

Hanmer Management Ltd

Final Summative Assessment of
The Dorset Business Growth Programme and
Recovery Child Project

February 2023



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Executive Summary

The Dorset Business Growth Programme (DBGP) ran from March 2017 to December 2022 utilising ERDF monies of £9.5 million. It helped to create 505 new jobs and £11.09 million of additional GVA to the Dorset economy. A Recovery child project was also awarded and ran from September 2020 to March 2021 with funding of £545k providing grants to businesses who had been adversely affected by the pandemic. It is estimated that the Recovery child project safeguarded 158 businesses and 378 jobs.

These achievements have occurred in spite of two major economic upheavals to be faced by the business community. Firstly, the impact of Brexit on the business community was in train. This resulted in challenges with importing and exporting into the EU through significant changes to paperwork, administration and processes alongside businesses reporting a reluctance to make business investment decisions, in particular around inward investment and company growth and development, at a time of great change and uncertainty. Secondly, the Covid pandemic in March 2020 and resulting lockdowns fundamentally changed the way in which businesses were operated. Face to face activity temporarily stopped and the move to on-line trading and work was of paramount importance.

The Dorset Business Growth Programme was very well researched and was developed in response to clearly identified market failure. Responses to these market failures were produced in consultation with key partners and project activities either filled gaps in the market support landscape or enhanced existing service provision. Prior to its launch, business support was fragmented within Dorset. The Dorset Growth Hub was a key gateway to business support and the Dorset Business Growth Programme sought to enhance this position for the benefit of business customers.

The programme has been well run by WSX Enterprise and the Dorset Growth Hub. From the outset, the DBGP was challenged by the loss of key partners and their associated match funding, the complexity of the project activities to be undertaken and management of the partnership network and by concerns raised by DLUHC over the acceptability of broadband match. WSX Enterprise spent considerable time, effort and resource working through these issues to reach a satisfactory conclusion with all parties. The PCR allowed some complexity to be removed from the programme without compromising either the quality of support provided or outputs generated.

Business feedback on the programme has commented on the high quality of business support that was provided and the high level of support that was provided from advisory, administrative and project management staff at WSX Enterprise. Feedback from the partners, in particular BCP Council and Dorset Council, has noted the benefit of having 6 years of continuous business support available at a time of great economic and social change.

The learnings from the DBGP will help to enhance the development of future business support programmes in Dorset driving growth and economic prosperity.

1. Project context

Introduction

- 1.1 This report presents the final summative assessment of the Dorset Business Growth Programme led by WSX Enterprise. The project was partly funded from a successful bid for European Structural and Investment Funds, Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises. The bid supported the following Structural and Investment Funds Investment Priorities;
- 3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.
 - 3c - Supporting the creation and the extension of advanced capacities for products, services and development
 - 3d - Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes.
- 1.2 The Programme initially ran from March 2017 to December 2019. This initial phase was a multi-faceted project comprising business support which was designed to build on existing provision offered by national services and the local Growth Hub. It worked in partnership with multiple providers and projects by offering complementary and specific services based on local priorities for which no other support was available. A wide range of partners were involved providing support and grant availability in the areas of access to finance, creative and digital sectors, enhancing digital capabilities, start-up and enterprise support, internationalisation, inward investment, leadership and management, mentoring and support for business sectors. There were 10 support strands in total.
- 1.3 A continuation request under PA03 call ref OC09R18P 0795 resulted in a PCR which proposed increases in the output profile alongside changes to the project activity and expenditure profile and practical continuation of the Programme until June 2022. Based on lessons learnt from the initial delivery, a desire to focus on growth within the economy, a reduction in project complexity and the recognition that as a result of the pandemic services could be delivered more effectively on-line by WSX Enterprise, the second phase focussed on the provision of business support and grant availability across the areas of access to finance, digital capability and start-up and enterprise support only. Referrals into other key activities e.g. internationalisation, inward investment and mentoring continued but without direct involvement of these partners in the Programme. The Programme objectives remained the same but with the number of support strands reduced. A further PCR was raised, with additional funding, extending the Programme until December 2022.
- 1.4 An additional 'child' project was also undertaken which was complementary to the Dorset Business Growth Programme. This project provided additional ERDF to support SME restart and recovery and to kickstart a tourism package and support for hospitality businesses. The Recovery child project sought to help businesses adversely affected by Covid by providing a grant that would enable them to make business changes resulting in their capacity to survive

and/or safeguard jobs. The Recovery child project ran from September 2020 to March 2021. For the purposes of completeness, the evaluation of this project is also reported on within the appropriate sections of the final summative assessment.

