes contributing to the development of new products or processes (46%)
- Conduct business continuity planning (44%)

The difference between the two groups suggests that some actions are easier to take forward or are a higher priority for the business than others. In terms of actions that businesses do not plan to undertake the most frequently selected were:

- Business process mapping (37%)
- Increase/review ICT budget (32%)

The data show that 34% of businesses had taken up superfast broadband before receiving support and 15% have taken it up as a result of the support with a further 25% planning to do so. These results are somewhat surprising, given the team's experience on the ground, which found a much higher proportion had already taken up superfast broadband prior to engagement. However, it should be noted that the survey did not have a 'could not' option for businesses which were as yet unable to connect to superfast broadband.

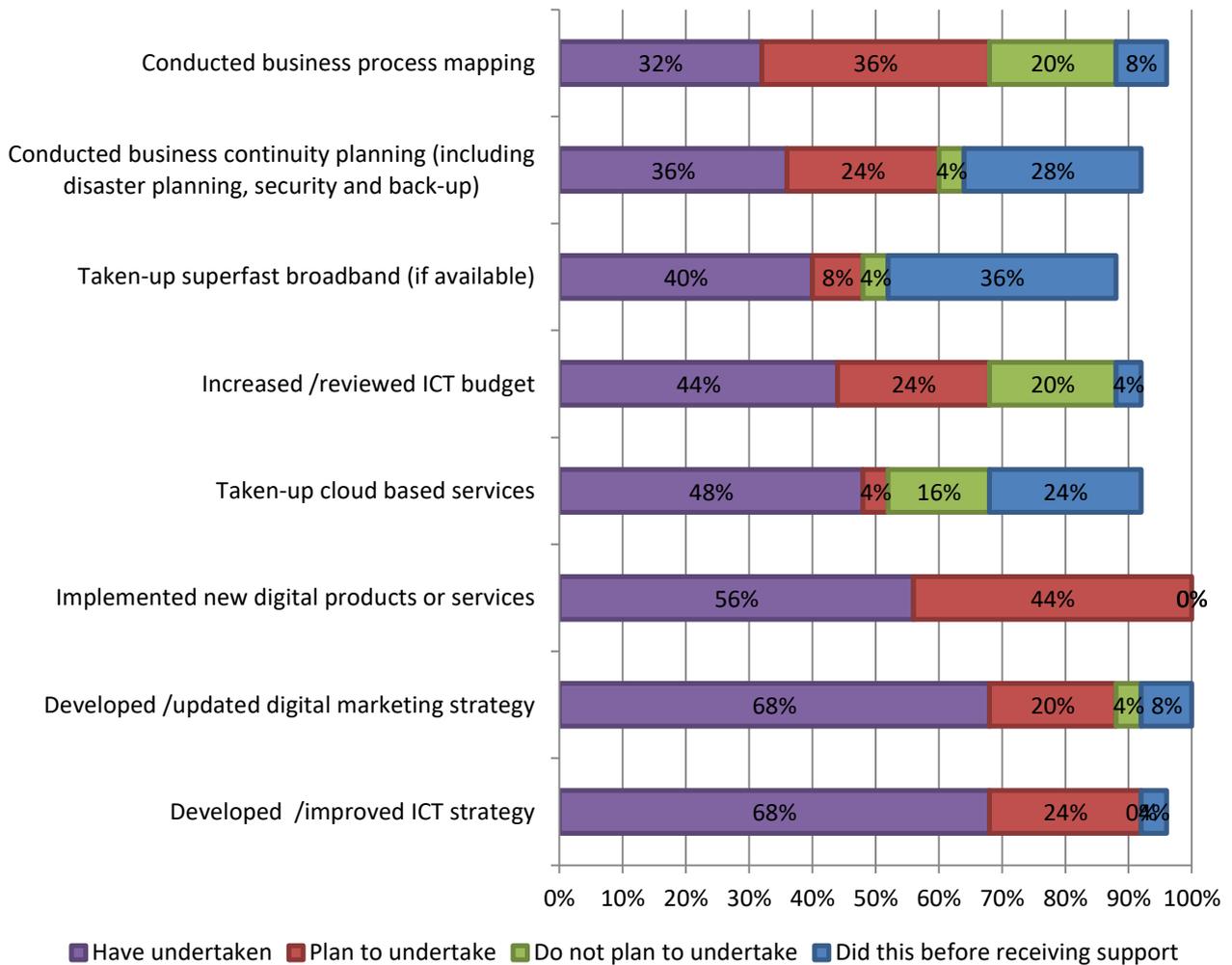
**Figure 15: Actions Already Undertaken or Planned as a Result of the Support Received (post completion)**



Source: SFBC post completion survey. N = 68 (note response varies by item)

When asked the same question 12 months after completion (see Figure 16 overleaf), we see a higher proportion of businesses indicating that they have undertaken actions, across all action areas. Overall this shows that businesses continue to make improvements after they have completed the project. However, when we review the detail, we can see that at the 12 months follow-up stage, the order of the most frequently selected actions has changed. At the 12 months follow-up stage, the development or improvement of an ICT strategy joins the development of a digital marketing strategy as the most frequently selected with 68% indicating that they have undertaken these actions. This suggests that the development of an ICT strategy takes longer to implement, but is clearly important. It is also interesting to note that at the 12 month follow-up stage, 44% of businesses had taken the opportunity to increase/review their ICT budget, compared to 16% immediately post completion, again highlighting another area that takes some time to implement.

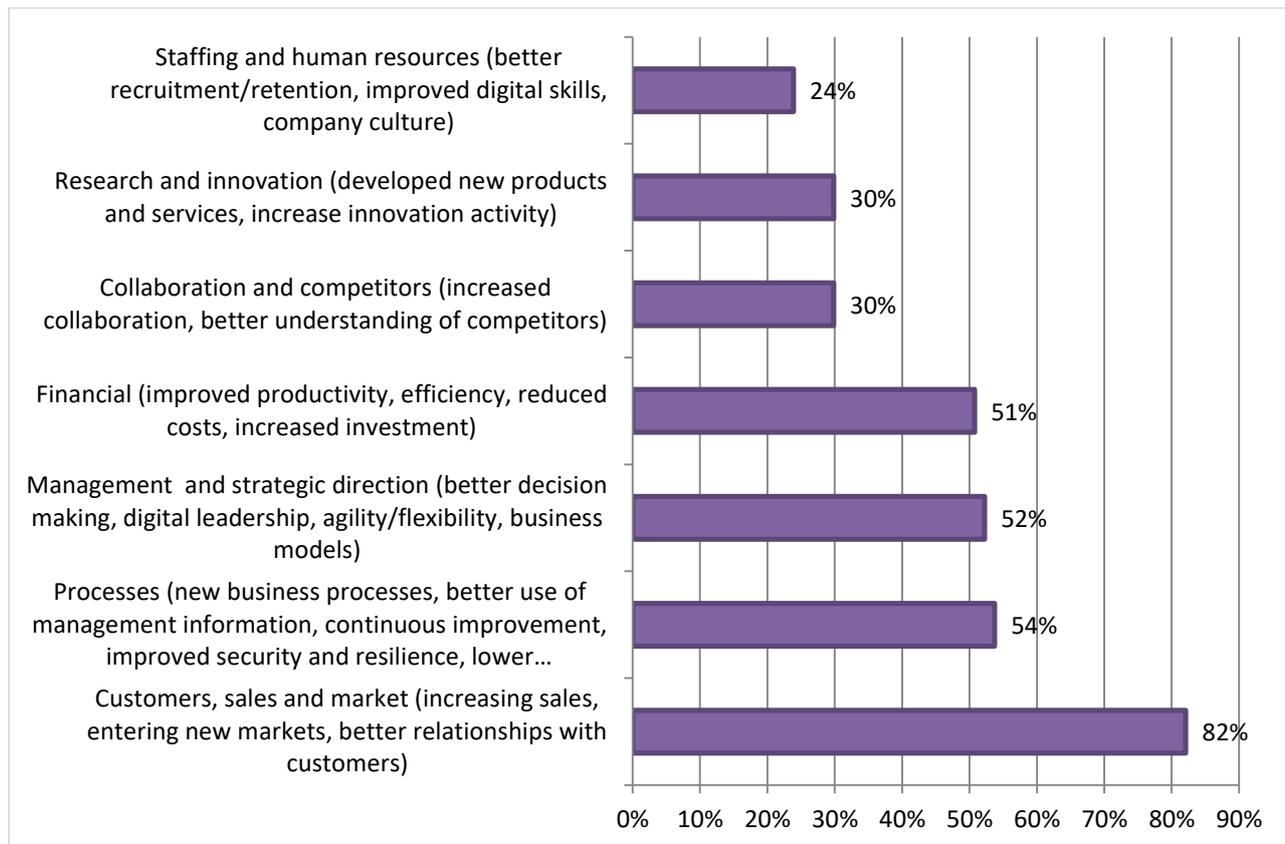
Figure 16: Actions Already Undertaken or Planned as a Result of the Support Received (12 month follow-up)



Source: SFBC 12 month follow-up survey. N = 25 (note response varies by item)

**Business Improvements**

Figure 17 shows the aspects of their business in which respondents expected to see benefits. This shows that the most frequently selected business benefit was ‘customers, sales and markets’ with 82% of respondents selecting this option, followed by ‘processes’ selected by 54% and ‘management and strategic direction’, selected by 52%. Least likely to be selected was ‘staffing and human resources’ with just 24% of respondents selecting this area. Overall these findings are very positive and show a number of strong intermediate business benefits.

