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# SFSY Connection and Innovation Vouchers Summative Assessment

Report

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September 2019

## Contents

### Executive Summary

1. Introduction .....	1
2. Programme Context.....	3
3. Programme Progress .....	11
4. Programme Delivery and Management .....	15
5. Programme Outcomes and Impacts .....	28
6. Programme Value for Money .....	45
7. Conclusions and Lessons Learnt .....	49

## Executive Summary

This report provides a summative assessment of the Superfast South Yorkshire (SFSY) Connection and Innovation Voucher Programme. The programme, part-funded by the European Regional Development Fund (ERDF), provided vouchers to Small and Medium Enterprises (SMEs) across the Sheffield City Region (SCR)<sup>1</sup> for the following purposes:

- **Connection Vouchers** sought to assist businesses and third sector organisations to meet the upfront capital costs of a high speed/high grade broadband connection to their premises – up to £2,500 was available for each voucher (matched by the applicant).
- **Innovation Vouchers** sought to assist businesses and third sector organisations to adopt superior ICT business solutions that would provide significant business benefit and growth – up to £12,499.50 was available for each voucher (matched by the applicant).

The programme officially commenced in April 2016 and completed in March 2019. Barnsley Metropolitan Borough Council (MBC) was the Accountable Body, with the programme being delivered by SFSY (employed by Barnsley MBC).

The summative assessment is a requirement of ERDF funding and is based upon specific guidance provided by the Ministry of Housing, Communities and Local Government (MHCLG). Similarly, this Executive Summary is structured around the required sections within the summative assessment guidance. The assessment was based on a range of different research methods, including: documentary and data analysis; consultation with programme management and delivery staff; a review of SFSY's online beneficiary survey; and direct one-to-one consultation with nine programme beneficiaries.

Carney Green was appointed in July 2019 to undertake the summative assessment. It is important to note here that, given this appointment was several months after the conclusion of the programme, there were limited opportunities for extensive consultation with beneficiaries and stakeholders; for example, several stakeholders had left their roles by the time the summative assessment commenced.

### Headline statement

The SFSY Connection and Innovation Programme enabled 154 SMEs within the SCR to access a variety of support which ultimately led to positive outcomes and impacts for their businesses/organisations. In particular, the significant demand for Innovation Vouchers highlighted the recognition of the business benefits that could be realised as a result of utilising technological and digital innovations. There were several examples, identified through the summative assessment, of highly innovative practices being implemented; these had already, or had the potential to, provide significant economic benefits. Despite facing a series of challenges primarily related to limited resource levels, SFSY's programme team performed positively to enable the above benefits to be achieved.

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<sup>1</sup> Including the Transition Region (South Yorkshire) and the More Developed Region (incorporating five local authority areas within North Derbyshire and North Nottinghamshire, all of which also fall within the Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Local Enterprise Partnership (LEP) geography)

## Programme context

The design and development of the SFSY Connection and Innovation Voucher Programme was based upon identification of clear market failure and associated demand. In particular, this related to the following:

- Initially, a lack of broadband infrastructure limited the potential economic success of the SCR - as evidenced by a SFSY business survey where poor broadband connectivity was cited as an impediment to growth, expansion and productivity.
- Furthermore, 2013 Ofcom data showed that the take-up of fixed line broadband services was lower than the UK average in South Yorkshire, and similarly the take-up of services from BT's commercial deployment of superfast broadband was also below average.
- Therefore, whilst the above lack of infrastructure had been significantly addressed since the inception of SFSY, with fibre broadband coverage of almost 99 per cent of South Yorkshire expected, additional support was required to ensure organisations took advantage of this - both in terms of connection to improved internet and access to additional technological/digital solutions.
- The programme was developed partly based on a previous voucher scheme (BDUK Connection Vouchers), which demonstrated the demand for, and benefit of, its approach.

In addition to ensuring close alignment with the broader infrastructure activity of SFSY, and being integrated with wider business support in the SCR (including the SFSY Business Programme), the SFSY Voucher Programme was also designed to complement key policy. For example, it aimed to support the SCR's ambitions to transform the local economy through the creation of 70,000 new private sector jobs and 6,000 new businesses over the next decade. It also sought to complement the objectives of the UK's Digital Economy Strategy 2015-18 and the EU's Europe 2020 (Europe's growth strategy), which prioritised the greater exploitation of ICT to drive innovation, economic growth and progress. Finally, it closely aligned to the UK Government focus upon enhancing business productivity levels.

## Programme progress

Although the programme experienced a slight delay in receiving its funding contract, it was able to commence availability of its vouchers from the start of 2017, as originally planned. Feedback, together with data from the programme, indicated high demand for the vouchers, specifically the Innovation Vouchers. This is despite it becoming evident, during the early stages of the programme, that a separate voucher scheme was available within the D2N2 region, conflicting directly with the SFSY Voucher Programme across the SCR's More Developed Region. To avoid unnecessary competition and duplication, an agreement was made whereby SMEs from the More Developed Region that applied to the SFSY Programme would be immediately referred to the D2N2 scheme; however, due to different eligibility criteria for the two interventions (whereby the D2N2 scheme required job creation), if a business was ineligible for the D2N2 scheme they would be referred back to the SFSY Programme. Although a sensible approach from both parties, this ultimately reduced the pool of potential applicants available to the SFSY Voucher Programme.

The SFSY Voucher Programme's initial contracted output targets were ultimately unrealistic due to an underestimation of the average voucher value that would be provided to beneficiaries; this estimation also appeared to be based wholly on the demand for Connection Vouchers, which had lower values than Innovation Vouchers. As it became evident that higher average voucher values were being

approved, and that there was greater demand for Innovation Vouchers than Connection Vouchers, it also became clear that the level of funding available for vouchers would be exhausted prior to the targeted number of vouchers being provided (the C1/C2 target was initially 600 vouchers). As a result, a Project Change Request (PCR) was submitted, and subsequently approved by MHCLG; this reduced targeted outputs.

Despite the PCR reducing programme targets, the high average voucher value across the programme still meant that the funding was exhausted before the new revised targets for the number of vouchers provided (C1/C2) were achieved; the voucher scheme application process was closed to new applicants on 26 July 2018, considerably earlier than originally anticipated and at a time when demand remained high. Furthermore, this high voucher value had an indirect negative effect on performance against C5 and P4 targets; the P4 targets were particularly affected by the lower proportion of Connection Vouchers. More positively, the programme was able to overachieve against its C6 private investment matching target as a result of the voucher spend being fully utilised. The programme's final performance against targets is shown in Figure 1 below.

**Figure 1: Performance against output targets**

Indicator	Original targets	PCR targets	Achieved at delivery end	% of lifetime PCR target achieved
C1 (enterprises receiving assistance)	600	200	154	77%
C5 (new enterprises supported)	40	12	7	58%
P4 (additional businesses taking up broadband access of at least 30mbps)	450	60	29	48%
C2 – Number of enterprises receiving grants	600	200	154	77%
C6 – Private investment matching public support to enterprises (grants)	£1.5m	£1,175,711	£1,214,851	103%

Source: Accountable Body (July 2019)

The effect of the high average grant value upon the programme's other contracted output targets raises the question whether it should have 'disrupted' its demand-led approach to ensure a greater proportion of Connection Vouchers (or lower value Innovation Vouchers) were approved compared to higher value vouchers, in order to achieve C1, C2 and P4 targets. This represented a difficult challenge for the programme given it was designed to be demand-led and allocated on a first come first served basis. In reality, more appropriately designed targets would have been the most beneficial method of addressing this challenge.

Primarily due to achieving (and slightly exceeding) its core budget category relating to the provision of funding for vouchers, the SFSY Voucher Programme was able to achieve its contracted expenditure

target; it ultimately spent £2,597,633, which represented 102 per cent of its PCR target. This demonstrated positive performance from a contractual expenditure perspective.

## Programme delivery and management

Funding guidelines meant it was not possible to promote the SFSY Voucher Programme directly to businesses/potential beneficiaries. Therefore, its promotional and engagement focus was via other means, specifically:

- Engaging closely with other business support providers and organisations which engage directly with businesses, for example local authority business support functions, chambers of commerce, the SCR Growth Hub and intermediary organisations
- Raising awareness among potential suppliers of the programme's availability
- Using the broader marketing infrastructure of SFSY to promote the programme, for example its social media platforms and website
- Attending a wide range of events and meetings, including those delivered within local communities and by other organisations

As outlined above, the demand for Innovation Vouchers was high, whereby 131 of the programme's 154 completed vouchers were Innovation Vouchers. Potential reasons for the greater popularity of Innovation Vouchers included:

- Innovation Vouchers were easier to 'sell' due to the range of innovative technologies that could be referred to when promoting them
- Innovation Vouchers, although requiring additional match funding from the business, offered a more significant level of grant via the voucher
- It is possible that businesses requiring connection to improved internet/broadband would not seek business support or assistance with this, rather they would simply contact a commercial provider directly without recognising the availability of such support
- The lower value of the Connection Voucher may have been viewed as insufficient by some businesses in relation to the level of administration and associated time requirements related to the application and procurement process

For organisations that did access the Connection Vouchers, their core needs related to a requirement for enhanced efficiency within the business via improved broadband speeds/quality; specific examples included the need to create online booking systems, take card payments or operate different technology simultaneously.

Regarding Innovation Vouchers, beneficiaries identified a variety of different needs, reflective of the relatively flexible usage opportunities available. Despite this, the more common uses included introducing CRM systems, cloud-based systems and generally enhanced functionality within the organisation. Consultation with a sample of beneficiaries identified that the vouchers were used for innovative purposes; in some cases these were relatively basic innovations but nonetheless were clearly innovative to the beneficiary organisation; in other cases they were innovative at a much wider industry level. Given the generally higher value of the Innovation Vouchers, many beneficiaries said they would not have proceeded with the activity if they had not accessed the voucher; this highlighted the role of the programme in helping to stimulate innovation by reducing financial risk.

Whilst the application process for both voucher types was clearly outlined, it was more complex in reality due to the significant levels of additional documentation and evidence required – this was mainly due to the needs of the funding body. Most, although not all, of the businesses consulted during the summative assessment commented on the significant ‘bureaucracy’ related to the application process. Factors affecting this process also included: the need for ‘wet’ signatures (rather than electronic signatures); the inability for applicants to ‘save and return’ their applications when completing them online; the relatively ‘open’ criteria for Innovation Voucher applicants to explain their proposal (which sometimes meant the need for clarification); and applications being incorrectly completed by SMEs. The SFSY Vouchers Team sought to enhance the process wherever possible, for example reducing the number of quotes required for Innovation Voucher applicants. In addition, the Programme Team provided significant telephone and email-based support and guidance to applicants; this was referred to very positively by beneficiaries.

Whilst the assessment process was relatively straightforward for Connection Vouchers, it was more subjective for Innovation Vouchers due to the relatively ‘open’ criteria available to applicants. Although this was positive in terms of encouraging a variety of innovative projects and ensuring a demand-led approach, it meant assessment was open to interpretation and had the potential for inconsistency. Similarly, whilst the programme’s ‘first come first served’ approach to receiving applications encouraged timely use of expenditure, it provided challenges for SFSY in maintaining strategic oversight of the level of voucher spend (and types of vouchers) being approved; which may have contributed to the programme overspend.

Despite the significant efforts of programme staff to focus upon supporting the needs of beneficiaries, SFSY faced resourcing difficulties throughout the lifetime of the programme; these were unavoidable as they were primarily a result of compassionate leave. They were also exacerbated by the significant reliance, by applicants, upon support and guidance from programme staff, as well as the processes involved in managing and reviewing applications. These factors meant there would have been intensive resource requirements for programme staff even if all roles had been filled throughout the delivery period; in reality, there was insufficient resource within the original plan for the programme and those individuals who delivered it performed well to do so.

## Programme outcomes and impacts

Across both voucher types, all beneficiaries consulted via SFSY’s online survey and through the summative assessment’s consultation stated that the support received met or exceeded their expectations. Furthermore, all respondents said their involvement in the programme had been a ‘worthwhile endeavour’. The support procured through the vouchers led to a series of additional outcomes and impacts for beneficiaries, the core themes of which are summarised below.

- **Improved efficiency:** Enhanced connectivity and innovative projects enhanced the efficiency of many of the programme’s beneficiaries. More specifically, this occurred through various forms but primarily centred around improved functionality, communication and administrative systems – for example, online payment systems, improved administrative/data storage systems, implementation of VoIP/other cloud-based systems etc. These enhancements provided more efficient working practices, making day-to-day working life easier and creating more time for other activities.

- **Enhanced capacity/offer:** Both Connection and Innovation Vouchers, in many cases, increased the capacity and/or offer provided by beneficiaries. This was sometimes a result of improved efficiency (see above), but was also related to factors such as greater bandwidth capacity (e.g. allowing more remote working and the ability to transfer larger files) and the development of new products/services. Across all Innovation Voucher respondents to an online beneficiary survey, 72 per cent stated that the innovation they had implemented had enabled them to introduce new products or processes to the business.
- **Customer facing benefits:** Several of the beneficiaries, particularly those that had received Innovation Vouchers, made direct improvements to the customer-facing aspects of their organisation. Examples included new online payment systems, online booking systems, card payment provision, and improved website functionality. Beneficiaries commented this made them look increasingly professional and also reported positive feedback from customers.
- **Improved marketing and visibility:** Partly aligned to the previous theme, some beneficiaries had used their Innovation Vouchers to improve their marketing activity and general visibility. Much of this related to improved websites/website functionality, and had led to enhanced income as a result. More directly related to improved income, in addition, some beneficiaries commented that their Connection or Innovation Vouchers enabled them to offer more products via online methods.
- **Economic benefits:** Although this was not collected systematically by the programme, consultation with beneficiaries identified that the vouchers had created economic benefits for them regarding increased turnover and, to some extent, job creation. It was often not possible for them to quantify these impacts, and they were also influenced by other factors, but there were clear direct and indirect examples given. For example, an online survey of beneficiaries identified that 48 per cent of respondents had created a job as a result of the support.

## Programme value for money

Due to underachieving against four of its five contracted output targets, and the occurrence of a slight overspend, value for money in cost per output terms was lower than originally planned for all but one output target. For example, the unit cost for each enterprise assisted (C1) was £16,868 compared to a planned unit cost of £12,673. More positively, the amount of public funding spent per £1 of privately matched funding was slightly lower than originally projected.