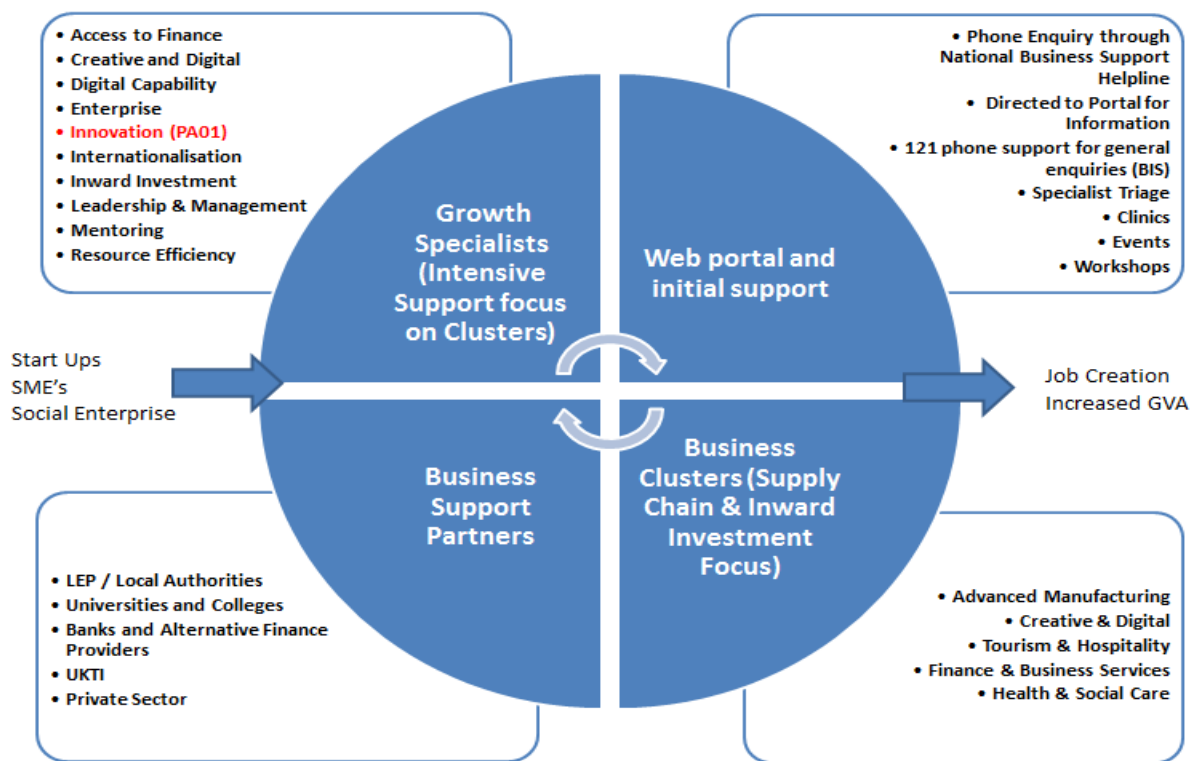
What the project was seeking to do

- 1.5 Operating from March 2017 to December 2022, the Dorset Business Growth Programme was an ERDF funded project offering a comprehensive support package for pre start to high growth businesses based in the county of Dorset.
- 1.6 The programme sought to increase the competitiveness and productivity of businesses leading to sustainable business growth with targets of 1661 businesses intensively supported, 543 new enterprises supported and 760 jobs created.
- 1.7 The approach taken by the Dorset Business Growth Programme was to provide a high-quality comprehensive business support programme for eligible SMEs across Dorset that:
 - Encouraged and supported business creation
 - Encouraged and supported business to grow to their full potential by becoming more competitive and more productive
 - Encouraged and supported the opportunities for increases in SME exports and international business activity
 - Provided specialist advice in the areas of enterprise, access to finance, digital technology, internationalisation, leadership and management to help overcome some of the growth challenges
 - Targeted key sectors for the Dorset economy including advanced and marine engineering, creative and digital, tourism and hospitality, health and social care and financial services in line with local strategic objectives
 - Responded, on an ongoing basis, to business needs and changing requirements.
- 1.8 The project was delivered through the Dorset Growth Hub, operated by WSX Enterprise, alongside a partnership of established business support organisations working closely with the Economic Development teams of the Dorset based local authorities.
- 1.9 At the commencement of the Programme, the main consortium partners were:
 - WSX Enterprise, operating as the Dorset Growth Hub (lead partner)
 - Creative Dorset/Arts Development Company
 - Dormen (now Dorset Business Mentors)
 - Dorset Chamber of Commerce and Industry (withdrew before commencement but listed as an original partner)
 - Silicon South
 - YTKO

- Local authorities including North Dorset, Christchurch and East Dorset, Weymouth & Portland, West Dorset, Bournemouth Borough Council and the Borough of Poole, and Dorset County Council. NB In 2019, changes occurred within the local authority landscape with the 7 local authorities becoming 2; Bournemouth, Christchurch and Poole Council and Dorset Council.