**Figure 17: Business Improvements and Benefits (post completion)**

Source: SFBC post completion survey. N = 67

Businesses were also invited to describe how they had benefitted from the project in their own words. Analysis of these comments show that in relation to 'sales', several businesses identified that the support has helped them to develop or improve their website, as the following comments illustrate:

*"We now have an e shop"*

*"More aware of digital opportunities particularly making better use of social media to promote the business"*

*"The main benefit has been to our website and digital marketing in that we have been able to exploit better SEO in order to make ourselves more visible and in turn obtain increased customer traffic. Overall this appears to have increased our sales"*

*"Understanding of SEO and how to manage our website / google appearance to increase sales"*

In relation to 'business processes', the comments reveal how several businesses now have a clearer understanding of how digital software and technologies can improve their working practices, with several mentioning the benefits of cloud computing as the following comments illustrate:

*"Still very early days but it has put me back in touch with my business so that I can monitor actions. Hopefully increased sales are just around the corner"*

*“We have been able to have confidence in moving to new online platforms to help track our opportunities pipeline, accounts and project management. This has freed up time to work on generating new business and working towards ensuring the company supports at least one FTE”*

*“We are quite engaged with digital services anyway, but has made us more aware of streamlining our processes and the way we use the different products. We revisited some of our software to ensure it was still fit for purpose”*

*“Cloud based accounts helps me manage my budget effectively and make future plans”*

*“Helped us streamline working practices and systems so we can work more efficiently and more flexibly”*

In relation to ‘strategic direction,’ some business found that the support helped them to clarify their direction of travel and develop coherent plans to move the business forward as the comments below illustrate:

*SFBC helped me to identify strategic technologies that are helping me to shape my online business.*

*“Better awareness of how to move the business forward, particularly increasing productivity and control of costs in the business”*

*“I have yet to see this but as my business is very new I am realistic about expectations. What I have gained through SFBC is being used in conjunction with other business support which is helping me to go forward”*

*“It has enabled me to develop a coherent digital plan that I am in the process of putting into action”*

Some businesses highlighted that the main benefit was an improved knowledge of the options available to them, as the comments below illustrate:

*“Better understanding of digital technology that is appropriate to my business growth”*

*“I am a little more aware and educated about digital processes, management and marketing”*

*“I was a complete beginner when I started out and it has been a steep learning curve, without the knowledge input have received I would still be stumbling around in the dark”*

*“Has given me the knowledge to talk comfortably about digital technology, use the right language and terminology to ensure I fully understood what we needed from a new website. To ensure my digital marketing strategy was based on information and knowledge and to give me the ability to undertake much of the work myself, with far more confidence”*

One respondent highlighted how it has helped them understand better their opportunities for collaboration as the comment below shows:

*“Clearer understanding of the opportunities and competitors current in the Cornish Innovations market”*

Only three respondents indicated that there had been no benefit, two of which indicated that they were still working on implementation.

The 12 month follow-up survey also asked a series of more granular questions relating to the subjects in Figure 17 above. These are presented in Figure 18 below. However, care should be taken in interpreting the findings, as only 25 businesses completed the survey at this stage. To aid interpretation, the indicators have been colour coded using a RAG (Red, Amber Green) colour coding to show areas with the highest and lowest numbers of businesses expecting to or already seeing benefits. This analysis shows that businesses are already seeing a number of benefits, particularly around improved business processes, management and strategic direction, customer sales and marketing and collaboration. However, there were several aspects of business where a large proportion of respondents did not expect to see a benefit, including better recruitment/retention, improved company culture, improved investment opportunities, reduced costs, and lower environmental impact.

**Figure 18: Granular Analysis of Business Benefits (12 month follow up)**

|                                    | Area of Benefit                      | Not Expecting to See Benefits | Expecting to see Benefits | Already Seeing Benefits |
|------------------------------------|--------------------------------------|-------------------------------|---------------------------|-------------------------|
| Customer Sales and Marketing       | Increasing sales                     | 3                             | 12                        | 9                       |
|                                    | Entering new markets                 | 3                             | 12                        | 7                       |
|                                    | Better relationships with customers  | 3                             | 10                        | 10                      |
| Staffing and workplace efficiency  | Better recruitment/retention         | 14                            | 9                         | 1                       |
|                                    | Improved digital skills              | 6                             | 8                         | 10                      |
|                                    | Improved company culture             | 11                            | 9                         | 4                       |
| Management and Strategic Direction | Better decision making               | 4                             | 11                        | 9                       |
|                                    | Improved digital leadership          | 8                             | 10                        | 6                       |
|                                    | Better agility/flexibility           | 2                             | 12                        | 10                      |
|                                    | New business models                  | 6                             | 11                        | 7                       |
| Financial Performance              | Improved productivity                | 2                             | 15                        | 7                       |
|                                    | Improved efficiency                  | 1                             | 15                        | 8                       |
|                                    | Reduced costs                        | 10                            | 10                        | 4                       |
|                                    | Improved investment opportunities    | 14                            | 9                         | 1                       |
|                                    | Improved profitability               | 1                             | 16                        | 7                       |
| Improved Processes                 | Improved/new business processes      | 5                             | 11                        | 7                       |
|                                    | Better use of management information | 5                             | 9                         | 10                      |
|                                    | Continuous improvement               | 1                             | 12                        | 10                      |
|                                    | Greater security and resilience      | 4                             | 10                        | 9                       |
|                                    | Lower environmental impact           | 11                            | 6                         | 6                       |
| Innovation and Collaboration       | Developed new products and services  | 9                             | 9                         | 7                       |
|                                    | Increased innovation activity        | 5                             | 15                        | 5                       |
|                                    | Improved collaboration activity      | 6                             | 10                        | 9                       |
|                                    | Better understanding of competitors  | 4                             | 11                        | 10                      |

Source: SFBC 12 months follow up survey. N = 25 Note: Not all respondents selected an answer for all benefits

Comments received in relation to expected benefits included:

*“There is a lot of digital technology to implement within the workplace / company, therefore it is a gradual process, we are 65% part way through of implementing a new software system to calculate stock take, purchase orders, orders, sales, quotations, invoicing. This has been a lengthy process due to the extent of the product range our business offers, however the support we have received to implement this and to improve our website presence has been exceptional, and very welcomed. Sales are increasing through improved website traffic and social media, which can only improve efficiency once our new software has been fully implemented. A long way to go, but we have made great progress”.*

*“I have found it hard going and the business requires constant attention but I am continuing to work at it and anticipate seeing a change soon”.*

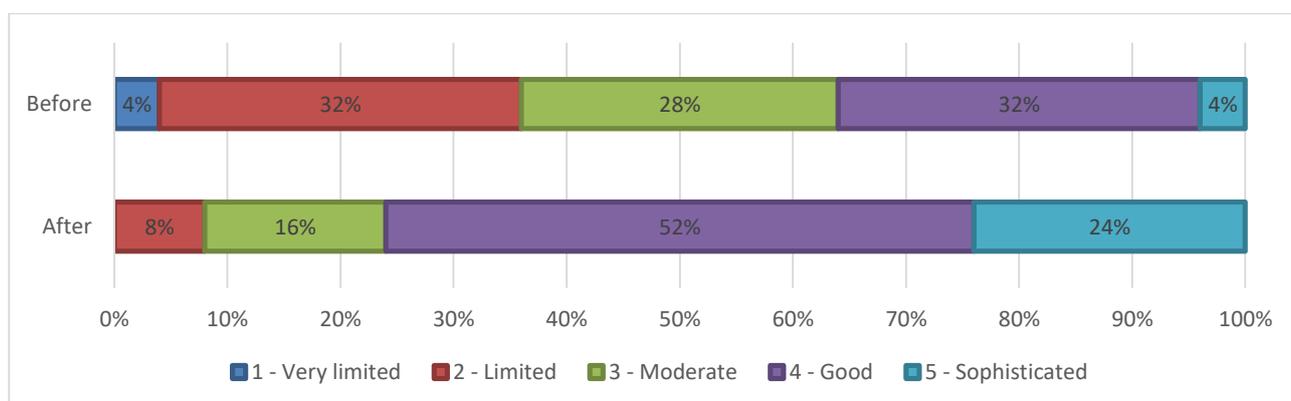
*“Before mentoring our IT/digital strategies were good, however SFBC suggested some tweaks and improved products that have helped our rapid growth”.*

*“We have now got Superfast Broadband; updated our back-up system off-site; outsourced our IT to local firm; improved facilities/reduced costs through local phone company”.*

*“As a web development company, we figured we didn't have much to learn but we've had several unexpected benefits from the support”.*

The 12 months post completion survey also asked a series of questions to establish the progress made by businesses in terms of their use of digital technologies and their digital strategy, by asking businesses to rate their company’s position before and after support on a scale of 1-5, where 1 is very limited and 5 is sophisticated. The results are shown in Figure 19 below. When computed as an average score, we see that before support, the average score was 3.0 and after it was 3.9 – showing a noticeable improvement in the use of digital technologies over time. We also see that the proportion of respondents indicating that their use of digital technologies is ‘good’ or ‘sophisticated’ has risen from 36% before support to 76% after.

**Figure 19: Use of Digital Technologies Prior to Accessing Support and After**

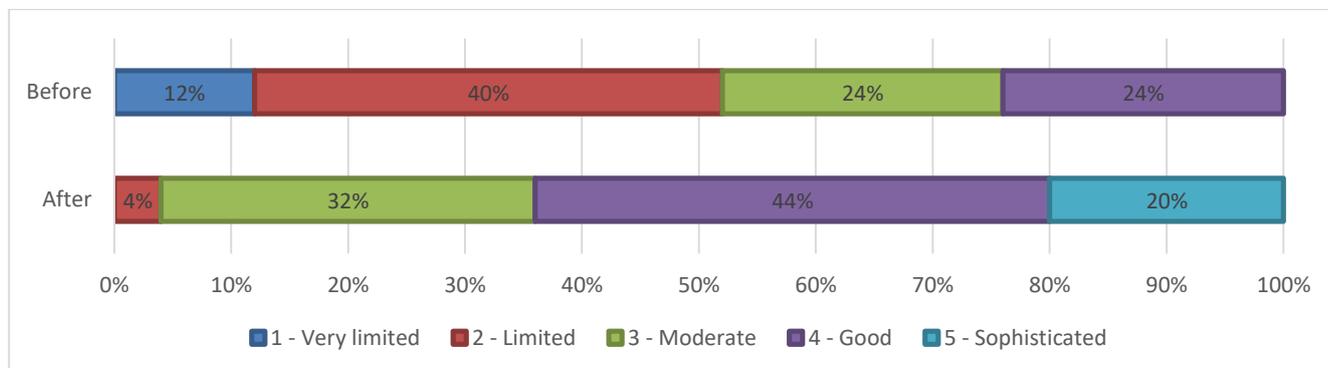


Source: SFBC 12 months post completion business survey. N = 25

Figure 20 overleaf shows the responses to a similar question about the company’s digital strategy where there is an even more marked improvement, going from an average of 2.6 before support to 3.8 after

support. It is also important to note that following support, none of the participants described their strategy as 'very limited' and 20% described their strategy as 'sophisticated', whereas no respondents described it as 'sophisticated' prior to receiving support.