In assessing value for money it was noteworthy that the programme provided significant outcomes for beneficiaries whilst utilising only limited levels of staffing resource; although increased use of electronic/automated application processes may have increased efficiency further.

## Lessons learnt

A series of lessons learnt are provided below. These are separated for different audiences, as required within the summative assessment guidelines.<sup>2</sup>

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

- Future application processes should be increasingly functional for applicants and programme staff through the greater use of electronic-based systems. An example would be to use a CRM-system to process and manage applications. This would provide benefits to the applicants, whereby all associated forms would be incorporated and the applicant could ‘save and return’ their application. It would also provide benefits to programme staff by increasing automation within the process (for example, upon completing an initial application, the system would produce an automated and completed form to be signed). Furthermore, the system could be designed to continue managing data for individual beneficiaries throughout their involvement in the programme.
- Although the above recommendation would reduce the time requirements of programme staff, it is important that interventions ensure sufficient resource is available to manage the required levels of administration and guidance. This should specifically consider the likely need to engage directly with individual applicants/beneficiaries throughout their involvement in the intervention.
- Whilst there will inevitably be a degree of interpretation and subjectivity when assessing applications linked to themes such as innovation, a clear framework should ideally be developed which sets criteria aligned to a scoring system for use when assessing applications. This would help to ensure consistency. It would also be beneficial, where resources permit, to adopt a dual approach whereby two staff members independently assess each application and subsequently review their scores.
- In designing interventions there needs to be recognition of potentially conflicting outputs/expenditure targets and how these can influence each other. This is a particular issue for programmes that provide funding to beneficiaries (e.g. via vouchers or grants). For example, if the average voucher/grant is higher than anticipated, the intervention’s expenditure allocated to this will be exhausted before the total number of vouchers/grants is achieved (this often relates to C1/C2 output targets). A solution to this could include robust monitoring of spend to ensure average voucher/grant levels are maintained; however, this would have the potential to reduce the ‘demand-led’ approach of interventions. An alternative would be to include competitive and staged rounds of bidding (see below).
- Future interventions providing voucher funding may wish to consider fixed time periods or ‘rounds’ whereby a proportion of the funding is made available and all applications received in that round are reviewed competitively based on the funding available. This would provide the following advantages: a) enable clearer monitoring of overall spend levels; b) enable clearer monitoring of overall (approved) voucher numbers; and c) ensure programme staff can be focused on specific activities for specific periods of time (e.g. support to applicants prior to the deadline and assessment of applications post-deadline).

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<sup>2</sup> The summative assessment guidance requests lessons learnt for three audiences: the grant recipient/project delivery body; those designing and implementing similar interventions; and policy makers. However, as the Voucher Programme has now finished, it was deemed appropriate to combine the first two audiences.

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- It was positive that the Voucher Programme was focused on applications directly from beneficiaries rather than suppliers. Although this may have created the need for greater guidance and administrative support, it helped to ensure the programme was demand-led.
  - Feedback indicated that, following installation of the innovation by their supplier, Innovation Voucher beneficiaries often took a considerable length of time before they submitted the pay voucher redemption invoice to SFSY. It is recommended that a time limit should be placed upon this within future interventions.
  - Whilst it would require considerable additional resources, future interventions offering vouchers related to innovation could consider incorporating a level of consultancy advice whereby an adviser (funded through the programme) could visit them to undertake an 'audit' of their existing processes and provide tailored recommendations regarding potential innovation enhancements/solutions related to ICT/broadband usage.

### **Lessons for policy makers**

- Interventions should incorporate a 'lead-in' period prior to delivery commencing. Ideally this would be for a minimum of three months and would support the creation of programme templates and processes, the development of effective communication mechanisms, and complete clarity regarding the approach to management and delivery. It could potentially be extended to include a trial period of delivery.
- Wherever possible, funding-based targets should be focused upon outcomes rather than outputs; this shows the actual impact of support delivered, rather than the volume of delivery. For an intervention such as the SFSY Connection and Innovation Voucher this could include a series of outcome indicators focused on what the vouchers led to – for example, adoption of new technology, new products, new customers etc.
- The requirement for 'wet' signatures from beneficiaries is not ideal in terms of the efficient use of resource/time, or in relation to environmental sustainability; this is particularly the case for programmes focused around enhancing innovation and the use of digital technology. The use of electronic signatures should therefore be encouraged.
- Throughout the delivery of interventions, continual feedback should be sought from beneficiaries to identify changing needs and demands; interventions should ideally be designed whereby there is flexibility to respond to such changes.

# 1. Introduction

- 1.1 This report provides a summative assessment of the Superfast South Yorkshire (SFSY) Innovation and Connection Vouchers Programme. The report has been designed in accordance with the Ministry of Housing, Communities and Local Government's (MHCLG) summative assessment guidance.<sup>3</sup>
- 1.2 The programme, which commenced in April 2016 and completed in March 2019, was part-funded by the European Regional Development Fund (ERDF).<sup>4</sup> It provided a demand-led voucher scheme to businesses and third sector organisations, encouraging them to: a) take-up a faster digital connectivity; and/or b) introduce enhanced ICT systems and/or processes that would improve business performance through the faster digital connection.
- 1.3 More specifically, the two types of vouchers had the following purposes:
- **Connection Vouchers** aimed to assist businesses and third sector organisations to meet the upfront capital costs of a high speed/high grade broadband connection to their premises
  - **Innovation Vouchers** aimed to assist businesses and third sector organisations to adopt superior ICT business solutions that would provide significant business benefit and growth
- 1.4 The programme's provision was available across the Sheffield City Region; this included the Transition Region (encompassing the local authorities of Barnsley, Doncaster, Rotherham and Sheffield) and the More Developed Region (encompassing the local authority areas of Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire).<sup>5</sup>
- 1.5 Barnsley Metropolitan Borough Council (MBC) was the Accountable Body for the programme, which was managed and delivered by SFSY (which forms part of, and is employed by, Barnsley MBC). This enabled coordination and integration with the wider activities delivered by SFSY.
- 1.6 Further details of the programme are provided within Section 2.
- 1.7 Carney Green was appointed in July 2019, following completion of the SFSY Innovation and Connection Vouchers Programme, to undertake the summative assessment. Details of the assessment methodology are provided below.
- 1.8 *It is important to note here that, given the evaluators were appointed several months after the conclusion of the programme, there were limited opportunities for extensive consultation*

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<sup>3</sup> ESIF-GN-1-033 (v2) and ESIF-GN-1-034 (v2)

<sup>4</sup> As part of the European Structural Investment Fund (ESIF 2015-2020)

<sup>5</sup> Note that the More Developed Region also forms part of the Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Local Enterprise Partnership (LEP) geography

*with beneficiaries and stakeholders; for example, several stakeholders had left their roles by the time the summative assessment commenced.*

1.9 Following this introduction, the report includes the following sections:

- Section 2 details the context of the SFSY Innovation and Connection Vouchers Programme
- Section 3 assesses performance against expenditure and output targets
- Section 4 reviews programme delivery and management
- Section 5 assesses programme outcomes and impact
- Section 6 reviews programme value for money
- Section 7 provides conclusions and lessons learnt

## Assessment methodology

1.10 Figure 1.1 below provides an overview of the methodology used for the summative assessment.

Figure 1.1: Overview of assessment methodology



1.11 Further details of the research activities are detailed below.

### Summative assessment research activities

- An inception discussion attended by representatives of Barnsley MBC/SFSY and Carney Green
- A review of wide ranging SFSY Innovation and Connection Vouchers Programme documentation and data
- Detailed interviews with key management and delivery stakeholders from SFSY
- Detailed interviews with nine beneficiary business/organisations that received Connection or Innovation Vouchers
- Detailed review of additional feedback from 44 beneficiaries collected by SFSY during the delivery period of the programme
- Review of programme performance and expenditure data, as well as wider data provided by the Accountable Body

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## 2. Programme Context

2.1 This section considers the rationale and associated context within which the SFSY Connection and Innovation Vouchers Programme was designed, and also provides a summary of its objectives and activities.

### Demand for the programme

2.2 The market failure, and associated demand, associated with the SFSY Connection and Innovation Vouchers Programme included the following key factors:

- Despite fast broadband connectivity being a vital component in the growth of SMEs, many commercial and industrial areas lacked broadband infrastructure to support business development, innovation and technology ventures; this was primarily related to the residential market being more lucrative for broadband infrastructure providers.
- This lack of broadband infrastructure limited the potential economic success of the SCR; as evidenced by a SFSY business survey where poor broadband connectivity was cited as an impediment to growth, expansion and productivity. Furthermore, it contributed to some businesses looking to move elsewhere for better connectivity.
- In addition, 2013 Ofcom data showed that the take-up of fixed line broadband services was lower than the UK average in South Yorkshire, and similarly the take-up of services from BT's commercial deployment of superfast broadband was also below average.
- Therefore, whilst the above lack of infrastructure has been significantly addressed since the inception of SFSY, with fibre broadband coverage of almost 99 per cent of South Yorkshire expected, additional support was required to take advantage of this, specifically regarding:
  - Encouraging and supporting (financially) businesses and organisations to connect with the new infrastructure – this related to the Connection Vouchers
  - Once connected, encouraging and supporting (financially) businesses and organisations to take advantage of the new infrastructure regarding the digital and technological advantages it provides – this related to the Innovation Vouchers
- The above requirement was emphasised within Britain's Digital Opportunity report (Lloyds Banking), which highlighted the Internet's importance for the majority of SMEs, but also identified that a core group remained digitally disengaged.

2.3 The programme was developed partly based on a previous voucher scheme (BDUK Connection Vouchers) which demonstrated the demand and benefit of its approach; the significant uptake of this previous connection-focused scheme were detailed within the SFSY

Connection and Innovation Voucher ESIF application form. The application also referred to a range of other studies and surveys which demonstrated the need and demand for the programme.

- 2.4 At the time of the programme's development, there were no other organisations providing specific broadband connection and innovation support; the programme's ESIF application referred to a gap in the provision of specialist business support focused on helping SMEs exploit ICT/digital technology to enable business growth.

## Policy context

- 2.5 The SFSY Connection and Innovation Voucher Programme was designed to complement and enhance ongoing investment in broadband infrastructure across the SCR; specifically by maximising the opportunities created by the wider activity of SFSY regarding improved infrastructure. It also aimed to coordinate with the ERDF-funded SFSY Business Programme, which was designed to promote the benefits of broadband to South Yorkshire SMEs; hence, theoretically, SMEs understanding these benefits via the Business Programme could subsequently access funding to implement changes via the Voucher Programme. The programme also aligned directly to SFSY's own Demand Stimulation Strategy ('Driving Take Up'), which identified the varied benefits of improved connection and provided a range of methods for driving demand, including the provision of funding.
- 2.6 The programme sought to integrate within the wider business support arena of the SCR, being part of the range of provision that the SCR Growth Hub could offer to businesses. Whilst this integration was partly designed to support promotion of the programme, it would also enable access for programme beneficiaries to a broader range of support delivered through the other Growth Hub providers. Similarly, the programme sought to ensure effective engagement with other key partners and providers, examples being chambers of commerce, local authority business support teams and business intermediaries.
- 2.7 More broadly, the SFSY Connection and Innovation Voucher Programme sought to contribute to the SCR's ambitions to transform the local economy over the next decade through the creation of 70,000 new private sector jobs and 6,000 new businesses. In doing so it also aimed to support the vision of the SCR ESIF Strategy 'to create a city region with a stronger and bigger private sector, that can compete in global and national markets'.
- 2.8 The programme's activities also complemented the objectives of the UK's Digital Economy Strategy 2015-18, by encouraging SMEs to be innovative through the exploitation of digital technology and ICT, in order to ensure that they were able to better serve their customers, whilst also providing them with the confidence and knowledge to become better informed and empowered consumers of ICT/digital products and services. Finally, the programme's

objectives also corresponded closely with the EU's Europe 2020 – Europe's growth strategy - which prioritised the greater exploitation of ICT to drive innovation, economic growth and progress.

## Programme summary

- 2.9 *Please note this section is designed to outline the structure and design of the programme; the evaluation of these structures is subsequently provided within Section 4.*
- 2.10 The SFSY Connection and Innovation Vouchers Programme officially commenced on 1 April 2016,<sup>6</sup> with delivery completed on 31 March 2019; the vouchers themselves were originally planned to be available to applicants between January 2017 and December 2018 (although it was acknowledged they may cease to be available at an earlier date if demand was high). As outlined in Section 1, the programme sought to deliver across the SCR, incorporating both the Transition Region and the More Developed Region.
- 2.11 The programme's original total funding package was £3,226,191, of which £1,631,191 was from the ERDF, £95,000 was public match (Barnsley MBC) and £1.5m was private match.<sup>7</sup> The ERDF funding sat within Priority Axis 2 – 'Enhancing Access to, Use and Quality of ICT', and specifically Investment Priority 2b – 'Developing Information and Communications Technology products and services, e-commerce and enhancing demand for Information and Communications Technology'. In addition, the programme also complimented the objectives of Priority Axis 3 – 'Enhancing the competitiveness of SMEs'.
- 2.12 A review of programme documentation by the evaluators identified detailed eligibility requirements for both voucher types, which were clearly stated for the purposes of potential applicants. Although not exhaustive, key eligibility criteria included the following:

### Eligibility criteria

- The applicant must be an SME (using the European Commission's definition)
- The applicant must be a trading entity (meaning sole traders, not-for-profit organisations and charities were eligible as long as they met the SME definitions)
- The applicant must declare that:
  - they employ fewer than 250 people or volunteers
  - they have a turnover of less than €50 (around £41m) and/or have a balance sheet of less than €43 (around £35.5m)
  - have received less than €200k in public grants in the last 3 years (the "de-minimis" limit)

<sup>6</sup> It is noted there were some initial delays to receiving the contract from MHCLG, see Section 4 for details

<sup>7</sup> It is noted that this funding package changed during the lifetime of the programme via a Project Change Request (PCR); further details are provided under 'Project Change Request' within Section 2