1.10 During the PCR phase of the project running from December 2020 to December 2022 and following the conclusion of their delivery activities in the initial phase, most of these partners ceased to be directly involved in the delivery of the Programme. Only BCP Council and Dorset Council remained actively involved throughout the whole of the Programme.

1.11 The diagram below provides an overview of the Dorset Business Growth Programme and highlights the complementary nature of the business support that was being offered alongside appropriate methods of delivery.



1.12 The Recovery child project was operated by WSX Enterprise and sat alongside existing Dorset Business Growth Programme activities. Its objectives were narrower but complementary to the main programme.

Evaluation methodology

1.13 All ERDF projects are required to independently undertake an external evaluation known as a summative assessment which needs to be carried out in accordance with specific ERDF guidance (ESIF-GN-1-033/034). The mid-term evaluation was completed in April 2020 and with the operational conclusion of the Programme in December 2022, the final summative assessment has now been undertaken.

- 1.14 The overall objective of the Summative Assessment is to gather evidence to assess the
- Continued relevance and consistency of the Project
 - Progress of the Project against contractual targets
 - Experience in delivering and managing the Project
 - Economic impacts attributable to the Project
 - Cost effectiveness of the Project and hence its value for money.
- 1.15 As specified in Appendix F: Summative Assessment Final Report of the England European Regional Development Fund Programme 2014 to 2020: Project Summative Assessment Guidance – Appendices ESIF-GN-1-034, the summative assessment report is fixed and applies to all projects irrespective of the nature or scale of project. The report must cover each of the areas outlined below:
- Section 1 - Project context
 - Section 2 - Project progress
 - Section 3 - Project delivery and management
 - Section 4 - Project outcomes and impact
 - Section 5 - Project value for money
 - Section 6 - Conclusions and lessons learnt
- 1.16 The framework for the evaluation is provided within the Project’s Logic Model (see Appendix 1) which was developed at the outset of the Programme by the lead partner, WSX Enterprise and subsequently updated to reflect the PCR. The Logic Model clearly shows the link between the investment in business support through receipt of ERDF funding alongside the output targets and predicted outcomes and impacts.
- 1.17 A theory of change evaluation approach has been employed using the Logic Model to specify the relationship between activities undertaken, the outputs generated, the outcomes achieved and the subsequent impacts of these. In support of this approach, the interim report reviewed claims, change requests and report and performance data from March 2017 to March 2020. Interviews were held with the Dorset Business Growth Programme Management team along with key consortium partners and stakeholders including local authorities. Feedback from an online business survey of 196 businesses was also used to inform the interim evaluation.
- 1.18 The Final Summative Assessment builds upon this work to review the totality of the project from March 2017 to December 2022 and has included an extended review of all project documentation, interviews with staff involved in the delivery of the Programme including the management team, business advisers, administration and marketing staff, updated interviews with key stakeholders and qualitative and quantitative discussions with a further 30 business beneficiaries in total. In our experience, telephone contact with a skilled external evaluator provides the best response to survey questions, not only in terms of response rates, but also allowing the interviewer to extract useful quantitative and qualitative responses. These calls have been in-depth and have allowed the business to provide accurate feedback on their

experience including actual changes in jobs and profitability that have already been achieved as a result of the Programme along with an estimation for future business impacts.

1.19 Whilst it is recognised that a counter-factual group provides a degree of rigour for an ERDF evaluation, this did not occur for the following reasons.

- The original complexity of the Dorset Business Growth Programme with its many faceted areas of support would have proved challenging for the establishment of an appropriate control group.
- Businesses within a control group who have not benefitted from any support are typically reluctant to talk to an evaluator about their experiences as there is no incentive to do so.
- If a business has not applied for support, it suggests that they had no need or demand for the service and therefore would be unable to say what difference the support might have made to them.
- In situations of rapid and unpredictable change, as per the pandemic lockdown, it would not have been possible to construct a credible counterfactual. Rather it is preferable to build a strong, empirical case that the support produces certain impacts, but not to be sure about what would have happened if the intervention had not been implemented.