**Figure 20: Description of Digital Strategy Prior to Accessing Support and After**



Source: SFBC 12 months follow up survey. N = 25

#### 4.2.2 Impact of the Grant Scheme

The varied nature of the projects that had been funded was highlighted at section 3.3.3. Some grant scheme recipients had already implemented their projects by the time of the interviews and others had only just secured the grant funding. All except three of the interviewees felt that their grant funded project will have, at a minimum, provided them with a digital upgrade and/or made them more digitally enabled when fully implemented. The remaining three had not expected their project to that, describing it more as an 'add-on' or enabling them to do something better. Six participants said that their project had some 'transformational elements' for the business and four grant recipients described the experience as a complete digital transformation for them.

*“The integrated solution is an upgrade but the impact will be transformative as it will change the way we run the business - it's made us look at every system and process”*

*“Both an upgrade and a transformation as it will totally change the way we manage the workforce”*

*“It's been an absolute digital transformation for us”*

*“A digital transformation as we are now fully integrated”*

Participants were also asked to comment on what the impacts of their project had already been and/or what they expected them to be. All but one of the businesses were confident that it had already led to growth or would do so in the future. Specific benefits mentioned are as follows, indicating the number of interviewees that mentioned each item:

- Ability to reach new markets – 27
- Increased business resilience – 25
- New products/services - 19
- Job creation - 18
- New systems/processes - 14

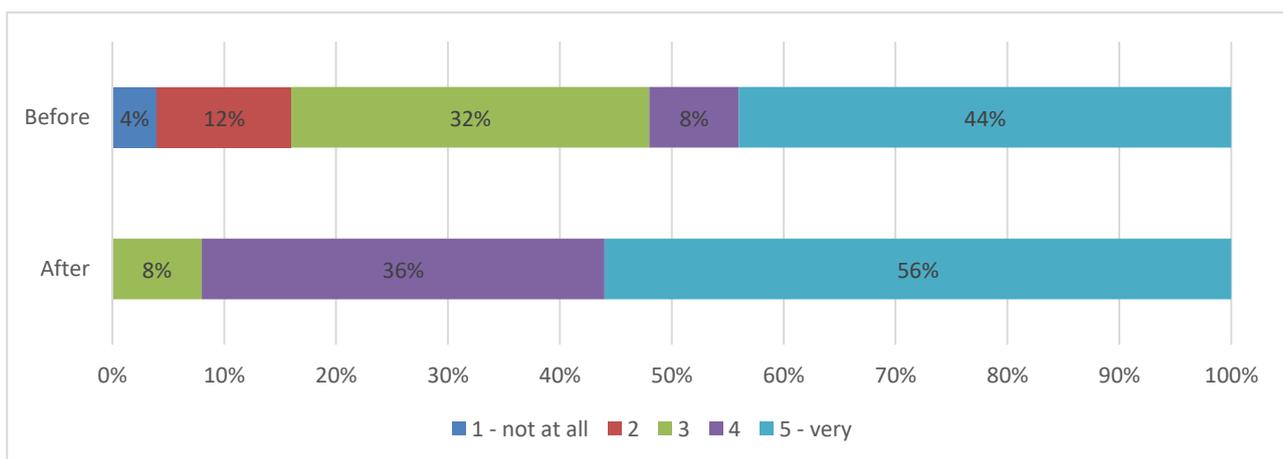
- Time and efficiency savings - 7
- Improved client satisfaction or customer experience - 6
- Collaboration with other businesses – 3
- Improved processes for staff - 3
- Attracting new talent and/or increasing skills and expertise within the business -2
- Better understanding of the business – 2
- Innovation - 2

Additionally some interviewees mentioned that that the new systems had helped to reduce the potential for human error within their business and others highlighted how the project had helped with wider issues such as security and preparation for the General Data Protection Regulation (GDPR) which have now come into effect.

Positively, the process of developing the project itself was seen as beneficial for many interviewees in helping them to understand and focus strategically on their business; and it was hoped that future time and efficiency savings would enable them to engage in continued strategic thinking, rather than being constantly ‘at the coal-face.’

All interviewees were asked how technology enabled their business was before their engagement with SFBC and how technology enabled they felt at the time of the interview. Not all interviewees felt able to rank this on a scale of 1-5 but Figure 21 presents the results for the 25 respondents who did so. It shows positive movement. Whereas 52% respondents had ranked themselves as a 4 or 5 at the outset, this had risen to 92% following their engagement with SFBC. The lowest ranking, given by just two participants, was 3 out of 5 by the time of their interview.

**Figure 21: How Digitally Enabled Grant Recipients Felt Before and After Engagement**



Source: SFBC qualitative business interviews Base: 25 respondents

### CASE STUDY: MWR

MWR Media is a Private Limited Company based in Penryn, consisting of a husband and wife team with a specialism in farm machinery. The company focuses on farm machinery journalism and also produces a magazine on behalf of the National Register of Sprayer Operators. They were introduced to the Superfast Business Cornwall project through the Growth Hub and, at the time of making contact had very little digital experience. However, they wanted to diversify and grow the business and recognised the potential role of technology in helping them to achieve their goals.

Following the Growth Hub referral, they signed up to a number of Superfast Business Cornwall workshops in order to improve their digital skills and understanding and then sat down with Digital Business Enabler, Steve Edwards, to explain what they wanted to do. With Steve's help they drew up a specification for a website design and build that also had the capacity to deliver online training modules for Sprayer Operators and applied for a grant to fund it. Because of the complexity of the digital solution required this was a very expensive development that also required the company to seek a complementary loan from Outset Finance. In the words of company secretary Julia Roberts:

***“we would never have had the confidence to go for the Outset grant without Steve’s support and he also held our hands all the way through the SFBC grant process which made it straightforward.”***

Julia described the whole process as being “*transformational*” for MWR Media. Once launched, the website will enable them to bring a brand new product to market and one with clear export potential. This development is expected to help the business become much more resilient and also to grow. Julia is able to take a decent wage from the business for the first time and they are hoping to take on their first member of staff later in the year. For Julia:

***“the experience has been life-changing – I feel like a walking billboard advert but I really can’t say enough about them.”***

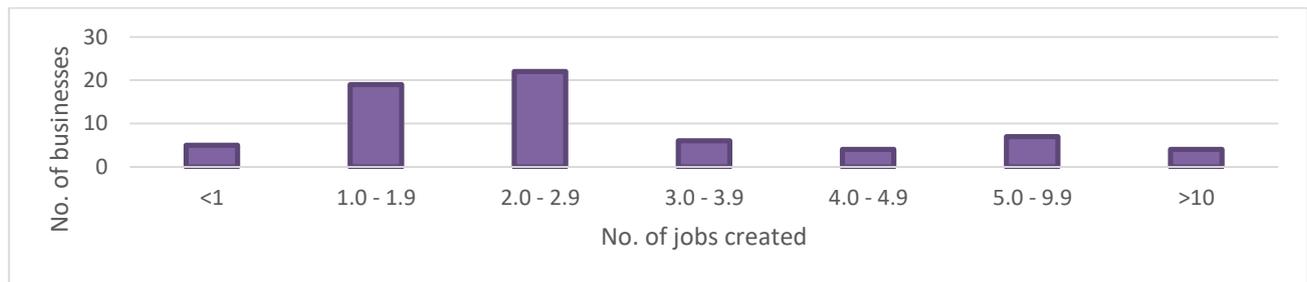
## 4.3 Economic Impact

In this section the SFBC monitoring data is used to explore the relationship between the different types of intervention and positive economic outcomes. We then utilise proxy data to estimate the scale of the economic impact in terms of GVA.

### 4.3.1 Relationship Between Different Aspects of the Service and Economic Outcomes

Figure 4 in section 2 shows that at the time of the evaluation, the project had created 234.73 jobs and expects to create 238 by project closure. These jobs were created by 67 businesses, with an average of 3.41 jobs but this ranged significantly from 0.25 jobs to 36. The distribution is shown in Figure 22 with the most frequently occurring being 2 – 3 jobs.