- The SME must not have had a voucher of the same type before
- The SME must not operate in a sector which is excluded from the scheme
- The applicant must not have a parent company or linked enterprise which does not meet the eligibility criteria
- The business address at which the new connection (if relevant) is to be installed must be in an eligible SCR postcode
- For a Connection Voucher the 'Step-change' rules must be met to encourage as many SMEs as possible to take higher speed (or higher quality) internet connections to improve their businesses
- The costs must be eligible from the quote and a minimum of three quotes sought<sup>8</sup>

## Programme objectives

2.13 The core objectives of the SFSY Connection and Innovation Vouchers Programme were:

- To deliver a demand-led voucher scheme to eligible SMEs in the SCR
- To encourage SMEs to take-up faster digital connectivity and to further support SMEs to introduce transformational innovations to the business that could improve business performance through faster digital connections
- To enhance the digital capabilities of SMEs by providing an integrated programme of information, advice and financial support, to achieve practical implementation
- To raise the confidence of SMEs in using digital technology, supporting them to increase their levels of productivity and competitiveness to achieve business growth
- To address the market failures prevalent in the adoption of digital technology amongst SMEs

## Programme provision

2.14 The programme provided two specific types of voucher, as summarised below.

### Connection Vouchers

- Aimed to assist businesses and third sector organisations to meet the upfront capital costs of a high speed/high grade broadband connection to their premises
- Maximum value available: £2,500 (matched by the applicant)
- Minimum value available: £500 (matched by the applicant)

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<sup>8</sup> Note this was reduced to one fully itemised quote for Innovation Vouchers during the lifetime of the programme, as long as the quote was within the limits of the scheme (£24,999) and justification was provided for there being only one quote

- Must deliver a 'step change' in the speed and/or quality of broadband provision for the business (note that the programme provided clarity for applicants on what constituted a step change)

#### Innovation Vouchers

- Aimed to assist businesses and third sector organisations to adopt superior ICT business solutions that would provide significant business benefit and growth
- Maximum value available: £12,499.50 (matched by the applicant)
- Minimum value available: £2,500 (matched by the applicant)
- Must solve a business-specific issue whilst introducing a new product/process which will help to transform the business - potential examples include video conferencing, Client Relationship Management (CRM) systems, cloud solutions
- Must make use of broadband connectivity and be predominantly digital

#### Programme management

- 2.15 Barnsley MBC was the Accountable Body for the programme, with management being undertaken by the SFSY Programme Management Team (which is employed by Barnsley MBC). At the outset of the programme it incorporated the following staffing roles:
- Programme Manager (1 day per week)
  - Project Manager (full time)
  - Business Support Officer (full time)

- 2.16 The programme reported into the governance structure of SFSY.

#### Contracted programme targets

- 2.17 The programme's original contracted output targets are shown in Figure 2.1 below.

**Figure 2.1: Original contracted output targets**

Indicator	Original target
C1 (enterprises receiving assistance)	600
C5 (new enterprises supported)	40
P4 (additional businesses taking up broadband access of at least 30mbps)	450
C2 – Number of enterprises receiving grants	600
C6 – Private investment matching public support to enterprises (grants)	£1,500,000

Source: SFSY Connection and Innovation Voucher Programme ESIF Application (2016)

- 2.18 The rationale for these original targets, as outlined in the programme's ESIF application, is summarised below.

#### Rationale for original programme output targets

- There were approximately 52,000 businesses in SCR area at the time of the application, with a take-up rate of superfast broadband of less than 20 per cent for both residents and businesses. The outputs selected were stated to reflect the demand from SMEs and what was achievable with the funding available.
- The C1/C2 target of 600 was calculated based on an average (total, including match) grant of £5,000; however, based on the recent experience<sup>9</sup> and success of Connection Vouchers across South Yorkshire<sup>10</sup> it is expected that Connection Vouchers may not all require £5,000; therefore additional vouchers will be offered.
- The voucher amount will vary for each SME; this will impact on the actual outputs achieved by the scheme.

*Source: Adapted from SFSY Connection and Innovation Voucher Programme ESIF Application (2016)*

- 2.19 The above rationale for the contracted targets appeared to be focused only on the Connection Vouchers. It did not consider the Innovation Vouchers, which provided significantly higher levels of grant funding (with a minimum funding level of £5,000) than the Connection Vouchers. There was also no agreed split between the number of Connection Vouchers and Innovation Vouchers within the target of 600; hence, if a greater proportion of Innovation Vouchers were provided this would increase the average value and reduce the number of C1/C2 outputs that could be provided with the available funding.
- 2.20 The above miscalculation regarding the average grant value meant that the target (C1/C2) of 600 was too high in comparison to the match funding target (C6) of £1.5m (and the associated funding for grants within the programme budget). This was the primary reason for a Project Change Request (PCR) which occurred within the programme's lifetime – details of this are summarised below.

#### Project Change Request

- 2.21 The Accountable Body submitted a PCR application primarily as a result of the issue outlined above, but also other factors as summarised below:
- It became evident the average voucher amount was considerably higher than the £5,000 which had originally been estimated; this was mainly due to far greater demand for the (higher value) Innovation Vouchers than the Connection Vouchers (of 154 vouchers in

<sup>9</sup> At the time of the application

<sup>10</sup> Note this was a separate programme

total, 131 were Innovation Vouchers), as well as the average value of the Innovation Vouchers being higher than anticipated. The result of this was the programme's available (and fixed) expenditure for vouchers being exhausted prior to the planned number of vouchers being delivered/approved.

- Due to a similar/competing voucher scheme being operational within the D2N2 geography, an agreement was made with the D2N2 LEP that any applicants from the More Developed Region would be referred to the D2N2 voucher scheme. Although different eligibility criteria for the two interventions (whereby the D2N2 scheme required job creation) meant that if a business was ineligible for the D2N2 scheme they would be referred back to the SFSY Programme, this ultimately reduced the pool of potential applicants available to the programme (see Section 4 for more details).
- The programme experienced a staff underspend due to understaffing as a result primarily of compassionate leave; this also created delays to the programme which meant the need for reprofiling. The PCR therefore sought to enable the recruitment of temporary cover (Barnsley MBC's terms and conditions did not allow for recruitment until the post was vacant).

2.22 Therefore, given the issues outlined above, it was appropriate to submit the PCR. This was subsequently accepted by MHCLG and led to the following changes (Figure 2.2 below) to contracted output targets, which included relatively significant reductions to all output categories.

**Figure 2.2: Changes to contracted output targets following PCR**

Indicator	Original target	PCR target
C1 (enterprises receiving assistance)	600	200
C5 (new enterprises supported)	40	12
P4 (additional businesses taking up broadband access of at least 30mbps)	450	60
C2 – Number of enterprises receiving grants	600	200
C6 – Private investment matching public support to enterprises (grants)	£1,500,000	£1,175,711

Source: Accountable Body (July 2019)

2.23 Whilst the overall programme budget was also reduced within the PCR, from £3,226,191 to £2,534,533, this reduction was proportionately less than the reduction in output targets (with the exception of C6 which was an expenditure based target anyway); the reason for this was to enable an increase in the average value of vouchers based on the experiences of the programme to date.

2.24 It is understood that all expenditure related to the More Developed Region was removed from the programme through the PCR. This was appropriate given the aforementioned

referral of applicants from this geographical area to the D2N2 voucher scheme. However, a small number of outputs for the More Developed Region (understood to be 10-15) remained allocated to the SFSY Connection and Innovation Voucher Programme.

#### Contextual changes during programme lifetime

- 2.25 Whilst the programme evolved due to ongoing learning throughout its lifetime (for example requesting only one quote rather than three as part of the procurement process for Innovation Vouchers), there were no major contextual or policy changes during the programme that significantly affected its delivery.

### 3. Programme Progress

- 3.1 This section provides details the SFSY Connection and Innovation Voucher Programme's performance against its final contracted output and expenditure targets.

#### Programme output performance

- 3.2 Figure 3.1 below summarises the programme's output performance; this is based on actual achieved outputs at the end of its delivery lifetime (31 March 2019).

Figure 3.1: Performance against output targets

Indicator	Original targets	PCR targets	Achieved at 31 March 2019 (delivery end date)	% of lifetime PCR target achieved
C1 (enterprises receiving assistance)	600	200	154	77%
C5 (new enterprises supported)	40	12	7	58%
P4 (additional businesses taking up broadband access of at least 30mbps)	450	60	29	48%
C2 – Number of enterprises receiving grants	600	200	154	77%
C6 – Private investment matching public support to enterprises (grants)	£1.5m	£1,175,711	£1,214,851	103%

Source: Accountable Body (July 2019)

- 3.3 Figure 3.1 demonstrates that the programme was able to successfully expend its allocated budget towards vouchers, and therefore achieved its associated P6 target related to private investment match funding. However, due to the higher average value of vouchers than originally anticipated (as discussed in Section 2 above), the total number of vouchers provided was lower than expected; this meant the programme underperformed regarding its C1 and C2 targets (154 against a target of 200).
- 3.4 The higher average value of the vouchers was due to several factors, but most prominently the high proportion of Innovation Vouchers (there was no specific requirement from the outset regarding the proportion of each voucher type, as the programme was demand-led). Data provided by the Accountable Body showed the following split of voucher types:

Total number of vouchers	
<b>154</b>	
Connection	Innovation
23 (15%)	131 (85%)

- 3.5 Given the higher value of the Innovation Vouchers, this increased the average voucher value and meant that, despite the aforementioned PCR (see Section 2), the allocated expenditure for vouchers was utilised before the C1/C2 target was achieved; the voucher scheme was closed on 26 July 2018, considerably earlier than originally anticipated. Data from the Accountable Body showed that the average value of Innovation Vouchers was £8,902, whilst the average Connection Voucher was £2,113; it is important to note here that these figures include only the 50% of overall costs paid by the programme. It is understood from programme staff that there was considerable interest from SMEs to approve additional vouchers above the 154 approved, but this was not possible due to the expenditure available.
- 3.6 Whilst the above issues demonstrated the programme was demand-led and allocated vouchers based on applications received, the following factors were also evident:
- Feedback indicated that, despite the hard and effective work of programme staff, there was a lack of strategic oversight and monitoring regarding the amount of money being spent on vouchers throughout the programme lifetime.
  - Linked to the point above, the 'first come first served' approach to approving voucher applications made it more difficult to maintain such an oversight of spending levels. This was exacerbated when a backlog of applications occurred following a period of understaffing, whereby a large number of vouchers were approved at the same time with limited consideration for their overall cost to the programme.
- 3.7 In the programme's defence, whilst improved oversight would clearly have been helpful, it was designed to be 'demand-led' and would it therefore have been appropriate to turn down applications because they were at the higher end of the voucher value just to achieve C1 targets? This was a specific challenge that the programme faced.
- 3.8 The underachievement of the programme's P4 target (additional businesses taking up broadband access of at least 30mbps), which achieved 28 against a target of 60, was directly linked to the low proportion of Connection Vouchers, whereby the majority of these were designed to occur via this voucher type, despite SFSY also seeking wherever possible to

identify P4 achievement via Innovation Voucher beneficiaries.<sup>11</sup> This again raises the question whether the programme have disrupted its demand-led approach to ensure a greater proportion of Connection Vouchers were approved in order to achieve its P4 target. In reality, more appropriately designed targets would have been effective in this respect.

- 3.9 The programme also underperformed against its C5 new enterprises supported output target, achieving 7 against its target of 12. The programme reported that, as it was demand-led, the achievement of this target was primarily dependent on the type of businesses which applied. Furthermore, it is possible that new businesses had less finance available to match fund the vouchers. Finally, a more direct link with the SCR Launchpad Programme<sup>12</sup> would have been beneficial here.

### Programme expenditure performance

- 3.10 The programme's overall expenditure is summarised in Figure 3.2 below.

**Figure 3.2: Performance against expenditure budget**

Original total expenditure budget	PCR total expenditure budget	Achieved expenditure at programme end (31 March 2019)	% of PCR expenditure budget achieved
£3,226,191	£2,534,533	£2,597,633	102%

Source: Accountable Body (July 2019)

- 3.11 Figure 3.2 shows that, at the end of the programme (31 March 2019), it had achieved 102 per cent of its final agreed expenditure target. This demonstrated positive performance from a contractual expenditure perspective. The primary reason for this level of expenditure was the high demand for vouchers and the high average value of the vouchers approved (particularly linked the high proportion of Innovation Vouchers).
- 3.12 Figure 3.3 below shows the breakdown of the programme's expenditure for each category of spend, including against budgets agreed in the PCR. Confirming the analysis above, it is evident that the consultancy category (which related to the funding provided for the actual vouchers) exceeded its budget by £103,341. In contrast, the salaries category underspent by £33,499; this was due to staffing difficulties during the lifetime of the programme (further details provided in Section 4).

<sup>11</sup> An online survey facilitated by SFSY, completed by 39 Innovation Voucher beneficiaries, established that 18% of these had upgraded their broadband connectivity as a result of the innovation

<sup>12</sup> An ERDF-funded programme supporting start-up businesses and those within their first two years of trading

Figure 3.3: Expenditure performance by spend category

Expenditure category	PCR Target	Performance at programme closure (30 June 2019)		
		Total	Variance (-/+)	% of lifetime PCR target
Salaries	£168,276	£134,777	(£33,499)	80%
Flat rate indirect costs	£25,242	£19,704	(£5,538)	78%
Marketing	£10,697	£13,092	£2,395	122%
Office costs	£597	£297	(£300)	50%
Other Revenue	£411	£112	(£299)	27%
Professional fees	£3,000	£0	(£3,000)	0%
Consultancy	£2,326,310	£2,429,651	£103,341	104%
<b>Total</b>	<b>£2,534,533</b>	<b>£2,597,633</b>	<b>£63,100</b>	<b>102%</b>

Source: Accountable Body (July 2019)

## 4. Programme Delivery and Management

- 4.1 Section 4 provides qualitative analysis of the programme's implementation, specifically focused around its delivery and management.