1.20 Instead, the in-depth survey assessment of business beneficiaries seeks to establish appropriate attribution of the benefit of business support received compared to what might have happened without the support. This approach has been used successfully on many ERDF business support summative assessments and is a useful alternative and appropriate methodology.

1.21 The overall evaluation methodology was chosen to provide the widest range of inputs to the evaluation and to ensure all aspects of the project were considered. This included strategic, operational and management considerations. This comprehensive approach allows all data to be triangulated to increase robustness and reliability.

The economic & policy context when the project was designed

1.22 At the commencement of the programme, the county of Dorset and Dorset LEP area had a population of 745,300 with a business population of around 30,400 registered businesses with 30,300 of these classified as SMEs with fewer than 250 employees. These SMEs employ over 215,000 staff. The county comprises large rural areas with market towns, a city region comprising Bournemouth, Poole and Christchurch and a world heritage status coastline between Lyme Regis and Swanage. The Dorset economy typically operates as a large conurbation wrapped in a rural envelope.

1.23 The rural and semi-rural area is typified by a wide and diverse range of small and micro businesses delivering retail, accommodation, tourism and food services. The market towns are driven by a locally-focused, small business economy, with local supply chains and a strong emphasis on local services whilst a small group of larger, internationally-focused businesses, operate in or close to the conurbation, although not exclusively.

- 1.24 The county is not as productive as it could be with GVA per employee up to 21% below the national average. GVA is lower than other areas in the South but higher than the rest of the South West. Whilst employment and real GVA saw growth in 2017, competitiveness has now declined with Dorset's ranking falling two places between 2018 and 2021. This reduction is likely due to the twin shocks of the pandemic and Brexit which have had a greater impact on areas with significant tourism sectors, like Dorset. The area is characterised by a relatively low wage economy with the public sector being a major employer with up to 30% of jobs in the public sector. The average cost per home is 11 times the average salary, the highest ratio recorded since the ONS began analysing the issue in 2003.
- 1.25 The economic area is relatively self-contained with 93% of those employed in Dorset living here and 89% of residents staying in the county to work. More than two-thirds of Dorset's GVA is generated in four sectors; public administration, education & health; manufacturing and distribution; financial & business services, and creative, digital, media & IT. The latter two sectors are identified as having the greatest growth potential and for driving higher value job creation over the medium term. Generally, however, Dorset has low representation of businesses in high productivity sectors and/or high R & D spending sectors.
- 1.26 Within Dorset, ERDF project funding has been the main source of finance for business support activities and is utilised to support a wide range of activities. The Dorset Business Growth Programme was designed to fit the strategic objectives of both the Dorset Strategic Economic Plan and the ESIF call. It was developed collaboratively with the delivery partners who represent a wide infrastructure of business support organisations currently working across Dorset. Business groups consulted with their members to identify their business needs and the resulting programme of support is mapped closely to this.
- 1.27 These business support activities were also complementary to other programmes within Dorset including the Superfast Dorset Broadband project. Superfast Dorset is a partnership between BT, central Government and all Dorset District and Borough Councils that had the target of supplying 97% of Dorset with superfast coverage by 2021. The project aimed to fill in the gaps left by BT's roll-out of fibre broadband so that the county benefits both socially and economically, preparing Dorset for a more digital future. The value of this programme was seen during Covid when business support activities moved on-line; this would not have been possible without the previous and ongoing development of broadband infrastructure.
- 1.28 The PCR in 2020 also recognised a significant change in the economic and policy context. As a result of the pandemic lockdown, the business world changed overnight. The impact of the Covid pandemic resulted in shops and businesses closing, homeworking becoming the norm and on-line activities increased. Businesses had to react and change to these circumstances very quickly in order to continue to trade. Similarly, the DBGP recognised that the majority of its activities could be delivered on-line and moved to this method of project delivery.
- 1.29 Likewise, the 'child' project was also a reflection of this change in the economic and policy context and sought to support businesses that had been faced with adverse trading conditions due to the economic crisis caused by the Covid-19 pandemic and lockdown measures in 2020. The aim of the project was to identify businesses in Dorset who had been adversely affected by the pandemic and provide a grant that would enable them to make business changes that would positively affect their capacity to survive and/or safeguard jobs.