**Figure 22: Distribution of Jobs Created**



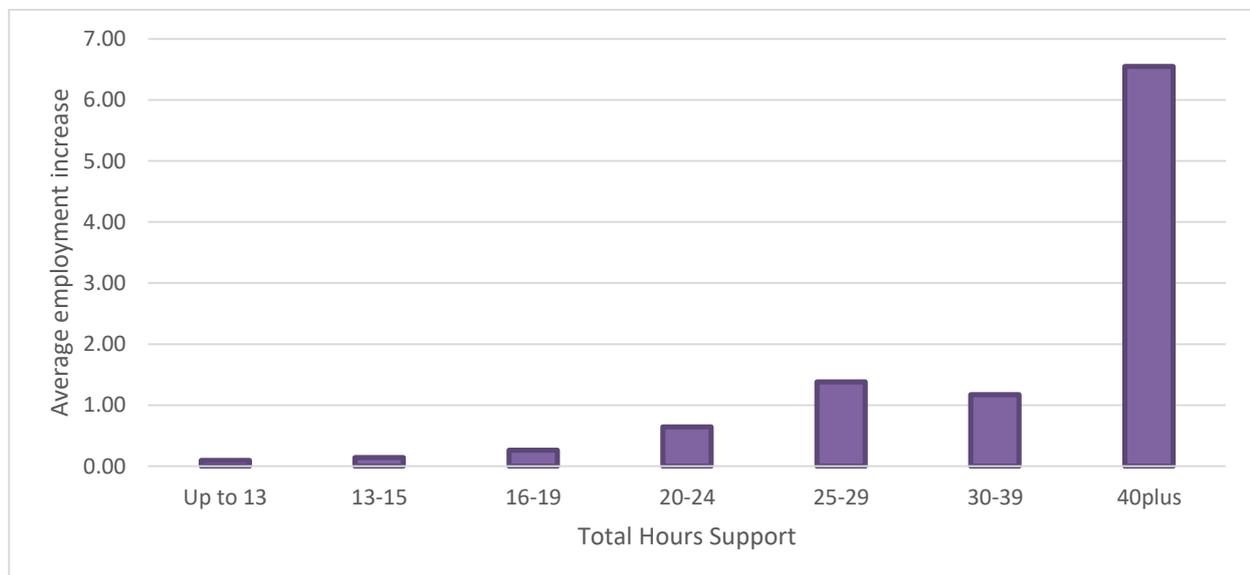
Source: SFBC monitoring data, Feb 2019

At the Summative Assessment stage, we have taken the opportunity to explore the relationship between the different types of intervention and jobs created focusing on any correlations between:

- Businesses receiving a grant and creating jobs;
- Total hours of support and creating jobs;
- Businesses receiving a web review and creating jobs; and,
- Businesses receiving ICT specialist support and creating jobs.

Unsurprisingly, the most significant correlations were found with the top two factors. Businesses receiving a grant created an average of 3.42 jobs, whereas businesses that did not receive a grant created just 0.14 jobs. In terms of the total hours support received, Figure 23 also shows a clear correlation, as the number of hours of support increases, so does the job creation.

**Figure 23: Relationship Between Total Hours of Support Received and Average Job Creation**



Source: SFBC monitoring data, Feb 2019

In relation to website reviews, we see an inverse relationship; those businesses not receiving a website review created 0.82 jobs compared to 0.54 jobs for those that did have a website review. However, when we filter out businesses that have also had a grant from this analysis, the difference becomes much more marginal, indicating that there is not a strong correlation (either negatively/positively) between website

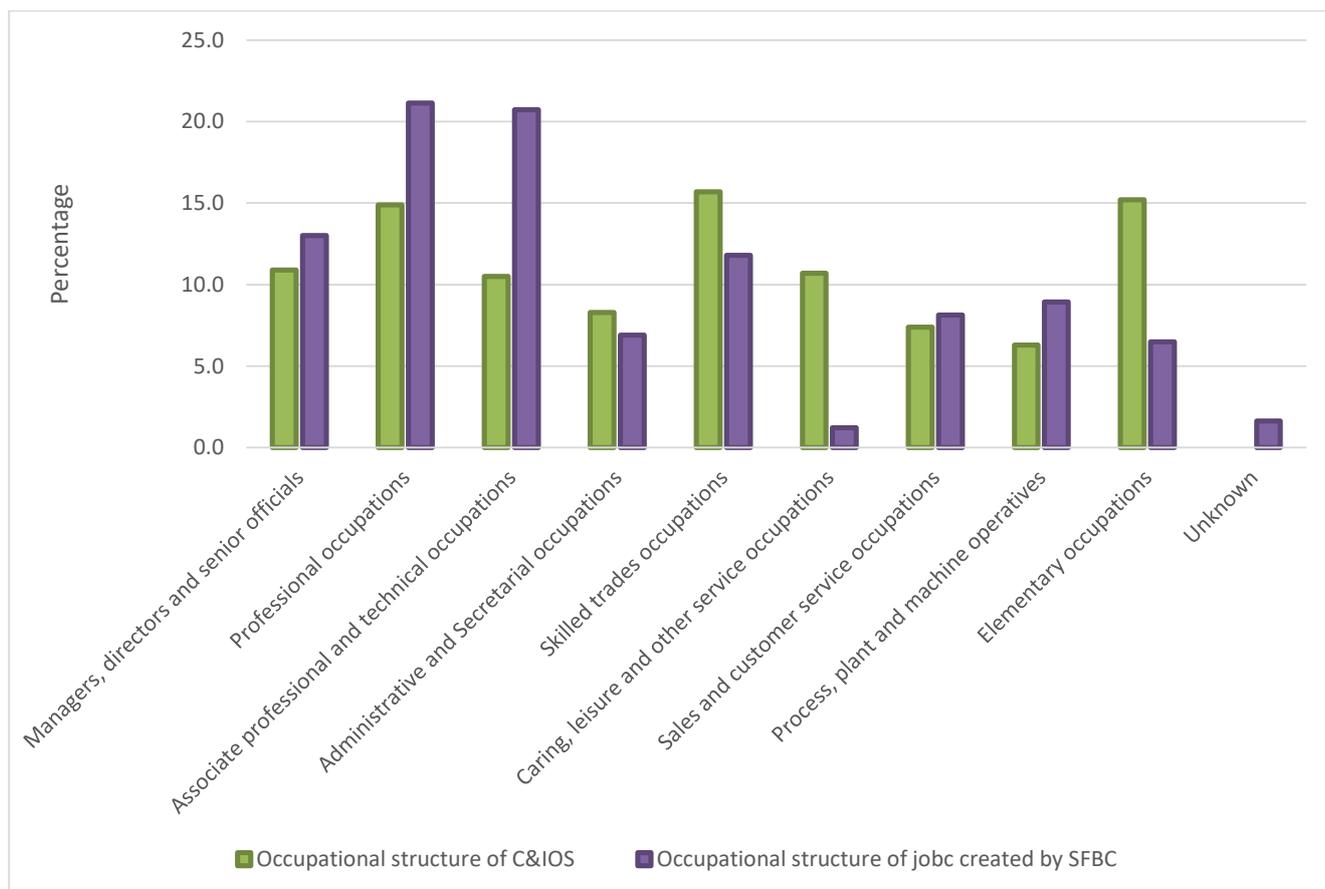
reviews and job creation. This is unsurprising as website reviews are a relatively low intensity form of support, which whilst shown to be useful to participants are not likely to stimulate the levels of growth required to create new jobs on their own.

Finally, those businesses that had support from an ICT specialist created an average of 0.74 jobs and those that did not created an average of 0.58 jobs – a marginal difference suggesting that the use of ICT specialists is not a significant driver of job creation on its own.

### 4.3.2 Quality of Jobs Created

The monitoring data show that 246 unique jobs have been created, including 39 part time positions. These have been created across a whole variety of roles. The job titles associated with each job created have been re-coded into the standard ONS Occupational roles<sup>6</sup> to allow a comparison with the occupational profile of C&IoS. Figure 24 below shows that jobs created by the project are more likely to be in higher skilled occupational groups, such as ‘managers, directors and senior officials’ (13%), ‘professional occupations’ (21.1%), and associate professional and technical occupations (20.7%). The proportion of jobs created in these occupational groups is higher than the occupational profile of C&IoS, which indicates that the project has supported the growth of good quality employment in C&IoS.

Figure 24: Occupational Profile of Jobs Created

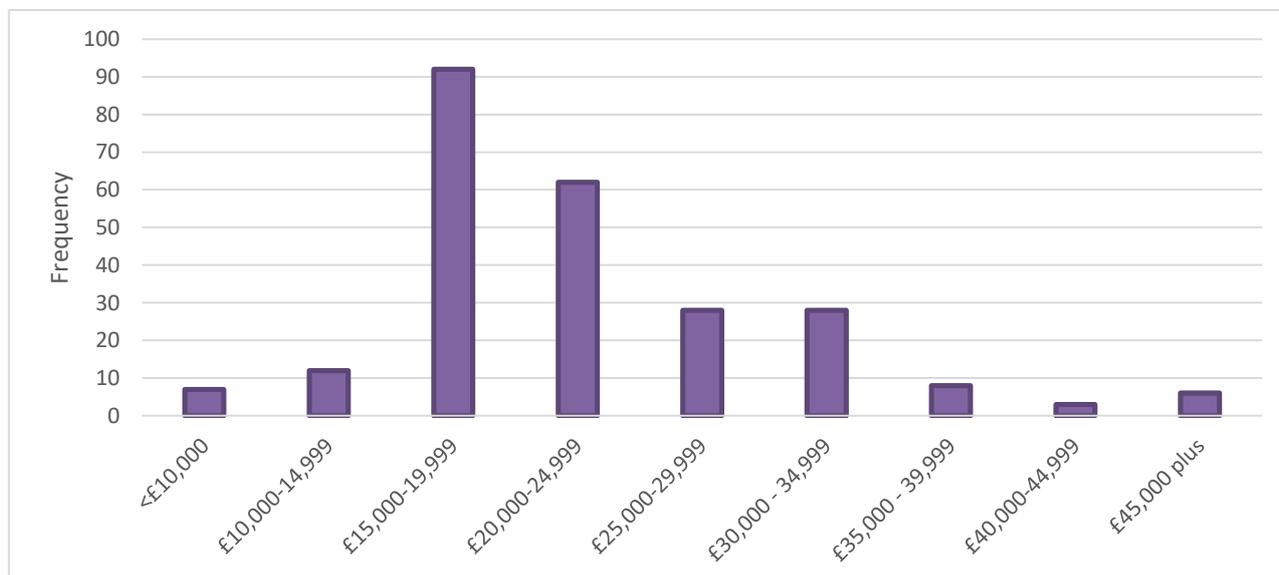


Source: SFBC monitoring data, Feb 2019, re-coded using ONS standard occupational classifications

<sup>6</sup> [https://onsdigital.github.io/dp-classification-tools/standard-occupational-classification/ONS\\_SOC\\_occupation\\_coding\\_tool.html](https://onsdigital.github.io/dp-classification-tools/standard-occupational-classification/ONS_SOC_occupation_coding_tool.html)

Figure 25 below shows the distribution of jobs created by SFBC in terms of salary bands. It should be noted that part time salaries were adjusted to full time equivalent salaries to allow a meaningful comparison.