### Programme commencement

- 4.2 The SFSY Connection and Innovation Voucher Programme experienced a delayed start of approximately 5-6 months, whereby significant activity did not commence until September/October 2016 (rather than April 2016). Feedback from stakeholders stated this was due to the result of the UK's EU Referendum, whereby existing ESIF projects were put on hold for a period of time.
- 4.3 Despite these delays, the programme's output and expenditure targets remained the same. This did not appear to have a materially negative effect on the programme as it was able to ensure the availability of vouchers from the start of the 2017 calendar year as originally planned; they were officially opened to applicants on 6 February.
- 4.4 During the early stages of the programme it became evident that a 'competing' voucher scheme was available within the D2N2 region; the availability of this scheme directly conflicted with the SFSY Voucher Programme within the SCR's More Developed Region, specifically Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire – as these localities also fall within the D2N2 area. To avoid unnecessary competition and duplication, an agreement was made whereby SMEs from the More Developed Area who applied to the SFSY Voucher Programme would be immediately referred to the D2N2 voucher programme.<sup>13</sup> This was a sensible approach from both parties but ultimately reduced the pool of potential applicants available to the SFSY Voucher Programme.<sup>14</sup> It is surprising that no representatives of those involved in developing the bids (for both the SFSY and D2N2 voucher schemes), or the funding body, were aware of (or sought to check) this potential conflict at an earlier stage.

### Business engagement

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<sup>13</sup> Although different eligibility criteria for the two interventions (whereby the D2N2 scheme required job creation) meant that if a business was ineligible for the D2N2 scheme they would be referred back to the SFSY Programme

<sup>14</sup> Whilst it was agreed that any applicants that did not want to access the D2N2 scheme could be 'returned' to the SFSY Voucher Programme, such instances did not ultimately occur

- 4.5 This section explores the methods by which SMEs were engaged to the programme, and the types of businesses supported.

#### Engagement methods

- 4.6 Due to funding guidelines, the programme was not permitted to promote itself directly to potential beneficiary SMEs. It was therefore important to ensure suppliers (i.e. organisations which would be appointed by beneficiaries to deliver the connection or innovation solutions purchased via the vouchers) were fully aware of the programme due to its demand-led focus. To support this, a programme launch event took place at the start of 2017, primarily attended by suppliers and intermediary organisations. Key to this event, in explaining the new programme, was to clarify its difference to previous voucher schemes which had been supplier led (i.e. the supplier had completed the application for voucher funding rather than the applicant).
- 4.7 Following the launch event, the core method of promoting the programme, and therefore engaging potential beneficiaries, was through promotion via third party organisations that regularly engaged with SMEs. Examples of these included:
- Chambers of commerce
  - Local authority business support teams (e.g. Enterprising Barnsley, Rotherham Investment and Development Office (RiDO), Business Sheffield, Business Doncaster)
  - The SCR Growth Hub
- 4.8 Whilst it is understood there was generally positive support from the above organisations, the approach meant the programme was partly reliant on organisations it had no control over to promote itself. As a result, it developed other promotional routes including its own SFSY social media platforms, the SFSY website and attendance at a wide range of business events. Whilst the use of social media was helpful, programme stakeholders referred to the difficulty in visually promoting concepts such as innovation.

#### Examples of SFSY promotional activity

The SFSY Activity Planner, reviewed by the evaluators, highlighted a wide range of promotional methods. Examples included:

- Programme launch event
- Promotion of the vouchers within the SFSY newsletter
- Press releases to the local authority comms teams
- Meetings with the SCR Growth Hub to promote the programme
- Meetings with local authority business support teams (or attendance at existing meetings)
- Emails to, and meetings with, intermediaries and a wide range of other organisations to promote the programme

- Development of A5 promotional leaflet
- Attendance at a variety of events to promote the programme – e.g. Doncaster Business Showcase 2017, Sheffield Business Show, Federation of Small Business events, Visitor Economy Forum, Barnsley Pride, Flavours Food Festival, Rotherham Tenants Conference)
- Engagement with third sector organisations
- Use of beneficiary case studies for promotional purposes
- Engagement in Get Online Week
- Press releases to/adverts in newspapers and publications (e.g. Sheffield Star, Insider Magazine)

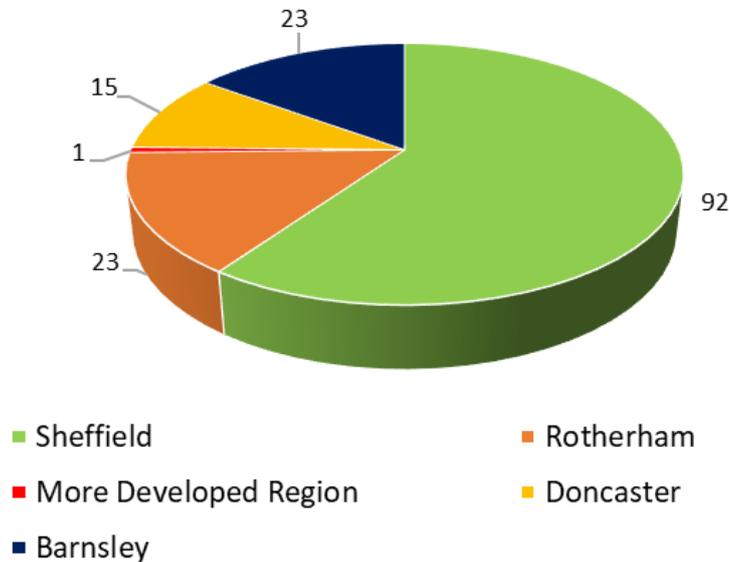
- 4.9 A further method of promotion the programme occurred via the separate (but also ERDF-funded) SFSY Business Programme; this included a wide range of promotional activities and subject workshops, which enabled awareness raising of the Voucher Programme.
- 4.10 As shown in Section 3 above, it is evident that engagement in the Voucher Programme was significant, with high demand for the Innovation Vouchers. Data provided by the Accountable Body demonstrated that the programme received a total of 398 applications across both voucher types; this led to 154 vouchers being claimed. Section 2 above explains how the total number of vouchers was lower than expected due to the higher average value of vouchers compared to originally anticipated. It is understood from consultation with programme staff that demand increased continually throughout the programme's lifetime, potentially due to awareness increasing over time via word of mouth and also through partners and suppliers increasingly understanding the programme.

### Beneficiary profile

- 4.11 Feedback indicated that a wide variety of business types were involved in accessing support through the programme; this was also evident via the beneficiary contacts provided to the evaluators. Regarding sectors, across all 154 beneficiaries, data showed that the most common were (no other sectors contained more than six per cent of beneficiaries):
- Manufacturing (31%)
  - Business and information (14%)
  - Construction, utilities and contracting (11%)
- 4.12 Programme staff suggested that, for Innovation Vouchers, there were fewer micro businesses due to the need for them to contribute match funding.
- 4.13 Geographically, the breakdown of voucher recipients demonstrated a high proportion from the Sheffield local authority area, partly reflecting the greater number of businesses in that

locality compared to other areas of the SCR. Voucher distribution by geography is provided in Figure 4.1 below.

**Figure 4.1: Distribution of vouchers by geography**



## Business need

- 4.14 Data provided by the Accountable Body demonstrated significant demand for the Innovation Vouchers but relatively limited demand for the Connection Vouchers. Potential reasons for this are explored below.

### Popularity of Innovation Vouchers compared to Connection Vouchers

The following were viewed as reasons why Innovation Vouchers were more popular:

- Innovation Vouchers were easier to 'sell' due to the range of innovative technologies that could be referred to within promotional activity, examples being a range of cloud-based solutions.
- Innovation Vouchers, although requiring additional match funding from the business, offered a more significant level of grant via the voucher.
- It is possible that businesses requiring connection to improved internet/broadband (i.e. the purpose of the Connection Voucher) would not seek business support or assistance with this, rather they would simply contact a commercial provider directly without recognising the availability of such support.
- The lower value of the Connection Voucher may have been viewed as insufficient by some businesses in relation to the level of administration and associated time requirements related to the application and procurement process.

- Further to the point above, as the programme progressed the Innovation Voucher application and procurement process only required one quote whilst the Connection Voucher required three.

4.15 When SMEs did apply for Connection Vouchers feedback from beneficiaries consulted, together with the views of programme staff, indicated this was due to the need to enhance efficiency within the business through improved broadband speeds/quality. Specific examples here included the need to create online booking systems, take card payments or operate different technology simultaneously. Existing poor quality broadband had hindered them prior to the Connection Voucher. In other instances, beneficiaries were moving into new premises and required connection to improved broadband.

*“Our previously poor quality internet was so frustrating. It completely limited what we could do and was a key factor in most of our decisions.”*

4.16 Regarding Innovation Vouchers, beneficiaries identified a variety of different needs but it was clear there was high demand for such provision. This variety was reflective of the relatively flexible usage potential of the voucher.<sup>15</sup> The more common uses included introducing CRM systems, cloud-based systems and generally enhanced functionality within the organisation. Consultation with a sample of beneficiaries identified that the vouchers were used for innovative purposes; in some cases these were relatively basic innovations but nonetheless were clearly innovative to the beneficiary organisation; in other cases they were innovative at a much wider industry-level.

4.17 Given the generally higher value of the Innovation Vouchers, many beneficiaries said they would not have proceeded with the programme (that they funded via the voucher) if they had not accessed the voucher, or it would have taken a lot longer; this highlighted the role of the programme in helping to stimulate innovation by reducing financial risk.

*“We might eventually have progressed the project, but it would have taken much longer and would not have been as significant.”*

## Delivery performance

4.18 This section explores the delivery of the SFSY Connection and Innovation Voucher Programme, including perceptions of its quality from beneficiaries and stakeholders.

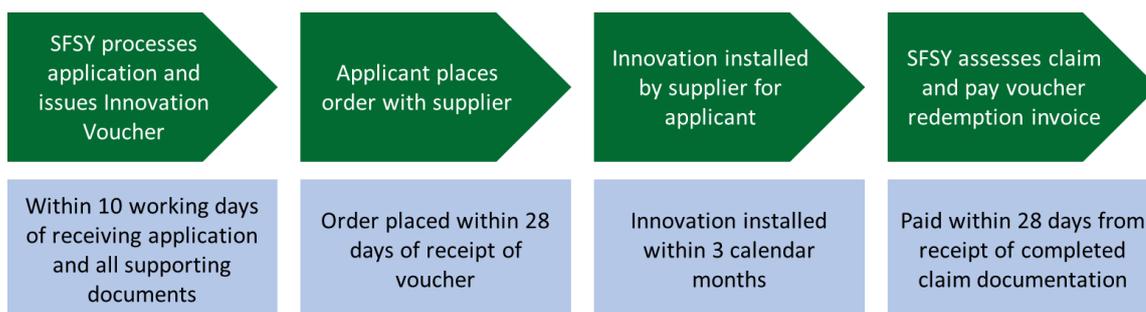
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<sup>15</sup> Although the innovation project needed to be new to the company and enable them to do something different or better

## Application process

- 4.19 SFSY developed a clear application process for both the Connection and Innovation Vouchers. This was evident to the evaluators when reviewing programme documentation and was supported by a variety of guidance documents for beneficiaries. A summary of the process, and associated timescales, for Innovation Vouchers is summarised below.

**Figure 4.2: Summary of application process and timescales (Innovation Voucher)**



Source: Carney Green (September 2019), adapted from programme documentation

- 4.20 Whilst the above process was clearly outlined, it was in reality more complex than this, primarily due to the requirements of the funder. For example, significant levels of additional documentation and evidence were needed from applicants relating to eligibility, procurement and payment – examples of additional forms included a declaration form, diminimis-declaration form, quotation scoring matrix, invitation to tender document, individual quotes from potential suppliers etc.<sup>16</sup> Most, although not all, of the businesses consulted during the evaluation commented on the significant ‘bureaucracy’ required during the application process, and the substantial time this took to complete – several referred to constant ‘toing and froing’. One beneficiary commented:

*“The most frustrating process I have ever been involved in, I gave up several times before trying again with eventual success.”*

- 4.21 Key issues here included:

- The funder requirement for ‘wet’ signatures (rather than electronic signatures); this was clearly not ideal for a programme promoting digital technology

<sup>16</sup> Feedback from programme staff also identified that, following installation of the innovation by their supplier, applicants often took a considerable length of time before they submitted the pay voucher redemption invoice (there was no timescale requirement associated with this, just a timescale for the programme to pay it once received)

- The inability for applicants to ‘save and return’ their applications when completing them online – as a result they had to complete them in Word initially and then paste them into the electronic application once complete (supporting documents were not electronic); programme staff recognised that, ideally, an integrated CRM system would have been developed which could have been used for SMEs to complete the application form
- For Innovation Vouchers, the criteria was left relatively ‘open’ for applicants to explain their proposal; whilst this was positive in terms of encouraging demand-led innovation, it meant significant levels of clarification between the programme and applicants (see below for more details)
- Programme staff reported that beneficiaries often filled in forms incorrectly or sent incorrect evidence of payment, which led to additional communication requirements

4.22 SFSY sought to address the above concerns throughout the programme, for example by reducing the number of quotes required for the Innovation Voucher from three to one. Furthermore, despite the above concerns raised by some beneficiaries and recognised by programme representatives, there was unanimous agreement from beneficiaries consulted that the programme provided significant and effective support to applicants during the process. All beneficiaries consulted said they accessed guidance and support from SFSY staff when going through the application process, and all said this was positive and helpful. Whilst some said it occasionally took time to receive responses, the majority commented the programme team was very responsive to queries.

*“The staff at SFSY could not do enough to help me. They were always responsive, friendly and helpful. Without their help I would have found it difficult to complete the application process”*

4.23 In addition to the above direct support, which was provided via telephone and email by members of the programme team, SFSY also sought to develop clear documentation for applicants wherever possible; a particular example of this, reviewed by the evaluator, was the development of a completed ‘dummy’ application form and a specimen funding agreement.

### Assessment of applications

4.24 The assessment of applications for Connection Vouchers was relatively straightforward, whereby if the application met the eligibility requirements (including the value of the voucher and the need for a step change), it could be approved. This effectively removed the need for any subjective or qualitative assessment.