**Figure 25: Distribution of Jobs Created by Salary Bands**



Source: SFBC monitoring data, Feb 2019

After adjusting salaries of part time workers, the average salary was £22,460, with the median being £20,000. This is lower than the median, full time workplace pay for C&IoS of £24,000<sup>7</sup>. This is unexpected given the occupational profile above, however it may be explained by the high proportion of trainee/junior and apprentice roles that have been created as a result of the project.

### 4.3.3 GVA Impact

The Summative Assessment guidance introduced a requirement for projects to estimate their GVA impact. As this was not a requirement at the beginning of the project, the SFBC team did not systematically capture GVA data from participants. Therefore, in order to estimate the GVA impact, it has been necessary to use proxy indicators in terms of GVA per filled job. The average GVA per filled job for C&IoS is £36,414<sup>8</sup>. Applying this to the jobs created at the time of the evaluation (234.73) gives a GVA estimate of £8,547,458 and when applied to the estimate of jobs created by project closure (238) gives an estimate of £8,666,532.

## 4.4 Additionality

Additionality refers to the extent to which the benefits achieved are ‘additional’ to the benefits that would have been achieved in the absence of support. This is a complex concept - cause and effect are inevitably difficult to disentangle, particularly where business may have multiple interactions with different support providers. However, in general terms stakeholders were keen to stress that there is no-one else currently delivering this type of service within C&IoS and there was widespread agreement amongst the stakeholders that the benefits described above would not have occurred without SFBC. It was pointed out that many businesses will not invest in this sort of activity themselves because they do not have the time, money or

<sup>7</sup> Annual Survey of Hours and Earnings, 2018

<sup>8</sup> Annual Business Survey (2016 results) - ONS

skills; and there is a general mistrust about the private sector which is seen as always trying to 'sell them something' rather than understanding their needs. As one stakeholder put it:

*"it takes a dedicated programme like this to achieve these sorts of things....it won't happen on its own..."*

In relation to employment increase and GVA specifically as the two 'hard measures' of economic impact, Figure 26 overleaf describes the evidence that has been used to calculate additionality for SFBC using the three common adjustment factors:

- **Deadweight** – i.e. would the outcome have happened anyway (for example, would the business have achieved the same benefits without SFBC support);
- **Displacement** – i.e. has the intervention taken market share from elsewhere in the Programme area (for example, has another business been disadvantaged); and,
- **Leakage** -i.e. have any benefits accrued to non-target beneficiaries (for example, has the support benefitted businesses outside of the programme area).

As the project has generated jobs through a mixture of grant and non-grant interventions, the additionality adjustments will be applied to the gross economic impact figures, weighted on the basis of the proportion of economic impact arising through grants/non- grant accordingly.

Figure 26: Review of Additionality Evidence

|                     | Evidence from 12 Month Follow-up Survey (25 responses)  | Evidence from Grant Recipients (31 responses)  | Benchmarks <sup>9</sup> | Overall Assessment  |
|---------------------|---|--|-------------------------|---|
| <b>Deadweight</b>   | <ul style="list-style-type: none"> <li>None of the businesses said they would have achieved the same business benefits without the support</li> <li>2 businesses (8%) indicated that they would not have achieved any of the business benefits without support from SFBC</li> <li>9 (36%) indicated that they would have achieved the same benefits but more slowly</li> <li>14 (56%) indicated that they would have achieved fewer benefits</li> </ul> | <ul style="list-style-type: none"> <li>None of the businesses indicated that they would have undertaken the project anyway</li> <li>7 businesses (23%) indicated that they would not have done the project at all without SFBC</li> <li>24 businesses (67%) indicated that they would have undertaken the project more slowly or to a undertaken a smaller/lesser quality project</li> </ul> <p>Comments from grant recipients highlighted the crucial role that the SFBC project played in bringing forward investment, catalysing activity and helping businesses to develop their project ideas/specification</p> | 47.2%                   | Deadweight levels vary between grant and non-grant recipients, with comments from grant recipients indicating that deadweight is relatively low. We therefore assume that the deadweight for non-grant recipients is similar to national benchmarks (i.e. 47.2%) and for grant recipients it is considerably lower at 25% |
| <b>Displacement</b> | <p>23 businesses identified the proportion of sales to customers in C&amp;IoS, which equated to an average of 54%. In terms of proportion of competitors based in the area, the average was 33.6%.</p> <p>The product of these two percentages = 18%</p>  | <p>On average 43% of sales were to customers in C&amp;IoS but businesses found it harder to estimate the proportion of competitors in the area. However, evidence from those that could answer the question suggests that this could range from between 5-25%. The product of these two percentage figures is therefore between 2% and 10%. This reflects SFBC criteria which ensured businesses must have the potential to trade outside the area to receive a grant</p>  | 19.2%                   | <p>The evidence suggests that displacement is lower than typical. We following deductions for displacement are applied:</p> <ul style="list-style-type: none"> <li>Non-grant scheme – 18%</li> <li>Grant scheme – 6%</li> </ul>   |
| <b>Leakage</b>      | <p>4 businesses (16%) had sites outside of C&amp;IoS, and of these, 2 indicated that the support from SFBC has benefited these sites ‘a lot’. In practice, this has been through smoother remote access and fast connectivity/video conferencing. The level of leakage of impact is therefore likely to be minimal</p>  | <p>Four businesses indicated that they have sites outside of C&amp;IoS. Whilst these sites may benefit from the investment, it was thought to be indirectly. The outputs collected by SFBC relate to employment growth in C&amp;IoS sites only</p>   | 16.3%                   | <p>Leakage is likely to be very low/negligible, as the SFBC team only record job creation at sites in C&amp;IoS. Therefore we have assumed leakage to be 0%</p>   |

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

Figure 27 shows the net employment and GVA increase at the time of the evaluation; and the projected performance at project close. The current net employment is 166 with a projection of 188 by project closure. GVA per year has been calculated by using job creation as a proxy<sup>10</sup> and shows the current net GVA as £6.73m with a projection of £6.82m by project closure. Note - this is an annual GVA impact. The true impact in the future is likely to be higher if the companies remain in C&IoS and continue to deliver GVA.

**Figure 27: Gross and Net Additional Impact for Employment and GVA (time period)**

|                                 |                           | Impact Area: Cornwall and the Isles of Scilly |                     | Impact Area: Cornwall and the Isles of Scilly |                     |
|---------------------------------|---------------------------|---|---------------------|---|---------------------|
|                                 |                           | Performance at Time of Evaluation             |                     | Projected Performance at Project Closure      |                     |
| Impact Indicator                |                           | Measure                                       | Weighted Adjustment | Measure                                       | Weighted Adjustment |
| <b>Employment (Unit = FTEs)</b> | Gross impact              | 234.73  |                     | 238   |                     |
|                                 | Deadweight/reference case | 167   | 29.00%              | 169   | 29.00%              |
|                                 | Displacement/substitution | 154   | 8%                  | 156   | 8%                  |
|                                 | Leakage                   | 154   | 0%                  | 156   | 0%                  |
|                                 | Multiplier effects        | 185   | 120%                | 187   | 120%                |
|                                 | Net additional            | 185   |                     | 187   |                     |
| <b>GVA (Unit = £m)</b>          | Gross impact              | £8,547,458                                    |                     | £8,666,532                                    |                     |
|                                 | Deadweight/reference case | £6,069,037                                    | 29.00%              | £6,153,584                                    | 29.00%              |
|                                 | Displacement/substitution | £5,607,413                                    | 8%                  | £5,685,529                                    | 8%                  |
|                                 | Leakage                   | £5,607,413                                    | 0%                  | £5,685,529                                    | 0%                  |
|                                 | Multiplier effects        | £6,728,895                                    | 120%                | £6,822,635                                    | 120%                |
|                                 | Net additional            | £6,728,895                                    |                     | £6,822,635                                    |                     |

### 4.3 Progress in Relation to the Logic Model

Section 2 of this report discussed project progress against milestones and Figure 28 below summarises the activities in relation to what was set out in the Project Logic Chain. It can be seen that, as at the end of February 2019, the team has delivered more masterclasses and far more diagnostic reviews than they had anticipated. The only area which has seen less activity than planned is the web reviews.

**Figure 28: Progress in Relation to Activities**

| Activities                                  | Anticipated | Actual  |
|---|-------------|---|
| <b>Diagnostic reviews</b>                   | 350         | 449   |
| <b>Workshops</b>                            | 39          | 37 + 1 planned  |
| <b>Web reviews</b>                          | 500         | 304 unique businesses, 384 reviews in total             |
| <b>Private sector support interventions</b> | 175         | 164 + 4 in progress and 7 more to be allocated in March |
| <b>Digital masterclasses</b>                | 12          | 22  |
| <b>Large scale events</b>                   | 3           | 3   |

<sup>10</sup> Applying GVA per filled job figures for C&IoS in 2016 of 36,414/filled job

According to the Project Logic Chain these activities should lead to the following outcomes:

- Employment increase;
- Private sector investment; and,
- Enterprises with new to the firm products.

With impacts ultimately to be seen in:

- Businesses exploiting new technologies;
- SMEs developing or adopting new technology products or services;
- SMEs growing and increasing productivity; and,
- The creation of new jobs in C&IoS.

Figure 29 overleaf brings together evidence of impacts from the project's monitoring process with the qualitative evidence from the Summative Assessment in a summary table.

**CASE STUDY: Sapience HR**

# SAPIENCE HR

Sapience HR provides outsourced human resource and personnel consultancy services, primarily to small business in Cornwall and the wider South West. Having attended an SFBC workshop, received a web review and met with one of the Digital Business Enablers, the business started to think about a grant application. Sue Hook, Director of Client Development, had a clear objective in mind which was to introduce a CRM system which was capable of: recording their pipeline of leads; accurately recording client activity to understand how long staff were spending with both retained and ad hoc clients to help manage time and invoicing; and, link all of the above to their accounting system. The adviser helped them to develop the specification and apply for the grant funding.

Although Sue found the grant application process to be time consuming, she commented that:

***“My adviser was really good. His knowledge was excellent and he had a very calm manner, even when I was complaining about all the paperwork! As well as helping us to get the grant SFBC has been a really good sounding board throughout the process which has been hugely valuable so it’s definitely been worth the effort”***

Although the project has only just been implemented the business feels that its expectations have been entirely met. They expect the integrated system to enable them to be much more efficient and therefore more productive. Also, because the CRM is in real-time staff can take it out when they meet clients and record information on the spot so it's immediate. Sue said:

***“I feel more confident about the future because the system will help us to manage our time and billing processes better and it will free up time for business development”***

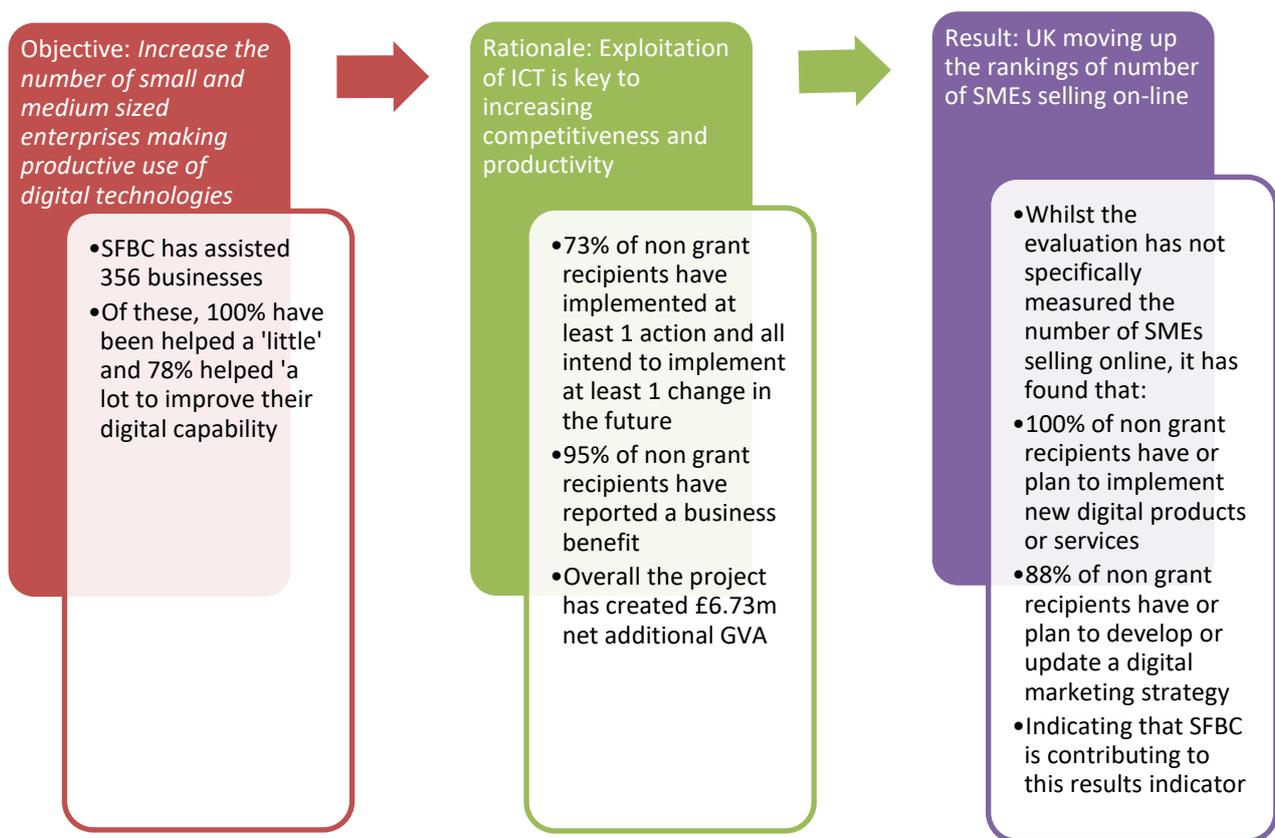
Figure 29: Progress in Relation to Intended Impacts

| Intended Impacts   | Monitoring Evidence (Figure 4)  | Qualitative Evidence from Evaluation Process  |
|--|---|---|
| <b>Businesses exploiting new technologies</b>                          | C2: Number of enterprises receiving grants (in order to exploit technologies) – currently at 93% of target but expected to be at 100% by project closure  | <ul style="list-style-type: none"> <li>✓ Figure 13 shows 98% of non-grant SMEs have been inspired to exploit digital technologies in their business</li> <li>✓ Figure 15 shows that 66% of non-grant SMEs have taken up cloud based technologies or plan to do so</li> <li>✓ All except 3 grant recipients interviewed felt that their grant funded project will have, at a minimum provided them with a digital upgrade and or made them more digitally enabled</li> </ul>   |
| <b>SMEs developing or adopting new technology products or services</b> | C29: Number of enterprises supported to introduce new to the firm products is at 108% of target   | <ul style="list-style-type: none"> <li>✓ Figure 15 shows that 73% on non-grant SMEs have or plan to implement a new digital product or service</li> <li>✓ Figure 15 shows that 72% of non-grant SMEs have introduced new processes contributing to the development of new products or processes</li> <li>✓ The majority of grant funding recipients have used the grant funding to develop or adopt new technology, products or services</li> </ul>   |
| <b>SMES to grow and increase productivity</b>                          | <p>C8: Employment increase in supported enterprises is at 112% of target</p> <p>At the time of the evaluation it is estimated that the project has created approximately £8.55m gross GVA, or £6.73m net additional GVA</p> | <ul style="list-style-type: none"> <li>✓ Figure 16 shows that 82% of non-grant SMEs expect to see benefits in 'customers, sales and markets,' 54% in terms of processes and 52% in terms of management and strategic direction. 51% expect to see improved financial performance</li> <li>✓ Over 90% of businesses participating in the 12 month follow up report that they expect to see or are already seeing improvements in productivity, profitability and efficiency (Figure 17)</li> <li>✓ All but one of the grant recipients interviewed were confident that the grant had already led to growth or would do so in the future</li> </ul> |
| <b>The creation of new jobs in C&amp;IoS</b>                           | <p>C8: Employment increase in supported enterprises is at 112% of target (234.73 gross jobs)</p> <p>When adjusted for additionality, this is reduced to 185 net additional jobs</p>   | <ul style="list-style-type: none"> <li>✓ Section 4.3.2 shows that the project is creating good quality jobs</li> </ul>  |

## 4.5 Programme Specific Results Indicators

The Operational Programme states that the specific objective for priority 2b is to ‘*Increase the number of small and medium sized enterprises making productive use of digital technologies*’. The supporting rationale for the priority highlights how ‘*exploitation of ICT is key to increasing SME competitiveness and productivity growth and to enabling research and innovation*’. At a national level, performance for priority 2b will be monitored by considering a result indicator focused on proportion of sales derived from e-commerce activity, as measured by the EU Digital Scoreboard, with the target being for the UK to move up one place on the ranking for selling online by SMEs. Progress and evidence of SFBC’s contribution to the Priority 2b is set out in Figure 30 below:

**Figure 30: Progress against Priority 2b Programme Specific Objectives and Results Indicators**



## 4.6 Strategic Added Value

In addition to supporting businesses one of the aims of SFBC, as shown in the benefits map (see Section 1) was to up-skill partners, enabling them to better understand and be able to commit to the digital agenda. Whilst not all stakeholders were aware of this aspect of the project, the partners that had engaged with this element found it extremely beneficial. It appears that partners have become much more knowledgeable about the potential of digital transformation and on a related note the format of this work, i.e. bringing business support providers together in a collaborative setting through the partner master-classes was also highlighted as an area of good practice:

*“we shouldn’t underestimate the impact of this as it’s so crucial within the fragmented business support landscape”*

The team made a concerted (and effective) effort to build relationships locally for the benefit of the area. The Programme Manager has attended and contributed to a number of key local business support groups where challenges and solutions have been shared and has also proactively fostered relationships with wider organisations such as the Islands Partnership on the Isles of Scilly and Goonhilly/Avanti on the mainland. SFBC has also supported strategic developments such as the emerging Digital Skills Partnership as well as supporting other providers such as Unlocking Potential with material for their own events. These are clear examples of SFBC's Strategic Added Value and stakeholders also pointed to others. It was felt that SFBC has demonstrated leadership around the digital agenda, for example:

*“It's increased people's awareness of harnessing tech for reaching new markets – the project is starting to create a bigger groundswell and buzz around the agenda”*

One stakeholder in particular commented that the project has acted as an 'unofficial moderator for the sector' in that by up-skilling people it had protected them from the less scrupulous private sector companies who can take advantage of people's lack of knowledge on digital solutions. As that awareness grows it helps to keep the industry a 'fairer place.'

Further, some stakeholders felt that because the grant funding can (unusually) contribute to salary costs, some businesses have been able to recruit to roles which they had been struggling to fill as a result of industry shortages. It was felt that this should, in turn, help to improve the business and technical skills base and wider tech ecosystem which should ultimately help to put the area on the map as a good place to do business.

From an internal perspective the team also hopes that its contribution to strategic discussions with the funder about how this tranche of ERDF funding could be managed will have benefitted other business support providers. Team members reflected that, particularly at the outset, it was a very difficult fund to work with and had no clear guidance on how to do things. Further, having had some unfortunate experiences under the previous Convergence programme there was a strong tendency to avoid any sort of risk. Given their positive relationship with the funder the team felt able to have some 'adult conversations' which did help to clarify some matters both for their own benefit and for those delivering similar projects.

## 4.7 Has it made a Difference?

Evidence gathered during this evaluation suggests that the project has made a significant difference to participating SMEs and further benefits will be realised as digital projects are completed. The evidence shows that participating businesses have:

- Been inspired to exploit digital technologies in their business;
- Been helped to identify what actions they need to take to improve their digital capability;
- Made progress on implementing Digital Action Plans and become more digitally ready;
- Implemented new digital products or services; and,
- Seen improvements in terms of customer sales and marketing, management and strategic leadership and most importantly financial outcomes (including profitability, turnover and productivity).