4.25 The assessment process for Innovation Vouchers was more complicated. As outlined above, applicants were provided with flexibility to state what their specific innovation would be and how this would improve their business. There were specific requirements that applicants

needed to provide, for example how the innovation would address an existing barrier, that it would be new to the business, that it would be an ICT-specific innovation, and that it would lead to specific business benefits. However, even these were relatively subjective in terms of how they could be assessed. Whilst this flexible approach was positive in terms of encouraging demand-led innovation, and it is recognised that providing a list of eligible 'innovations' would have been too restrictive, it created the following difficulties for the programme:

- A lack of clear criteria to ensure the consistent assessment of applications
- A lack of clear guidance regarding what constituted 'innovation'
- Due to the above factors, a high level of subjectivity within the assessment of applications

4.26 The broad approach taken by the programme when assessing Innovation Voucher applications was for the Project Manager and/or Business Support Officer to review each application initially. This sometimes led to communication (via email or telephone) with the applicant to obtain greater clarity or additional detail, for example. The application (sometimes in a revised form) was then provided to the overall Programme Manager who made a final decision. At the time of the summative assessment the Programme Manager was no longer employed by Barnsley MBC, however, feedback from other staff members indicated that the 'single decision maker' approach created some challenges, including:

- Sometimes inconsistent assessment of applications
- Contradictions between the views of the final decision maker and the initial advice and guidance provided by other programme staff to the applicant, whereby SMEs were subsequently asked to provide different information compared to what they had previously been asked for (this made it difficult for programme staff to advise applicants)

4.27 Clearly the above findings are relatively subjective and based on the views of only a small number of individuals; furthermore, using different individuals to make decisions may actually have reduced consistency further. However, it would have been beneficial if the programme could have developed a framework which provided clearer guidelines when assessing and scoring each individual application. If resources had permitted (which they did not), the use of a moderation system would also have been advantageous, whereby two staff members reviewed each application separately using the aforementioned criteria; any significant differences in scoring could then have been considered further.

### Oversight of applications

4.28 Applications for both the Connection and Innovation Vouchers were assessed on a first come first served basis. Whilst this provided flexibility to potential applicants so they could apply

at any time, it may have been more manageable for SFSY if applications had occurred within specific funding 'rounds' or stages – for example, a series of chronological blocks (with associated deadlines) during the life of the programme when applications could be received. This approach would have provided the following benefits:

- Enabled more effective resource planning, with programme staff having periods of time where they were focused on supporting applicants and then separate time periods where they focused on assessing completed applications; in reality, programme staff were assessing existing applications and supporting new applicants at the same time (this was exacerbated by limited resource levels).
- Ensured programme management could maintain a clearer oversight of the level of funding being committed to the vouchers – this would have avoided the overspend that occurred.

4.29 The above approach could have occurred with or without expenditure limits for each funding round; such limits would have created a more competitive approach whilst no spending limits would have maintained the demand-led approach (but within a more organised approach).

4.30 Despite the issues outlined above, it is important to recognise that, based on data and information provided by the Accountable Body, the programme did significantly scrutinise its applications; the evaluation is not suggesting anything other. Whilst the data does not provide clarity on why applications did not go ahead – in some cases they could have been ineligible whilst in others they could have been rejected due to not being sufficiently innovative – it was evident that 318 Innovation Voucher applications were received, of which 159 vouchers were issued and 131 vouchers claimed.

#### Quality of support received

4.31 Much of the quality of the support received through the vouchers programme can be assessed via the application process and associated support, as explored above; this represented the main engagement between the programme and the beneficiary. The subsequent delivery of innovation support using the voucher itself was ultimately delivered by independent procured suppliers (and did not therefore form part of the programme's delivery/provision).

4.32 As outlined above, beneficiaries consulted during the summative assessment did refer to the challenges of the process involved in applying for the vouchers (particularly for the Innovation Vouchers). However, they were universally complimentary regarding the level of support provided by the SFSY to assist them through the process and beyond; queries were effectively addressed.

- 4.33 It is also possible to assess satisfaction with the support provided by using results of an online survey of beneficiaries facilitated by SFSY during the lifetime of the programme. This was completed by 44 beneficiaries in total, of which 39 (89%) had received an Innovation Voucher and the remaining 5 (11%) had received a Connection Voucher. This survey revealed positive views regarding the support received, whereby 89 per cent of respondents said their expectations had been met and the remaining 11 per cent said their expectations had been exceeded. No respondent said that their expectations had not been met. Furthermore, all 44 respondents said their involvement in the programme had been a 'worthwhile endeavour'.
- 4.34 Although not directly delivered by the programme itself, beneficiaries also referred very positively to the support they procured using the vouchers, both within the evaluation and via SFSY's online survey. This led to a wide range of positive outcomes, which are explored in Section 5 below.

## Addressing horizontal principles

- 4.35 Whilst addressing the **ERDF's Equality and Anti-Discrimination theme** did not dictate the approach of the SFSY Voucher Programme, the wider provision of SFSY naturally delivers improved infrastructure to areas where market failure exists and which are not deemed commercially viable. The provision of Connection Vouchers further assisted businesses within areas of market failure by enabling them to access this improved infrastructure.
- 4.36 In addition, SFSY, through its broader activities, sought to ensure a wide range of different businesses and organisations could access the programme's support – meaning it was open and available to any eligible business. This occurred through the varied promotional activities of SFSY, examples being:
- Engagement with specific organisations and community groups – for example, Age UK, MacMillan, community festivals etc.
  - Voluntary sector/social enterprise-focused campaigns
  - Widespread engagement with local authority economic development/business support functions
  - Widespread engagement with a range of intermediary organisations to promote the vouchers
  - Advertisements and press releases within newspapers and other publications
- 4.37 The beneficiary consultation undertaken as part of the summative assessment involved discussions with three voluntary sector organisations that had received vouchers.
- 4.38 SFSY, through the wider procedures of Barnsley MBC, sought to support the **ERDF's Sustainable Development theme** wherever feasible. This included utilising electronic

documentation where possible within the timescales and resource of the programme; although this was made more difficult by the funder requirement for wet signatures. The overall ethos of the programme, focused upon the use of improved broadband and digital technology, was closely aligned to sustainable development by reducing the need for travel and documentation within everyday business practices. Several beneficiaries gave examples of how their digital innovations had improved their environmental practices, with one commenting:

*“(As a result of the Innovation Voucher) We are moving away from paper based systems to electronic documents and digital information storage.”*

## Governance and management

4.39 This section provides a review of the structures in place to govern and manage the programme, and the implementation of these.

### Programme governance

4.40 The Vouchers Programme was incorporated within the governance structure of SFSY (part of the Accountable Body, Barnsley MBC). This included its discussion within SFSY’s quarterly management board meetings, supported by the submission of highlights report by the programme. These highlights reports, reviewed by the evaluator, summarised numbers of vouchers issued (by voucher type and geography) against target, spending committed against target, performance against output targets, issues and risks, milestones/activity, and publicity. The reports therefore provided a clear and succinct overview of progress.

4.41 In addition, the programme formed an agenda item within the organisation’s (approximately) monthly team meetings, attended by the following (when available):

- SFSY Broadband Contract Manager
- SFSY Broadband Programme Manager
- SFSY Broadband Project and Contract Officer
- SFSY Voucher Business Support Officer
- SFSY Business Support Officer
- SFSY Broadband Project Officers

4.42 A review of minutes from these meetings demonstrated a series of issues were discussed at each meeting regarding the Voucher Programme; in addition, a list of actions were created and reviewed at subsequent meetings.

- 4.43 Whilst the above two forums directly related to the programme, and included a series of specific actions, it is unclear the extent to which they provided effective strategic monitoring of its funding levels and associated voucher approvals; this is specifically raised due to the overspend of vouchers and feedback with indicated there was limited strategic oversight of spending levels. There was also a suggestion, based on feedback from programme staff, of the potential for more effective communication and coordination between the original Programme Manager and other (delivery-focused) members of the programme team.
- 4.44 Programme management reported positive relationships with MHCLG at a local level, including a willingness to help and advise wherever possible. However, in many instances this included reference back to existing guidance rather than providing more specific answers, particularly where the programme sought to pre-empt and obtain clarification regarding potential issues related to compliance.

### Programme management

- 4.45 As outlined in Section 2, the planned structure of the Voucher Programme's management and delivery team was to include the following:
- Programme Manager (1 day per week)
  - Project Manager (full time)
  - Business Support Officer (full time)
- 4.46 The above Programme Manager and Project Manager were in place from the outset of the programme, whilst the Business Support Officer commenced their role in January 2017 prior to the vouchers 'going live' to applicants.
- 4.47 Unfortunately, the programme faced staffing difficulties throughout its delivery period. These were largely unavoidable for the Accountable Body, for example the original Project Manager, having established much of the documentation and associated processes for the programme, took compassionate leave in August 2017 before returning in April 2018 and then leaving their post in August 2018. As the Project Manager had not officially left their role, a PCR was required to obtain temporary cover; the role was covered from November 2017 until the return of the original Project Manager. The PCR also enabled one day a week of the SFSY Contract Manager to be spent on the programme in order to assist with financial information required for its quarterly claims.
- 4.48 The above issues, together with the Programme Manager role being only in place for one day a week, meant the Business Support Officer (inexperienced at the time) was left with considerable work to do with only limited assistance for significant periods of the programme (they were the only full time member of staff for the programme between August and November 2017). Feedback referred to the considerable amount of work undertaken by this

individual to support businesses during the application process. Other members of the SFSY Team (not financed through the ERDF programme) also sought to assist wherever possible. This was made even more necessary from around March 2018 when the original Programme Manager left their role (and the Council).

4.49 In summary, despite the significant efforts of those remaining in post (and supported by others not financed through the programme) to focus upon supporting the needs of beneficiaries, there were resourcing difficulties throughout the lifetime of the programme. This was exacerbated by the significant reliance, by applicants, upon support and guidance from programme staff, as well as the processes involved in managing and reviewing applications. These factors meant there were intensive resource requirements for programme staff even if all roles had been filled throughout the delivery period. Discussions with programme representatives, along with a review of documentation, indicated that either of the following would have been beneficial to the programme (assuming all roles were filled):

- An additional Business Support Officer post to assist with the wide range of enquiries, processes and administration within the programme
- A more effectively designed and electronically-based application system (e.g. via a CRM) which reduced the resource requirements of programme staff and increasingly enabled applicants to 'self-complete'

## 5. Programme Outcomes and Impacts

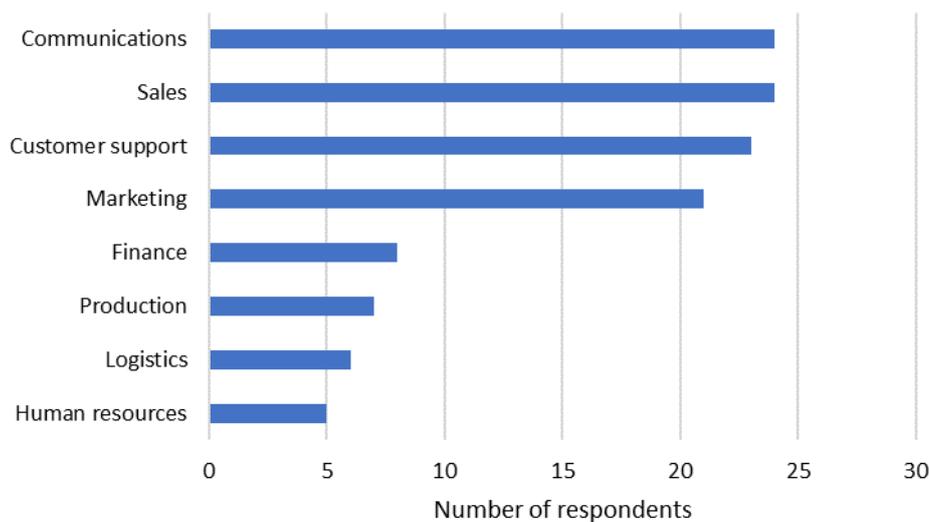
5.1 This section reviews the outcomes from the programme. It is focused primarily on feedback from beneficiaries.

### Beneficiary outcomes

5.2 As referred to previously, SFSY undertook its own survey of beneficiaries during the programme's lifetime. This led to responses from 39 Innovation Voucher beneficiaries and 5 Connection Voucher beneficiaries, representing 30 per cent and 22 per cent of beneficiaries respectively.

5.3 The findings from respondents revealed a series of positive outcomes and impacts, particularly those that had received Innovation Vouchers. For example, when asked to state the main areas of business benefit, Innovation Voucher respondents referred to communications (62% of respondents referred to this), sales (62%), customer support (59%) and marketing (54%) as the key benefits. This is summarised in Figure 5.1 below.

**Figure 5.1: Main business areas benefiting from Innovation Vouchers**



*Source: Carney Green (September 2019), adapted from data provided by SFSY  
n = 39*

*Note: respondents could provide more than one answer*

*Note: only includes answers selected by more than one respondent*

- 5.4 Although only five Connection Voucher beneficiaries responded to the survey, the main areas of business benefit referred to by these were: communications (4 respondents referred to this), finance (4), customer support (3), marketing (3), and sales (2).
- 5.5 **Across all 39 Innovation Voucher respondents, 72 per cent stated that the innovation they had implemented had enabled them to introduce new products or processes to the business.** When asked what these new products or processes were, a wide variety of responses were provided. Examples of these are shown below.

#### Examples of new products and processes enabled by Innovation Vouchers

- Fully implemented CRM process enhancing marketing and customer support/experience
- Development of e-signature functionality to increase sales opportunities
- Ability for customers to order online, increasing sales and reducing labour costs
- Improved functionality for customers (e.g. selecting specific seats online)
- Paper-based manufacturing and distribution systems moved to electronic cloud based systems
- Ability to offer full range of products online
- Launch of new learning videos
- Modern online marketing programmes and strategies
- Improved administration, including inventory management
- Introduction of a new GDPR consultancy service
- Document sharing platform/live file collaboration
- New methods to collect donations from potential funders via the organisation's website
- Implementation of a new active schools package targeted at primary schools
- Improved internal reporting processes, including bespoke reporting
- Back-up and monitoring of IT systems
- Enhanced remote working opportunities
- New products as a result of new software enabling automated production

- 5.6 **As a result of the innovation they had introduced, 69 per cent of Innovation Voucher beneficiaries (responding to the survey) stated that it had led to them taking on new work or exploring new revenue streams.** Again, when asked for additional details there were a wide variety of responses provided, with examples shown below.

#### Sample of responses from beneficiaries when asked how Innovation Vouchers had led to new work or revenue opportunities

- *Demonstrating new customer relationship software to prospective working partners in large organisations*
- *New automated processes leading to large numbers of new customers being acquired – this would not have happened without the new processes*

- *The innovation enabled better support for customers and enabled additional revenue to be created*
- *Ability to service/deliver more projects at the same time*
- *Customers previously demanded we held the Cyber Essentials accreditation*
- *Improved efficiency and organisation, meaning more effective management of higher sales volumes*
- *Enabled larger customers to be accessed*
- *Improved targeting of customers, leading to additional sales*
- *Increased range of products, for example offering items that would sell more effectively online*
- *Improved ability to tender for, and manage, projects across the UK*
- *Ability to track research contracts more effectively, meaning research scope can be expanded into other areas*
- *New online system has impressed clients and attracted new sales*
- *Improved efficiency has enabled time savings, allowing further work on contracts and associated revenue streams*

5.7 **Of the 39 Innovation Voucher beneficiaries responding to the online survey, 54 per cent stated that support had led to the creation of new jobs.** Further details revealed a variety of roles including production workers, sales/marketing team members, customer service staff, administrators, accountants and information controllers

5.8 When asked to estimate the value that the innovation had added to their business, respondents provided extremely varied answers. It is not possible to accurately cumulate or summarise these, particularly as several commented it was not possible to quantify the value, but it is notable that they varied from 'too early to say' up to '£100,000 per year of new business'. A sample of direct responses to the question are provided below.

#### **Sample of responses from beneficiaries when asked what value the Innovation Vouchers had added to their business**

- *I'd say the return will be around £30k in the first year alone*
- *I would estimate \$150k worth of new business from the software*
- *Through our increase in recurring fees, our service offering and our overall presence in the South Yorkshire market*
- *This is difficult to quantify; it brought about a change in our thought processes. We were reluctant to engage with cloud based technology but are now exploring further ways to adopt cloud based technologies*
- *Difficult to say from a monetary value now. But moving forward it will save time on admin and should create an increase in sales*
- *£40-50k per annum*
- *Hard to quantify at the moment but I would say it has helped add £100k of sales per year at the moment and should continue to build upwards over the coming years*

- *Difficult to value, but good potential for sales increase and improved staff morale and motivation*
- *It's very hard to quantify the value at this stage. The project was necessary for us, but it has taken significantly more time and work to get to the stage where we are fully reaping the benefits in all areas of the business*
- *It is still early days but we would estimate £100k in the first full year*
- *The innovation has allowed a greater understanding of our opportunities and processes, and the ability to be more strategic in our marketing activities. Combining these factors means we can efficiently track leads through to conversion with greater visibility across all service lines*
- *It has added approximately £50,000 in its first year to our top-line revenue*

5.9 Although only a small sample (5) of Connection Voucher beneficiaries responded to the SFSY online survey, none of these said the intervention had yet led to new products or jobs. However, when asked what value had been added to their business through the vouchers, they provided positive responses as shown below.

#### **Responses from Connection Voucher beneficiaries when asked what value had been added to their business**

- *Hard to quantify but the improved speed and reliability have reduced lost time in the office*
- *Improved internet access in an area where the connection was very poor*
- *Perhaps £2-£3k per annum*
- *Fewer disruptions to the working day with a faster more reliable broadband - the support from SFSY with the additional funded workshops and conferences along with social media updates and posts have also been an extremely useful addition to the service*
- *A more stable connection enabling us to access internet and provide a better communication service as our phone lines are VoIP*

5.10 It is notable that none of the Connection Voucher beneficiaries responding to the survey said they would have progressed with their project had they not been able to access the voucher. Furthermore, only 21 per cent of Innovation Voucher respondents said they would have progressed their projects. Of these 21 per cent, several commented that, whilst they would have progressed it eventually, it would have taken a lot longer without the financial support of the voucher; others stated that the changes they would have implemented would have been to a lower quality/standard.

5.11 More detailed one-to-one discussions with programme beneficiaries highlighted a further wide range of benefits and associated impacts resulting from the support received, related to both Connection and Innovation Vouchers. These are summarised in Figure 5.2 below.

When combined with the findings from the online survey above, they demonstrate the following broad impact themes:

- **Improved efficiency:** Enhanced connectivity and innovation projects enhanced the efficiency of many of the programme's beneficiaries. This occurred through various forms but primarily centred around improved functionality, communication and administrative systems – for example, online payment systems, improved administrative/data storage systems, implementation of VoIP/other cloud-based systems etc. These enhancements provided more efficient working practices, making day-to-day working life easier and provided more time for other activities.

*“Our internal reporting processes have now been combined and bespoke reporting is now possible and is being implemented as required. All teams have now adapted their way of working to use the new methods and efficiencies are already being seen.”*

- **Enhanced capacity/offer:** Both Connection and Innovation Vouchers had, in many cases, increased the capacity and/or offer provided by beneficiaries. This was sometimes a result of improved efficiency (see above), but was also related to factors such as greater bandwidth capacity (e.g. allowing more remote working and the ability to transfer larger files) and the development of new products/services.

*“Our improved bandwidth meant we could take on a lot of different projects. One example was being able to host a large event for one of our sponsors. They needed this to be streamed live, which we were suddenly able to do with our improved bandwidth.”*

- **Customer facing benefits:** Several of the beneficiaries, particularly those that had received Innovation Vouchers, had made direct improvements to the customer-facing aspects of their organisation. Examples included new online payment systems, online booking systems, card payment provision, and improved website functionality. Beneficiaries commented this made them look increasingly professional and also reported positive feedback from customers.

*“Our customers have really welcomed the changes we have implemented. They have a much easier way of booking and paying for appointments now.”*

- **Improved marketing and visibility:** Partly aligned to the previous theme, some beneficiaries had used their Innovation Vouchers to improve their marketing activity and general visibility. Much of this related to improved websites/website functionality, and had led to enhanced income as a result. More directly related to improved income, in addition some beneficiaries commented that their Connection or Innovation Vouchers enabled them to offer more products via online methods.

*“We are now able to offer our full range of products online, widening our reach and increasing sales, and thus benefiting the charity as a whole. Customers are also able to*

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*gain information about the charity and the work that we do. This has led to increased donations to the charity, and bookings for our workshops. It has also increased our visibility, giving credence to the charity when people are searching online for us.”*

- **Economic benefits:** Although this was not collected systematically by the programme, consultation with beneficiaries identified that the vouchers had created economic benefits for them regarding increased turnover and, to some extent, job creation – particularly Innovation Vouchers. It was often not possible for them to quantify these impacts, and they were also influenced by other factors, but there were clear direct and indirect examples given.

*“The initial improved efficiency from our workflow interface (funded via an Innovation Voucher) led to a turnover increase from £200k to £500k, as well as five new jobs.”*

Figure 5.2: Summary of support received and subsequent outcomes and impacts (beneficiaries consulted during evaluation)

Summary of support received	Headline outcomes and impacts
<b>Connection Vouchers</b>	
<ul style="list-style-type: none"> <li>• The beneficiary business, a climbing centre open to the public, was located in an area where existing broadband was very slow and continually cut out.</li> <li>• This impacted negatively on how the business operated, for example the card/PDQ machine kept hanging up whilst payments were being processed.</li> <li>• Wireless internet was unavailable in the area at the time, so the business used the Connection Voucher to access a satellite system of a local supplier organisation; this led to a much improved service.</li> </ul>	<ul style="list-style-type: none"> <li>• The improvement has made day-to-day activity within the business much easier. Bandwidth is no longer the main consideration for the business when it is considering new developments.</li> <li>• It has also increased the business' capability considerably, an immediate example being its ability to hold an event on site for one of its sponsors – this required live streaming of the event, which would not have previously been possible.</li> <li>• The business has created a new customer log-in facility so that people can access the internet while on site (for example parents can do so whilst their children are climbing); this has been well received.</li> <li>• The improvements have made the business look more professional to customers; this is also linked to additional sales where people are less likely to experience problems when booking online.</li> <li>• The business reported that, without the Connection Voucher, it would have had to 'muddle on' without the improvements that have now been realised.</li> </ul>
<ul style="list-style-type: none"> <li>• The beneficiary, a charitable organisation, was in the process of moving into new offices.</li> <li>• Previously it had an old analogue phone system and only basic internet access.</li> <li>• It therefore used the Connection Voucher to access superfast broadband.</li> </ul>	<ul style="list-style-type: none"> <li>• The improved broadband has given the charity a much more stable platform.</li> <li>• It has also enabled it to obtain a VoIP system.</li> <li>• Overall, the charity reports it is able to provide a much improved customer experience.</li> </ul>

<ul style="list-style-type: none"> <li>• The beneficiary, an IT and technology support provider, was moving into new premises where connectivity was poor with no FTTC broadband available.</li> <li>• The most suitable option available was to create a wireless lease line for the business – the Connection Voucher was utilised for this.</li> <li>• The beneficiary also attended events provided by the SFSY Business Programme.</li> </ul>	<ul style="list-style-type: none"> <li>• The new connection was described as ‘excellent’ by the beneficiary.</li> <li>• This has meant the business has been able to adopt a range of new technologies including a VoIP system and other cloud-based technologies.</li> <li>• The improvements have opened up a range of opportunities for the business and enabled it to undertake projects it would otherwise have been unable to consider. An example of this was taking on a large project which involved turning round a 1,000 handset and mobile roll out – this would not have been possible without the bandwidth that the business now has.</li> <li>• Ultimately, the Connection Voucher has supported the business to improve turnover and create jobs; since it was implemented (over two years ago) the business reports an increase in turnover from £400k to £1.25m and an increase in employees from 8 to 15.</li> </ul>
<b>Innovation Vouchers</b>	
<ul style="list-style-type: none"> <li>• The beneficiary business provides sublimation blanks, consumables and inks to the trade – it has storage, warehousing and distribution facilities in Sheffield.</li> <li>• A particular service it provides is print on demand, which involves creating gift products and allowing designers, artists and brand owners to personalise/customise those products and make them available to their customers without the need to own inventory.</li> <li>• The beneficiary identified the need to change its business model by building new software to enable improved workflow and resulting efficiency improvements. This initially involved the need to develop workflow software (and associated workflow</li> </ul>	<ul style="list-style-type: none"> <li>• The innovation was described by the business as having created a ‘massive impact’ already, specifically by enabling the whole business model to change.</li> <li>• This has significantly improved the efficiency of business activities, leading to an initial turnover increase from £200k to £500k and an increase of five jobs; the business suggested that approximately 65 per cent of these impacts were due to the Innovation Voucher.</li> <li>• Following the initial development of the workflow interface, the full user interface has recently been completed (this element did not involve funding from the SFSY Voucher Programme); it is predicted that this will create even larger impacts with turnover this year anticipated to rise to £1m and a significant number of additional jobs also expected.</li> </ul>

<p>interface), which accurately routes orders regarding which station within the business' printing facility it is directed to.</p> <ul style="list-style-type: none"> <li>• An Innovation Voucher was therefore used to fund a software development company to build the workflow software.</li> </ul>	
<ul style="list-style-type: none"> <li>• The beneficiary was a charity that provides, trains and supports specialist assistance dog partnerships to increase the independence and quality of life for those affected by autism, epilepsy and physical disability.</li> <li>• The organisation identified the need for a new, more functional website due to increasing demand for its services.</li> <li>• Specifically, it needed a mechanism whereby it could address enquiries more effectively via its website.</li> <li>• The new website was also designed to improve the ease by which people could give donations, purchase merchandise and generally engage with the charity.</li> <li>• The Innovation Voucher was therefore used to procure a consultant to design the new website and its associated functionality.</li> </ul>	<ul style="list-style-type: none"> <li>• The new website is described as having a significant positive impact on the charity; for example, data shows that, in July 2018 it received 5 online donations, whilst in July 2019 (after the new website had gone live) it received 38. Furthermore, website visits increased from 18,000 in July 18 to 31,000 in July 19.</li> <li>• In addition to increased donations, the charity has also increased its income from merchandise sold via the website.</li> <li>• The website has also enabled the charity to outline much clearer criteria for support requests, meaning it has become more efficient by reducing time spent dealing with inappropriate enquiries.</li> <li>• The beneficiary stated that, without the Innovation Voucher, the changes would have taken much longer.</li> </ul>
<ul style="list-style-type: none"> <li>• The beneficiary, a counselling provider based in Sheffield, was aware that its systems had become increasingly outdated. For example, it was still taking cash payments only and customers increasingly requested the use of card payment facilities.</li> <li>• In addition, due to the reliance on cash payment, when people cancelled appointments within 24 hours of the scheduled date (which would normally mean no refund),</li> </ul>	<ul style="list-style-type: none"> <li>• The voucher was used to develop a whole new website incorporating an online booking and payment system.</li> <li>• This has meant much greater flexibility for customers, whereby they can select specific days, times or counsellors to view availability before booking online.</li> <li>• Customers now make an advance payment online when booking their appointment; this can be amended and/or refunded as long as this is more than 24 hours before the appointment is scheduled – as a result,</li> </ul>

<p>it was difficult to obtain payment from them – meaning the business was losing income.</p> <ul style="list-style-type: none"> <li>• It was therefore decided that an online booking system was required, with the ability to take online payments in advance.</li> <li>• This was initially too expensive for the business to consider; however, upon discovering the Innovation Vouchers it became possible.</li> </ul>	<p>customers have greater flexibility and the business accesses payment in advance (and no longer loses income due to short-notice cancellations).</p> <ul style="list-style-type: none"> <li>• Customers have provided positive feedback to the beneficiary regarding the new system, while it has also made day-to-day working a lot easier for the business itself.</li> <li>• The business' turnover has subsequently increased and, whilst a range of factors have contributed to this, the website has definitely been an enabling factor.</li> </ul>
<ul style="list-style-type: none"> <li>• Originally launched as a record label and publishing company, the beneficiary has become a multi-faceted company dedicated to developing artists of all genres within the music industry.</li> <li>• The digitalisation of the music industry presented an opportunity for the business to develop an automated process which could collect a varied range of income streams for artists, for example related to publishing and royalties.</li> <li>• The Innovation Voucher and its associated match, along with additional investor income, was used to create an initial platform for this process.</li> </ul>	<ul style="list-style-type: none"> <li>• The initial platform, launched as a Minimum Viable Product (MVP) in 2018, has been used by the business to demonstrate to potential clients how it works.</li> <li>• It has received very positive responses so far, for example the business was invited to showcase the technology in India, which has led to a joint venture with a company based there.</li> <li>• It is still relatively early days and the platform continues to be developed; however, the beneficiary expects the product to ultimately turn over a significant amount of money.</li> <li>• The innovation represents a new approach within the industry.</li> </ul>
<ul style="list-style-type: none"> <li>• The beneficiary business provides comprehensive plumbing, gas, facilities, heating and water management service for industrial, commercial and domestic customers.</li> <li>• A particular and increasing focus of its work is focused around legionella control, which requires a significant amount of information to be recorded for each client site.</li> </ul>	<ul style="list-style-type: none"> <li>• The consultant used to develop the new system worked closely with the beneficiary to ensure it was designed specifically for the business' needs; subsequently creating a bespoke system which could capture all required information.</li> <li>• The main impact of the new system is that it has become a lot more efficient and effective to capture and store the required information; furthermore, it is now a lot quicker to produce required forms using this information (this can now be done 'at the click of a button').</li> </ul>