The project has exceeded its job creation target by 112%, creating 234.73 jobs at the time of the evaluation and expecting to create 238 by project closure. Evidence suggests that the project is showing high levels of additionality.

Whilst the project has attempted to broaden its reach through its work to up-skill partners, stakeholders have highlighted that the project is limited in its scale due to the constraints of the funding and ERDF eligibility rules and even after completion, there will remain large numbers of businesses in C&IoS that need support to improve their digital capability in order to be competitive. A wider question for policy makers in C&IoS is how this challenge is to be addressed in the new post Brexit landscape.

### KEY FINDINGS – Project Outcomes and Impact

- Evidence shows that there have been a number of positive business benefits for both grant and non-grant recipients of the project
- With SFBC's focus on 'strategy first,' many businesses will have received support on a range of business issues from procurement to cash-flow and it is likely that these will endure way beyond the lifetime of the intervention
- Businesses in receipt of a grant or receiving more hours support were more likely to create jobs than businesses not in receipt of a grant or receiving fewer hours support
- The economic impact has been significant, with the project creating 234.73 jobs at the time of the evaluation, equating to £8.55m gross GVA
- Additionality was found to be high (with low levels of deadweight, displacement and leakage), but varied between grant and non-grant recipients. The effective overall adjustment was (-21%). As a result, net additional jobs created equal 163 and net GVA equates to approx. £6.73m
- The evidence suggests that the jobs created were high quality jobs in higher value occupational groups. However, wages were below average, potentially due to the high proportion of trainees and apprenticeships taken on by participants
- Stakeholders could also point to wider areas of Strategic Added Value
- The team made a concerted and effective effort to build relationships locally for the benefit of the area and SFBC was thought to be helping improve the business base and wider technology ecosystem
- Importantly, impacts can be seen in relation to SFBC's 'logic model' and the project made a contribution to the Priority 2b objectives and programme specific results
- Evidence gathered through this evaluation indicates that SFBC has made a significant difference
- However, there remain a large number of businesses in C&IoS that still need to improve their digital capability in order to be effective
- This will be a challenge for policy makers post BREXIT
- Policy makers should also consider eligibility rules for access to services like this in the future

### CASE STUDY: Microtest

Microtest Ltd is one of the leading suppliers of practice management systems for GP surgeries in the UK, creating powerful health information systems that help medical professionals to work as effectively as possible, improving patient care.

Based in Bodmin and employing almost 100 people, Microtest has been supplying IT systems and software to GP practices for over 30 years and has been at the forefront of the movement towards integration and interoperability of systems.

As an established digital business in Cornwall, Microtest was one of 25 companies to benefit from the 2013-2015 Superfast Business Cornwall (SFBC) programme and continued to receive updates from the SFBC team and attended events and networking opportunities. In 2017, NHS Wales launched its procurement process to supply GP clinical IT systems throughout the principality. This was an exciting opportunity for Microtest to expand its services, but to be successful the company knew they would need to make a step change in their technology and staffing. Microtest decided to convert their IT offer from a conventional hosting platform to a cloud-based platform and knew that to do so quickly would require consultancy expertise to kick-start the upgrade.

Working with the SFBC team, the team at Microtest quickly worked up their project, receiving an offer of a grant for the required consultancy in December 2017 and completing the project in 2018. They found the SFBC team of advisers invaluable in this process; helping the business to define their specification and acting as a trusted adviser.

Alan Trevennor, Microtest says: *“The SFBC team have a really good understanding of technology and do the ‘trusted adviser’ thing - which is almost as valuable as the investment itself.”*

At the interim evaluation stage, the investment gave Microtest the confidence to finalise and win the contract in Wales, which they expect to result in 50% jobs growth. Since then, the contract in Wales has proven to be larger than expected and Microtest have been selected as a supplier to NHS Scotland. In addition, NHS England have recently announced plans to re-procure GP services in England and therefore the company is optimistic about its plans for growth. It is expected that when fully live, the Welsh and Scotland contracts should result in a sharp increase in growth for the company. This growth has certainly been helped by support from SFBC.



*“It has definitely been a transformation. Last year we were standing at the edge of the ‘cloud hosting swimming pool’ dipping our toes in to the water. Now we have jumped right into a cloud hosting future. It has been a seismic change in how we deliver to our customers. The transformation is by no means complete, but we are 60% of the way there. The consultancy has been a catalyst for rapid change”.*  
Alan Trevennor, Microtest.

## Section 5: Project Value for Money

### 5.1 Introduction

Value for Money (VFM) is normally assessed with reference to project outputs and impacts, benchmarked against other similar interventions, as well as calculating a return on investment.

### 5.2 Assessment

As with all European grants, the funder effectively agrees to 'buy' a number of outputs and, subject to the Project achieving its contractual targets. Figure 31 overleaf shows the relative value for money of the SFBC project in terms of unit costs of key outputs (outputs which are a subset of other outputs have been excluded), compared with three benchmarks:

- National research conducted by Regeneris Consulting on behalf of DCLG which developed a series of benchmarks for the proposed 2014-2020 programme, based on DCLG data from the 2007-2014 programme<sup>11</sup>;
- The Cornwall and Isles of Scilly Convergence Programme evaluation<sup>12</sup> to provide some local context; and,
- The Cornwall and Isles of Scilly ITI Strategy (Annex 1, investment priority targets (2b)), combining the investment priority expenditure information from the England Operational Programme.

This found that:

- **C1 – Business assisted** – unit costs are lower than the median and mean from the previous programme both nationally and locally and lower than anticipated by the ITI strategy.
- **C8 – Employment increase** - unit costs are lower than the median and mean from the previous programmes nationally and locally.
- **C29 - Enterprises supported to introduce new to the firm products** - the Regeneris work cautions that the indicator has changed from the previous programme, making comparisons more challenging. Despite this, current performance is better than the mean from the previous programme nationally and better than anticipated in the ITI strategy.

In conclusion, the project has demonstrated good VFM on the basis of unit costs, when compared with national and local benchmarks.

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

<sup>12</sup> Cornwall and Isles of Scilly Convergence Programme Evaluation. May 2015

Figure 31: Value for Money Assessment

| Indicator  | Actual Performance at February 2019 (ERDF only) |                | Regeneris Research (based on DCLG database of 1,000 projects funded through the 2007-2014 programmes)  | Cornwall Programme Evaluation   | Derived from C&IoS ITI Strategy | Conclusion  |
|--|---|----------------|--|---|---------------------------------|---|
|  | No.   | Unit cost      |  |   |                                 |   |
| <b>C1: Number of enterprises receiving support</b>                               | <b>356</b>                                      | <b>£7,593</b>  | <p>The study highlights that this unit cost is particularly prone to variability, reflecting the variation in intensity of support. Across the 623 projects:</p> <p><b>The mean unit cost was £34,000, The median was £10,200 and The lower quartile £4,700</b></p> <p>However, the report points out that much higher unit costs can be justified for more intensive support</p>  | <p>Average costs/business assist were as follows:</p> <ul style="list-style-type: none"> <li>• Business support = £15,752</li> <li>• Grant/loan via an intermediary = £16,970</li> <li>• Business advice = £13,056</li> </ul> | £30,403                         | Unit costs are lower than the median and mean from the previous programme both nationally and locally and lower than anticipated by the ITI strategy  |
| <b>C8:Employment increase in supported enterprises</b>                           | <b>234.73</b>                                   | <b>£11,515</b> | <p>Based on evidence from 758 projects</p> <p><b>The mean cost was £71,000</b></p> <p><b>The median cost was £25,700</b></p> <p><b>The lower quartile was £11,500</b></p> <p>The authors recommend that a <b>figure of £26,000 gross cost per job is used as the starting point</b></p>  | <p>Average costs/gross job created</p> <ul style="list-style-type: none"> <li>• Business support = £15,584</li> <li>• Grant/loan via an intermediary = £11,324</li> <li>• Business advice = £11,389</li> </ul>                | n/a                             | Unit costs are lower than the median and mean from the previous programmes nationally and locally   |
| <b>C29:Number of enterprises supported to introduce new to the firm products</b> | <b>120</b>                                      | <b>£22,525</b> | <p>The Regeneris study notes that the C28 indicator is new to the current programme and therefore, some caution needs to be exercised. The report notes that as the old definition was based on results, rather than activity, the unit costs for the new definition should be at least 25% lower. The unit costs based on 78 observations and reduced by 25% are:</p> <p><b>Mean = £70,500</b></p> <p><b>Median = £21,000</b></p> | This report did not include unit costs for these indicators   | £191.538                        | Whilst recognising the need for caution when comparing this indicator, current performance is better than the mean from the previous programme nationally and better than anticipated in the ITI strategy |

## 5.1 Return on Investment

We can also consider the VFM in terms of the Return on Investment achieved for the public purse, which is based on the ratio between public costs and benefits, discounted over time. This is presented in Figure 32 below and shows that every one pound invested at the time of the evaluation will produce a return of £7.21. However by project closure, this is anticipated to fall to £6.49, reflecting the higher cost assumptions at that time.

Figure 32: Return on Investment Calculation

|                                      | Public Sector Cost Assumptions        | Benefit Assumptions | Other Assumptions   | Estimated Net Return on Investment    |
|--------------------------------------|---------------------------------------|---------------------|---|---------------------------------------|
| <b>At the time of the evaluation</b> | Total ERDF project costs = £2,703,010 | Net GVA= £6.73m     | Net GVA benefits will persist over 3 years <sup>13</sup><br>Costs/benefits will be discounted by 3.5% | £1 invested equals £7.21 net benefits |
| <b>By project closure</b>            | Total ERDF project costs = £3,044,873 | Net GVA= £6.82m     | Net GVA benefits will persist over 3 years <sup>14</sup><br>Costs/benefits will be discounted by 3.5% | £1 invested equals £6.49 net benefits |

<sup>13</sup> As benchmarked in RDA Evaluation: Practical guidance on implementing the evaluation framework, December 2009

<sup>14</sup> As benchmarked in RDA Evaluation: Practical guidance on implementing the evaluation framework, December 2009

## Section 6: Conclusions and Lessons Learned

### 6.1 Introduction

The aim of the SFBC project was to provide a new service for SMEs across Cornwall and the Isles of Scilly that would boost business competitiveness through increased understanding and exploitation of digital technology. Building on our previous interim evaluation, this Summative Assessment sought to understand how the project performed as it is drawing to a close. The evaluation was informed by a desk based review of key documentation alongside feedback from project beneficiaries, the delivery team and wider stakeholders. This concluding chapter provides an overall assessment of SFBC's achievements and impact and draws out some key learning points. Please note that, given SERCO's decision not to bid for a follow on project, the lessons learned are framed at a policy level and for those designing similar interventions.