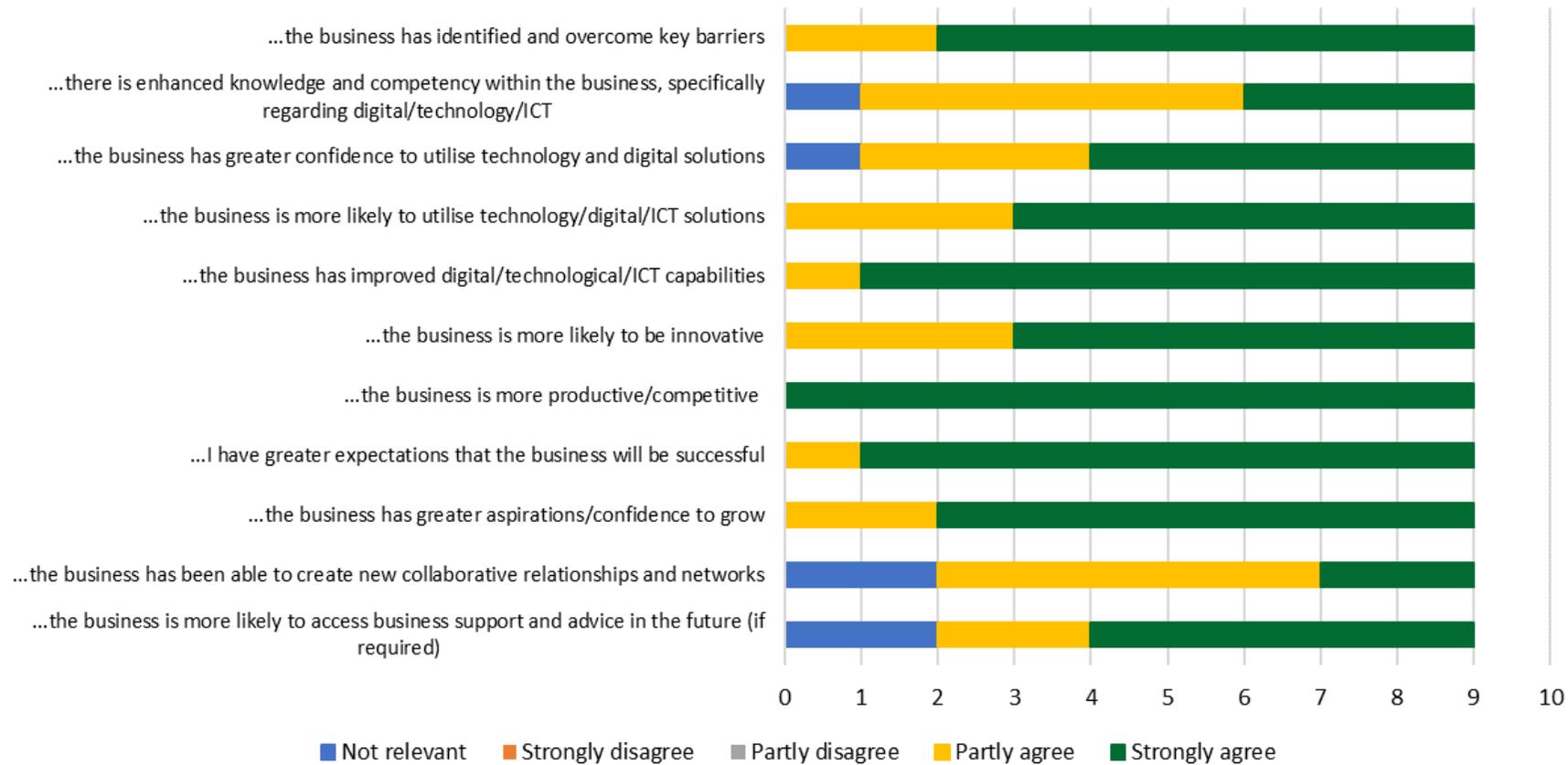
<ul style="list-style-type: none"> <li>• The business was previously using Microsoft Excel to record this information – this approach was time consuming, inefficient and open to error.</li> <li>• The business therefore identified the need to develop an extension to its existing Warehouse Management System (WMS) database which would enable the centralised collection and storage of all information related to its legionella control activities; this is what the Innovation Voucher was used to purchase.</li> </ul>	<ul style="list-style-type: none"> <li>• The beneficiary also reported that there is also now much less chance of errors within the information.</li> <li>• Whilst the beneficiary was unable to quantify the impact of the innovation, the legionella control element of the business has continued to expand – they stated that, without the new system, it would not have been able to cope with this demand.</li> </ul>
<ul style="list-style-type: none"> <li>• The beneficiary organisation is a charitable preservation trust that manages and maintains a stately home in South Yorkshire.</li> <li>• It initially faced issues with poor bandwidth as a result of accessing broadband via satellite. This restricted its ability to develop its own website, as well as presenting it from taking online bookings. It also meant the organisation’s telephony systems were insufficient for its needs.</li> <li>• Although the organisation was unable to access a Connection Voucher (due to ineligibility), it subsequently accessed an Innovation Voucher to develop a functional website and improve the telephony systems.</li> <li>• By accessing funding for the website and telephony systems, the organisation was able to itself fund the improved connection.</li> </ul>	<ul style="list-style-type: none"> <li>• The new website has provided the organisation with the ability to take large volumes of automated online bookings.</li> <li>• Similarly, the organisation still receives significant telephone enquiries, which can now be dealt with more efficiently by its new telephony system; the functional website has also reduced the pressure on the telephone systems.</li> <li>• The result of these improvements has been a significant increase in the organisation’s ability to take bookings, leading to more sales and increased turnover. For example, it currently runs six scaffolding tours and six house tours each day; the beneficiary commented that without the online booking system to handle this it would not have been possible.</li> <li>• As a result of the improvements, the organisation’s growth is described as ‘strong’, with it now having 25-28 FTE staff (it was c18 staff when the organisation applied for the voucher), as well as large numbers of additional part-time/temporary staff.</li> <li>• The website has also increased the professional outlook of the organisation from the perspective of customers and potential customers.</li> </ul>

Source: Carney Green (September 2019)

- 5.12 All nine beneficiaries that were consulted via detailed interviews were asked a series of statements regarding the impact of the programme's support. For each statement they provided one of the following responses: *strongly agree*, *partly agree*, *partly disagree*, *strongly disagree* or *not relevant*. The findings from these questions are shown in Figure 5.3 below.

Figure 5.3: Response from beneficiaries to statements regarding programme impacts

*Due to support from the SFSY Voucher Programme...*



Source: Carney Green (September 2019)

- 
- 5.13 Figure 5.3 demonstrates that all respondents strongly agreed with the statement that their business was more productive/competitive as a result of the support received via the Voucher Programme. Other key findings included:
- All but one respondent strongly agreed with the statement that they expected their business to be more successful as a result of the Voucher Programme
  - All but one respondent strongly agreed their business had improved technological/digital/ICT capabilities as a result of the Voucher Programme
  - All but two respondents strongly agreed that their business now had greater aspiration/confidence to grow as a result of the programme's support
  - All but two respondents strongly agreed that they had identified and overcome barriers as a result of the support received

## Economic impacts (gross and net)

- 5.14 As discussed above, the SFSY Connection and Innovation Voucher Programme did not have contracted targets related to employment outcomes (C8). The programme did not therefore systematically collect data regarding job creation, turnover increase or Gross Value Added (GVA) generated. Given the timing of the summative assessment, it was also not possible to collect sufficiently robust economic impact data during the primary research; particularly given the focus of the programme was not based upon job creation or turnover increase.
- 5.15 Despite this, the sections above have demonstrated that the programme did indeed lead to some direct and indirect economic impacts, with several examples being provided. The only realistic way to estimate the employment (and potentially GVA) related impacts from the programme would be to extrapolate data collected through SFSY's online beneficiary survey, completed by 44 organisations. This established that, across both voucher types, 48 per cent of respondents had created a job as a result of the support. However, there is insufficient robustness here to understand: a) how many jobs each of these respondents created; b) whether this could realistically be extrapolated across the remaining beneficiaries that did not complete the survey; or c) the level of attribution from the programme towards these jobs.

## Performance against other logic model outcomes and impacts

- 5.16 The original SFSY Connection and Innovation Vouchers logic model, developed by the Accountable Body at the outset of the programme, included the following outcomes, as shown in Figure 5.4.

### Figure 5.4: Outcomes within programme logic model

#### Logic model outcomes

- Increased GVA
- Increased business take up of 30Mbps+ broadband
- Increased business take-up of innovative digital technologies
- Increased company turnover and employment

*Source: SFSY Connection and Innovation Vouchers logic model (developed by the Accountable Body)*

*Note: no impacts were included within the logic model*

- 5.17 Where feasible, a review of performance against the above outcomes is provided below in Figure 5.5.

Figure 5.5: Progress against logic model outcomes

Progress	
Increased GVA	<ul style="list-style-type: none"> <li>The programme did not collect data to test this</li> </ul>
Increased business take up of 30Mbps+ broadband	<ul style="list-style-type: none"> <li>Data provided by the Accountable Body demonstrated that 29 businesses had increased improved their broadband speed to at least 30Mbps</li> <li>The majority of these achieved this via the Connection Vouchers, with the remainder doing so following support via the Innovation Voucher</li> <li>Furthermore, an online survey facilitated by SFSY, completed by 39 Innovation Voucher beneficiaries, established that 18% of these had upgraded their broadband connectivity as a result of the innovation</li> </ul>
Increased business take-up of innovative digital technologies	<ul style="list-style-type: none"> <li>Feedback from beneficiaries, via the summative assessment and SFSY's online survey, demonstrated that the Innovation Vouchers had resulted in an increased take-up of innovative business technologies</li> <li>The innovative technologies adopted as a result of the programme were varied, although the most common uses included introducing CRM systems, cloud-based systems and generally enhanced functionality</li> <li>Consultation with beneficiaries identified that the vouchers were used for truly innovative purposes; in some cases these were relatively basic innovations but nonetheless were clearly innovative to the beneficiary organisation; in other cases they were innovative at a much wider industry level</li> </ul>
Increased company turnover and employment	<ul style="list-style-type: none"> <li>The programme did not collect data to test this</li> <li>However, a survey of programme beneficiaries undertaken by SFSY established that, of 39 Innovation Voucher beneficiaries that responded to the survey, 54 per cent stated that support had led to the creation of new jobs.</li> <li>None of the five survey respondents that had accessed Connection Vouchers said these had led to job creation.</li> </ul>

Source: Carney Green (September 2019)

### Strategic Added Value

- 5.18 This section explores the SFSY Connection and Innovation Voucher Programme's main contributions to Strategic Added Value (SAV). The programme was not ultimately designed to focus upon SAV, hence an overall summary of its contribution is provided below, rather

than exploring the separate elements of SAV. Despite this, it did provide contributions via the following:

- The programme enabled a clear and direct focus upon the importance, and associated benefit, of superfast broadband – as well as the wider digital technology and related business growth opportunities this can create; in this respect it provided strategic leadership across the SCR.
- The programme provided direct support for businesses to enable them to access superfast broadband and associated digital technologies which could be utilised as a result of this; it therefore acted as a catalyst for improved connectivity, the greater use of digital technology and innovation.
- The programme facilitated enhanced engagement across a wide range of partners throughout the SCR to increase awareness of, and engagement with, superfast broadband and the opportunities it provides; working with these partners helped to provide a degree of strategic influence and also improved demand for the programme's provision.

## 6. Programme Value for Money

- 6.1 This section draws upon findings from previous sections of the report to provide an analysis of the programme's value for money.

### Cost of outputs

- 6.2 Cost per outputs are calculated using overall programme expenditure divided by the number of outputs achieved, for each type of output indicator. It is important to recognise there are some limitations with this approach, specifically that not all programme expenditure is focused on all output types (it is not possible to disaggregate programme expenditure whereby it can be 'allocated' to separate output types). Identifying cost per outputs is, however, a commonly used method of assessing value for money for ERDF and other interventions.
- 6.3 Figure 6.1 below provides 'planned' cost per outputs, based on the PCR expenditure and output targets, as well as the achieved/projected cost per outputs, based on the performance data shown in Section 3.

Figure 6.1: Profiled and achieved cost per outputs

Indicator	Original 'planned' cost per output	Achieved cost per output
C1 (enterprises receiving assistance)	£12,673	£16,868
C5 (new enterprises supported)	£211,211	£371,090
P4 (additional businesses taking up broadband access of at least 30mbps)	£42,242	£89,574
C2 – Number of enterprises receiving grants	£12,673	£16,868
C6 – Private investment matching public support to enterprises (grants)	£2.16 spent for every £1 privately matched	£2.14 spent for every £1 privately matched

Source: Carney Green, adapted from data provided by the Accountable Body (July 2019)

Note: includes all programme expenditure (hence there is a 'double cost' related to private match funding within C6; this is included for consistency as other output unit costs are based on full funding)

- 6.4 Figure 6.1 shows that the programme spent marginally less money per £1 of privately matched funding than originally planned. More disappointingly, the programme achieved higher unit costs for all other output types; for example, its cost per enterprise assisted was £16,868 compared to an estimated original unit cost of £12,673. The primary reason for these higher unit costs was the programme's higher average voucher value (than originally planned based on output targets), which meant a lower number of vouchers could ultimately

be provided; this directly impacted on the unit costs for C1 and C2 but also had an indirect effect on unit costs for P4 and C5; P4 was further affected by the low proportion of Connection Vouchers compared to Innovation Vouchers.

### Benchmarking

It is difficult to ascertain what constitutes ‘good’ value for money without reviewing data against comparator interventions. Unfortunately, there is relatively limited literature or data available in this respect. Carney Green has developed a series of cost per outputs based on its recent range of evaluations (of business support projects). Whilst these do provide an opportunity for comparison, it is important to recognise the comparators are not broadband projects and are not focused on providing grant/voucher funding to beneficiaries.

- 6.5 In addition to these comparisons, output unit cost guidance provided for the ERDF 2014-2020 programme,<sup>17</sup> whilst recognising the significant output cost variation across programmes,<sup>18</sup> provides mean and median suggested unit costs for different types of outputs; figures here are based on analysis of 1,185 previous interventions. These, together with unit costs of other interventions evaluated by Carney Green, are shown alongside the SFSY Voucher Programme in Figure 6.2 below regarding C1 and C6 cost per outputs (comparator interventions have been anonymised).

**Figure 6.2: Benchmark costs for business assists and private match funding**

ERDF intervention	Cost per business assist (C1/C2)	Cost per £1 privately matched funding (C6)
SFSY Connection and Innovation Vouchers	£12,673	£2.14 spent for every £1 privately matched
Project 1	£2,390	Not applicable
Project 2	£31,862	Not applicable
Project 3	£9,632	Not applicable
Project 4	£5,581	Not applicable
Project 5	£6,292	Not applicable
Project 6	£5,613	£4.49 per £1 invested privately
2014-2020 programme indicative guidance	£10,200 (intensive support)	Not available

Source: Carney Green (September 2019)

Note: all figures from comparator projects have been adjusted for inflation

<sup>17</sup> Regeneris Consulting (2013) England ERDF Programme 2014-20: Output Unit Costs and Definitions

<sup>18</sup> For example, a business assist (i.e. a C1) can range from two days’ (i.e. six hours per day) active consultancy advice or other non-financial assistance, to a significant grant award, or attendance at a series of one-to-many events

- 6.6 Figure 6.2 does suggest that, in comparison to the other intervention which included C6 unit costs, the SFSY Connection and Innovation Voucher Programme provided good value for money – whereby it achieved a unit cost of £2.14 for every £1 privately matched, compared to £4.49. In contrast, when considering C1 unit costs, the SFSY Voucher Programme performs less positively in value for money terms. However, it is very important to recognise here that these represent different types of programmes; in particular the focus on providing funding (vouchers) means it is wholly different to most of the other interventions shown.

## Economy, efficiency and effectiveness

- 6.7 Value for money can also be explored with regard to economy, efficiency and effectiveness. Specifically, these relate to:

- **Economy:** the careful use of resources to save expense, time or effort (what is spent)
- **Efficiency:** delivering the same level of service for less cost, time or effort (how the money is spent in terms of delivering the service)
- **Effectiveness:** delivering the same level of service or getting a better return for the same amount of expense, time or effort (what returns are provided by the money spent)

- 6.8 Each of these is explored below for the SFSY Voucher Programme.

- **Economy:** Whilst it was positive that the programme was able to fully expend its allocated budget, the overspend of funding suggested there could have been greater oversight of expenditure aligned to voucher approvals. However, it is also noteworthy that the programme used very minimal levels of staffing to provide a wide range of benefits to businesses.
- **Efficiency:** As outlined above, the programme was able to allocate all of its voucher funding whilst utilising relatively low levels of staff resource; in this respect it was efficient. However, it is recognised that the staffing resource which was utilised had to work extremely hard to support beneficiaries with their applications (as recognised by beneficiaries). Increased use of electronic/automated application processes may have increased efficiency further. The significant use of partner organisations to help promote the programme reduced the amount of resource required for marketing purposes (although the programme's marketing budget was overspent it remained a relatively low figure).
- **Effectiveness:** It is difficult to assess the value for money of the programme, but the majority of its unit costs were greater than originally planned. This was due to a higher

average voucher amount than originally anticipated – however, these vouchers were demand-led and led to a wide range of positive outcomes and impacts for SMEs.

## 7. Conclusions and Lessons Learnt

- 7.1 In line with the summative assessment guidance, this section provides headline findings by identifying the programme's strengths and its areas for improvement. It does not, therefore, duplicate the Executive Summary by providing conclusions for each section of the report.
- 7.2 The section concludes by providing a series of lessons learnt for key audiences, again as outlined within the summative assessment guidance.

### Programme strengths

- **Demand-led provision:** The programme's provision was truly demand-led, whereby individual businesses/organisations directly applied for vouchers. Whilst this created some challenges for the programme, for example in terms of the higher average value of vouchers than originally planned and the associated lower number of individual vouchers that could be approved, it meant applications could be based on the exact requirements of SMEs.
- **Enabling true innovation:** Aligned to the previous point, the programme's relatively open and unconstrained application criteria for the Innovation Vouchers enabled SMEs to put forward, and subsequently fund, a series of truly innovative projects. In some cases these were only innovative to the applicant itself, while in other instances they were innovative at an industry-level.
- **Positive outcomes for businesses:** Consultation with beneficiaries of both Connection and Innovation Vouchers identified a series of positive outcomes for businesses. These initially centred upon improved efficiency but also included enhanced capacity, the development of new products/processes, customer facing benefits and improved marketing/visibility. There was also evidence that these outcomes, for some beneficiaries, led to a series of economic benefits related to increased turnover/sales and job creation.
- **Achievement of key objectives:** The programme successfully achieved a series of its key objectives, for example:
  - Delivering a demand-led voucher scheme to eligible SMEs in the SCR
  - Supporting SMEs to introduce transformational innovations to improve business performance
  - Raising the confidence of SMEs in using digital technology, and therefore supporting them to increase their levels of productivity and competitiveness
  - Addressing the market failures prevalent in the adoption of digital technology amongst SMEs
- **Significant support provided to applicants:** Whilst there were challenges face by SMEs with the application itself, programme staff (despite limited resources) worked hard to provide bespoke telephone and electronic support and guidance to applicants; this was well received by beneficiaries consulted during the summative assessment.

- **Integration with wider provision:** The programme's provision was designed, wherever possible, to be complementary with other available support interventions. In particular it was positively aligned with the wider infrastructure activities of SFSY and SFSY's ERDF-funded Business Programme (which raised awareness of the benefits of enhanced broadband and the wider digital opportunities it creates). The programme was also supportive of wider policy priorities related to improved productivity and efficiency.
- **Engagement with partners and intermediaries:** SFSY utilised its broader activities to ensure effective engagement with a range of partner organisations and intermediaries for the purpose of raising awareness of its provision. This included the SCR Growth Hub, local authority business support providers, chambers of commerce, and local community organisations.
- **Learning lessons:** SFSY sought to continually evolve and improve the programme wherever possible, a specific example being reducing the number of quotes required from Innovation Voucher applicants from three to one. Furthermore, it is understood that the organisation has submitted an application for a successor intervention which has taken on board lessons for the previous programme (including via findings obtained from SFSY's online beneficiary survey), for example incorporating competitive application stages (rather than 'first come first served').

## Areas for improvement

- **Output targets design:** The initial planned programme outputs were inconsistent whereby they did not adequately consider the potential for higher average voucher values, and the effect this would have on C1/C2 output targets; they were also based only on Connection Vouchers and did not appear to consider the higher value associated with Innovation Vouchers. Despite a PCR to rectify this, it ultimately meant that the funding allocated for vouchers was expended well before the expected (C1/C2) total number of vouchers was provided. This was also influenced by a much higher proportion of Innovation Vouchers being applied for compared to Connection Vouchers.
- **Consideration of competing schemes:** During the early stages of the programme it became evident that a 'competing' voucher scheme was available within the D2N2 region; the availability of this scheme directly conflicted with the SFSY Voucher Programme within the SCR's More Developed Region, specifically Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire. Whilst SFSY and D2N2 worked together to address this, it ultimately reduced the pool of potential applicants available to the SFSY Voucher Programme.
- **Efficiency of application process:** Feedback from beneficiaries and programme staff referred to a relatively bureaucratic application process, particularly for Innovation Vouchers. It is recognised this was primarily due to the range of supporting documents required to meet funder requirements, as well as the need for 'wet' signatures. The process could also have been improved by increasing its functionality for both applicants and programme staff, for example by integrating it within an online CRM. However, it should be recognised that the process did ultimately ensure

detailed and accurate applications were received (partly due to the detailed support provided by programme staff).

- **Staffing resource:** Although exacerbated by unavoidable absenteeism, the staff resource levels available within the programme were low in light of the considerable support requirements of SMEs throughout the application process. In addition to more resource, this above challenges could also have been reduced by a more automated application process (see above) and by obtaining applications within specific 'rounds' or stages (see below).
- **'First come first served' approach:** Whilst the programme's 'first come first served' approach to receiving applications meant it was demand-led and that funding was allocated quickly, it created significant challenges for the programme team. Specifically, it meant large numbers of applications needed to be assessed at the same time as support was required for existing applicants; this challenge was exacerbated by the low staffing resource. The first come first served approach also made it more difficult for the programme management to maintain oversight of expenditure levels (see below).
- **Oversight and monitoring of approvals:** Closely linked to the previous issue, feedback from programme staff indicated sometimes limited levels of strategic oversight and monitoring in terms of funding being approved through the vouchers; ultimately the voucher budget was overspent.
- **Assessment of Innovation Voucher applications:** Although it was positive that applicants were provided with significant flexibility when submitting Innovation Voucher applications (regarding their innovation project), the assessment of these was partly subjective and open to interpretation; this gave the potential for inconsistency. It would have been helpful to develop a more detailed set of criteria to assess each application against, and would also have been beneficial to include moderation by two separate individuals.

## Lessons Learnt

- 7.3 This section outlines a series of lessons learnt for consideration by two different audiences, as required within the summative assessment guidelines.<sup>19</sup> Many of these lessons learnt reflect the areas for improvement outlined above, whilst some build on good practice from within the programme.

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<sup>19</sup> The summative assessment guidance requests lessons learnt for three audiences: the grant recipient/project delivery body; those designing and implementing similar interventions; and policy makers. However, as the Voucher Programme has now finished, it was deemed appropriate to combine the first two audiences.

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## Lessons for SFSY and those designing/implementing similar interventions

- Future application processes should be increasingly functional for applicants and programme staff through the greater use of electronic-based systems. An example would be to use a CRM-system to process and manage applications. This would provide benefits to the applicants, whereby all associated forms would be incorporated and the applicant could ‘save and return’ their application. It would also provide benefits to programme staff by increasing automation within the process (for example, upon completing an initial application, the system would produce an automated and completed form to be signed). Furthermore, the system could be designed to continue managing data for individual beneficiaries throughout their involvement in the programme.
- Although the above recommendation would reduce the time requirements of programme staff, it is important that interventions ensure sufficient resource is available to manage the required levels of administration and guidance. This should specifically consider the likely need to engage directly with individual applicants/beneficiaries throughout their involvement in the intervention.
- Whilst there will inevitably be a degree of interpretation and subjectivity when assessing applications linked to themes such as innovation, a clear framework should ideally be developed which sets criteria aligned to a scoring system for use when assessing applications. This would help to ensure consistency. It would also be beneficial, where resources permit, to adopt a dual approach whereby two staff members independently assess each application and subsequently review their scores.
- In designing interventions, there needs to be recognition of potentially conflicting outputs/expenditure targets and how these can influence each other. This is a particular issue for programmes that provide funding to beneficiaries (e.g. via vouchers or grants); for example, if the average voucher/grant is higher than anticipated, the intervention’s expenditure allocated to this will be exhausted before the total number of vouchers/grants is achieved (this often relates to C1/C2 output targets). A solution to this could include robust monitoring of spend to ensure average voucher/grant levels are maintained; however, this would have the potential to reduce the ‘demand-led’ approach of interventions. An alternative would be to include competitive and staged rounds of bidding (see below).
- Future interventions providing voucher funding may wish to consider fixed time periods or ‘rounds’ whereby a proportion of the funding is made available and all applications received in that round are reviewed competitively based on the funding available.<sup>20</sup> This would provide the following advantages: a) enable clearer monitoring of overall spend levels; b) enable clearer monitoring of overall (approved) voucher numbers; and c) ensure programme staff can be

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<sup>20</sup> An alternative would to still utilise time-based ‘rounds’ of applications but without applying a funding limit for each round

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focused on specific activities for specific periods of time (e.g. support to applicants prior to the deadline and assessment of applications post-deadline).

- It was positive that the Voucher Programme was focused on applications by beneficiaries rather than suppliers. Although this may have created the need for greater guidance and administrative support (as the alternative may have led to a smaller number of suppliers becoming increasingly aware of the application requirements), it helped to ensure the programme was demand-led.
- Feedback indicated that, following installation of the innovation by their supplier, Innovation Voucher beneficiaries often took a considerable length of time before they submitted the pay voucher redemption invoice to SFSY. It is recommended that a time limit should be placed upon this within future interventions.
- Whilst it would require considerable additional resources, future interventions offering vouchers related to innovation could consider incorporating a level of consultancy advice whereby an adviser (funded through the programme) could visit them to undertake an 'audit' of their existing processes and provide tailored recommendations regarding potential innovation enhancements/solutions related to ICT/broadband usage.

### Lessons for policy makers

- Interventions should incorporate a 'lead-in' period prior to delivery commencing. Ideally this would be for a minimum of three months and would support the creation of programme templates and processes, the development of effective communication mechanisms, and complete clarity regarding the approach to management and delivery. It could potentially be extended to include a trial period of delivery.
- Wherever possible, funding-based targets should be focused upon outcomes rather than outputs; this shows the actual impact of support delivered, rather than the volume of delivery. For an intervention such as the SFSY Connection and Innovation Voucher Programme this could include a series of outcome indicators focused on what the vouchers led to – for example, adoption of new technology, new products, new customers etc.
- The requirement for 'wet' signatures from beneficiaries is not ideal in terms of the efficient use of resource/time, or in relation to environmental sustainability; this is particularly the case for programmes focused around enhancing innovation and the use of digital technology. The use of electronic signatures should therefore be encouraged.
- Throughout the delivery of interventions, continual feedback should be sought from beneficiaries to identify changing needs and demands; interventions should ideally be designed whereby there is flexibility to respond to such changes.