### 6.2 Overall Assessment

The evaluation team concludes that the project addressed a very specific market failure and that it demonstrated a strong degree of fit with European, national and local priorities. The design of the service was appropriate to its objectives and the funding available but some stakeholders suggested that it was not large enough to respond to the scale of the digital challenge facing C&IoS.

Whilst there were no significant policy or economic changes over its lifetime that would affect its continued relevance, there were, however, some changes within the wider business support landscape that impacted on performance. Based on their experience of delivering previous programmes, the SFBC team had intended to target the service at eligible businesses with at least 3-4 employees with the potential to grow and all of their direct marketing was aimed at that group. However, during the life of the project the Growth Hub was established with a remit to join up national and local business support and referred a large volume of businesses to SFBC. Whilst this was in many ways a very positive development a significant proportion of those referrals were for very small micro businesses and sole traders that did not necessarily have the same growth potential as the businesses that SFBC actively targeted. As a result, the team had to 'flex' the offer and they informally introduced segmentation strategies to ensure the most intensive support was provided to businesses with the most potential to achieve economic benefits.

The project set out to deliver a broad and ambitious set of output and impact targets, which for the most part, were considered realistic and achievable at the outset. The exception was the target for 150 additional businesses taking up broadband access of at least 30mbps which was beyond the direct control of the team to deliver and was subsequently capped at 16 through a Project Change Request.

Project progress against key milestones was good. The project mobilisation phase largely occurred as expected, but there was some slippage in terms of deploying the full team and procuring the specialist consultancy network. This was due to a delay in signing the Grant Funding Agreement and therefore beyond the project's control. Unfortunately this delay in recruitment did have an impact on delivery and this was seen in the further slippage against milestones following the service start date. However the team mobilised relatively quickly once staff were in place and it is clear that they worked very hard to get the project back on track.

The profile of spend was slightly behind schedule at the time of reporting, reflecting the fact that grant funding cannot be counted as spent until evidenced by the grant recipient. However, the team is confident

that financial targets will largely be met by project closure. The majority of outputs have already been exceeded, the exceptions being C2 and C6 (both relating to the grant scheme), but again, based on the current pipeline the team is confident that 100% of these targets will be achieved by project closure.

Whilst there is clear evidence that horizontal principles were embedded into the design of the project, including events specifically targeted at Women led enterprises, only 36% of the jobs created were filled by women employees. However, this is not surprising as diversity remains a national challenge for the digital sector. Sustainable development commitments included the requirement for grant recipients to include a measurable environmental objective into their project which should lead to a reduction in their carbon footprint.

The SFBC project was built on previous programmes, bringing the learning and best practice from their prior experience. Both the governance and management arrangements and team delivery structures were effective with a culture of continuous improvement built in, using Yellow Belt Certified (Improvement in Public Service Process) methodology which worked well. The delivery team was held in very high regard by both participants and stakeholders alike, with the Business Adviser support being described as the “differentiator” for the project. The team had an excellent blend of commercial and technical expertise alongside a patient approach and the grant funding process was also applauded for being highly streamlined and effective without compromising its integrity, although future schemes could consider a minimum grant size.

Reflections from both service users and wider stakeholders were, for the most part, very positive, especially in relation to the Business Advisers. Comments on the private sector specialists were slightly more neutral in places and there were a small number of critical comments relating to the paperwork required for the grant scheme element. Workshops were valued by businesses but were in some respects challenging to deliver and some businesses indicated a preference for shorter bite sized learning. Notwithstanding the above, there was unanimous agreement from the stakeholders interviewed that each aspect of the digital support programme offered a quality service and that it worked well as an overall ‘package of support.’ The project’s track record of ERDF compliance to date was also exemplary.

Evidence shows that there have been a number of positive business benefits to date for both grant and non-grant recipients. Participating businesses have:

- Been inspired to exploit digital technologies in their business;
- Been helped to identify what actions they need to take to improve their digital capability;
- Made progress on implementing Digital Action Plans and become more digitally ready;
- Implemented new digital products or services; and,
- Seen improvements in terms of customer sales and marketing, management and strategic leadership and most importantly financial outcomes (including profitability, turnover and productivity).

100% of businesses have or plan to undertake at least one action as a result of the project. With SFBC's focus on 'strategy first,' many businesses will have received support on a range of business issues from procurement to cash-flow. It is likely that these will endure way beyond the lifetime of the intervention and this is reflected by the range of business benefits experienced by the businesses. Over 90% of non-grant recipients were expecting to see productivity improvements and 97% of grant recipients were expecting growth. Therefore the economic impact has been significant, with the project creating 234.73 gross jobs at the time of the evaluation, equating to approximately £8.55m gross GVA. Additionality was found to be high, with low levels of deadweight, displacement and leakage), but varied between grant and non-grant recipients. The effective overall adjustment was -21%. As a result, net additional jobs created equalled 163 and net GVA equated to approx. £6.73m. The evidence suggests that the jobs created were high quality jobs in higher value occupational groups. However, wages were below average, potentially due to the high proportion of trainees and apprentices taken on by participants.

Stakeholders could also point to wider areas of Strategic Added Value. It was noted that the team made a concerted and effective effort to build relationships locally for the benefit of the area. From an internal perspective the team also hoped that its contribution to strategic discussions with the funder about how this tranche of ERDF funding could be managed will have benefitted other business support providers. More generally, SFBC was thought to be acting as an unofficial moderator for the sector as an 'honest broker' and was also thought to have helped improve the business base and wider technology ecosystem.

Importantly, the evaluation found evidence that the project made a contribution to the Priority 2b strategic objectives and programme specific results indicators. Overall, evidence gathered through this evaluation indicates that SFBC did make a significant difference. However, there remain a large number of businesses in C&IoS that still need to improve their digital capability in order to compete in today's digital economy.

Given its excellent performance it is unfortunate that SERCO has not bid for a follow on project under the recent ESIF call due to the inflexibility of the funding stream.

## 6.3 Lessons Learned

### 6.3.1 Lessons for Policy Makers

One of the biggest lessons from this project is that interventions like this really do make a difference. As described above, the SFBC project resulted in a range of tangible business benefits and there is evidence to indicate that the longer term impacts will be strong and positive. However, due to funding constraints the team was only able to engage with a limited number of businesses through the service and stakeholders have pointed out that there remain a large number of businesses in C&IoS that still need to improve their digital capability in order to compete effectively in today's digital economy. If policy makers have ambitions to transform business productivity across the area, they must invest resources at a sufficient scale to enable this to happen. Beyond this, it may also be useful to consider the eligibility criteria for this sort of business support in any future funding regimes to ensure the support can have the broadest impact.

In the shorter term, and perhaps more fundamentally at a policy level, the evaluation has indicated that the current English interpretation of the ESIF guidelines may be making it difficult for organisations to bid for

and deliver this sort of intervention. This appears to be particularly the case for the private sector and especially for organisations that operate a shared services model where overhead costs exceed the 15% allowable under ERDF. With too much risk and little reward involved it may become increasingly difficult for organisations such as SERCO that have the proven expertise and track record of delivery to engage in this sort of activity in the future.

### 6.3.2 Lessons for Those Designing and Implementing Similar Interventions

As highlighted throughout the report, the SFBC service has been well designed and delivered. However, one element in particular stands out as being of potential value for those designing or delivering similar interventions and that is the grant funding scheme. The grant funding process was applauded for being highly streamlined and effective but without compromising its integrity. Unlike some other ERDF grant funding schemes, SFBC's processes have been rationalised, making it as painless as possible for the businesses to apply and ensuring that they receive a swift decision on the outcome. The team has managed to do this without comprising the 'back-end' process and SFBC has retained an exemplary record on ERDF compliance. However, future schemes could consider a minimum grant value, reflecting the administrative burden of ERDF grant schemes.

In addition the team worked closely with businesses to help them deliver their projects and ensure that the claim for funding is compliant. Based on their experience of delivering previous programmes the team were aware that businesses frequently fail to spend all of their award, therefore the process was proactively managed to minimise any possible underspend across the project as a whole. Contract withdrawal letters were issued to businesses where their projects were underspent to ensure that any remaining funds could be effectively reallocated. There are lessons within SFBC's approach to grant funding for other grant funders.

The evaluation also found that the greatest economic impact (as measured through job creation) occurred amongst businesses that had received a grant, as well as an increasing correlation with the number of hours of support received. This highlights the importance of intensive support in creating economic impact.

Equally, the knowledge and expertise of the delivery team was highly praised by businesses and stakeholders alike and was thought to be one of the differentiators for this project. The team had the required expertise in business advice, ICT and project management. This blend of commercial and technical expertise was essential, as well as their supportive, friendly and patient style. There may therefore be lessons in SFBC's approach to staff recruitment for other similar interventions. Likewise, the team's approach to continuous improvement, which was built on Yellow Belt Certified (Improvement in Public Service Process) Methodology, worked extremely well and may hold lessons for other interventions.

Had SFBC been continuing, one of the areas that the team would have adapted on the basis of their own experience and feedback from participants was the workshop delivery. Although the SFBC workshops were highly regarded, the team did experience some challenges in getting people to sign up and then attend. They had begun to innovate with developing 'bite sized' learning to be delivered online in the form of webinars as an alternative/complementary model. Whilst this was not actually piloted within the lifetime of the project it may be worth consideration for future interventions.