The market failures the project was seeking to address

- 1.30 Work undertaken in completion of the Dorset ESIF strategy, 2014 to 2020, by the Dorset LEP highlighted a range of barriers to growth and market failures in the area - the Dorset Business Growth Programme sought to overcome these barriers and market failures.
- 1.31 At a macro level, the barriers to growth included the uncertainty and costs associated with undertaking innovation and commercialisation, a key strand in improving productivity, and already recognised as a significant market failure in EU Programmes both within Dorset and nationally. The limited resources and expertise available to SMEs to develop growth and business improvement plans, another key strand in improving productivity, and exacerbated by the recession and low levels of economic growth of recent years were also noted. Specific barriers included:
- The cost of bespoke support for companies wishing to develop and implement medium and long-term business expansion plans.
 - Limited senior manager time and experience to progress growth plans.
 - Uncertainty with regard to the commercial benefits of staff training.
 - Lack of critical mass to support business-to-business linkages, shared learning/good practice and business networks.
 - Limited access to finance for some businesses and gaps in knowledge regarding the support landscape.
 - The uncertainty and perceived risk in exporting, particularly with regard to new markets, a key strand in maintaining manufacturing competitiveness and employment, and recognised by the work of DIT.
- 1.32 For Dorset specifically, risks were also associated with low carbon markets and products, notably the costs to SMEs of moving to low carbon solutions that cannot be included in the price of goods and services; uncertainty over the commercial and business benefits of some low carbon solutions; lack of awareness and understanding of costs and benefits of energy and resource efficiency amongst the business base; lack of certainty with regard to regulation and support mechanisms to encourage the up-take of renewable energy; lack of capacity in the environmental services sector to support uptake and the lack of a recognised network across the industry.
- 1.33 During the development of the ESIF, the LEP also consulted with the Dorset business community and identified from their perspective that there was a requirement for business support in the areas of finance, business growth, export, start-up, digital capability and environmental management.
- 1.34 Subsequent work undertaken by the LEP in developing the Strategic Economic Plan and latterly the Local Industrial Strategy has sought to 'move Dorset businesses up the value chain to enable them to be more productive and competitive. This work resulted in the objective of the Competitive Dorset theme to 'unleash the potential of existing businesses, encourage the creation of new ones and attract investment'.

- 1.35 Review of these market failures alongside the opportunity to develop a sustainable business support programme provides the rationale for development of the Dorset Business Growth Programme.

Appropriateness of the project design

- 1.36 The Dorset Business Growth Programme was designed to build on existing provision offered by national services and the local Growth Hub by working with them in partnership but offering complementary and specific services based on local priorities for which no other support was available. It was designed to ensure the whole scope of the PA3 measure could be undertaken.
- 1.37 Detailed below is a review of each service area, its market failure and how the project has been designed to overcome this.

a) Access to finance

- 1.38 There is considerable evidence from the British Business Bank survey of 2015 that lack of access to appropriate and timely funding is a key factor slowing up growth and development of businesses in the South West of England and Dorset. It is well documented that demand for external finance from smaller businesses reduced during the recession, as businesses became cautious about taking on additional debt and scaled back their expansion plans. In addition, some used sources outside the financial sector such as personal funds, family and friends or trade credit. The 2014 SME Journey survey shows the trend has continued, with only 12% of SMEs having sought external finance products in the previous 12 months. This is 6 percentage points lower than the 2012 survey.
- 1.39 Most smaller businesses are not aware of the full range of external finance options available to them, and are instead reliant on finance provided by banks. For instance, 93% of smaller businesses are aware of credit cards and 85% are aware of leasing or hire purchase as types of finance available. The figures are much lower for alternative funding sources, with 32% aware of crowdfunding and 35% aware of peer-to-peer lending, but they are increasing over time. However, attitudes towards obtaining finance have improved since 2012. In 2014 smaller businesses perceived that, on average, 42% of those that apply for bank finance were successful in getting it, up from the 32% reported in 2012. This is despite the majority (around three quarters) of smaller businesses that actually applied for finance in the three years prior to 2014 getting the full amount requested from the first provider they approached.
- 1.40 According to the SME Finance Monitor, 43% of smaller businesses planning to seek finance were very, or fairly confident that a bank would lend to them in Q2 2014 but more information is needed for SME finance markets to work effectively. Only a minority of SMEs (18%) seek external advice when applying for finance, but of those that do, the vast majority (95%) of SMEs find the advice they receive to be useful. Accountants and financial advisors are the most common sources of advice used, with accountants in particular being viewed as a trusted source of information
- 1.41 In order to support access to finance, the Dorset Business Growth Programme was designed to:

- Raise awareness and understanding of the range of finance options that are available for growing businesses
 - Provide a route for all SMEs in Dorset to access information, knowledge and identify sources of finance for their growth plans
 - Develop sources of grant, loan and equity funding for qualifying businesses
- 1.42 Each of these aspects has responded to the market failure for the local area and appear to be appropriate. This type of support has also been seen in other geographic locations and ERDF programmes where the business needs are similar.
- 1.43 This strand continued throughout the programme (initial plus PCR) with 1-2-1 support workshops provided alongside assistance with grant applications. This was an appropriate use of resource for a critical area of business support which remains a key challenge for SMEs.

b) Creative and Digital

- 1.44 The Creative Industries sector in the Dorset LEP region forms an important part of the local economic strength, with a recent TechNation report placing Bournemouth and Poole as one of the fastest growing tech start-up economies in the UK. 151 digital agencies based in Dorset, Bournemouth and Poole were asked to complete a survey, to map what needs they have for the future and what support would help them achieve their growth ambitions.
- 1.45 The answers touched on 5 over-arching topics:
- Infrastructure: Access to better networks, and the establishment of a location to act as a central contact point for the sector. Not only incubation but a place to act as a focal point to meet and learn
 - Support: Grant funding, further engagement to experts across multiple business function, access to desk space
 - PR and Marketing: Stronger branding of the region and the work which happens in it. Promotion of the creative and digital media sector nationally and internationally
 - Cluster Networks: A vehicle to deliver support, events and masterclasses to improve business knowledge. A funnelling of existing activities and better communication about where to go to learn
 - Business Expertise: A need for business mentoring and training across most business areas
- 1.46 It would appear that Dorset has an opportunity for growth and job creation within the existing creative digital industries but achieving growth requires additional inward investment and establishment of new start-ups, and the area needs to raise the profile of the sector to improve recognition and stimulate confidence in the region's ability to support inward investment and attract new talent.
- 1.47 The Creative and Digital workstream of the programme is based on the delivery of workshops, specialist support for culture and tourism businesses, accelerator programmes providing seed funding and intensive business support. This included specific support for the festivals sector and visual arts practitioners.

- 1.48 At the interim stage of evaluation, this service area was felt to be very complex and looking to respond to a multitude of different businesses with varying needs utilising a range of partners. However, it did recognise that this is an important sector for the Dorset economy and one that does not always receive appropriate support. Partner and business feedback during the consultation process did highlight that this workstream has been both appropriate and effective.
- 1.49 For the PCR, this strand of activity was removed. This recognised that the work undertaken by Creative Dorset had been completed and further work in this area was unlikely to achieve additional outputs or outcomes. This was an appropriate decision for the Programme and reflected the current understanding of the market and how best, if at all, to support businesses.

c) Digital capability

- 1.50 Research undertaken, following delivery of the ERDF funded Superfast Business programme in Dorset in 2017, showed that 94% of SMEs receiving support had taken up or planned to take up superfast broadband when it became available in their area, much higher than for the population not receiving support. Businesses reported increased sales, increased efficiencies and increased productivity as well as creating new jobs. Demand for this programme exceeded levels that could be supported by the available funding with new enquiries coming in at project end suggesting substantial and ongoing levels of latent demand.
- 1.51 Many SMEs in Dorset are at or below entry level of digital capabilities and need support to increase their knowledge and capability to maximise their potential. Previous digital technology related programmes in the Dorset LEP area have all been oversubscribed and there is substantial evidence of substantial latent demand.
- 1.52 The Dorset Business Growth Programme sought to take best practice from past projects and support businesses located in broadband roll-out areas in the Dorset LEP area with a mix of activities including the following
- Awareness Events – to be held in partnership with other business support providers to provide general information and generate interest for more in-depth support.
 - Intensive support – 1-2-1 Support from technology advisers to diagnose key technology issues and priorities with the development of an action plan which leads to a referral for appropriate support to identify appropriate solutions.
 - Technology Investment grants (£1,000-£5,000 matched by client) for medium sized enterprises to resolve specific technology related issues that will lead to a step change and significant growth
 - On-line Diagnostic Tool – to highlight the main technology related issue and allow businesses to continue to check their progress over the duration of the project to ensure that they progress to digital maturity
 - Knowledge Hub – an online resource embedded in the Growth Hub portal to act as an ongoing reference source.

- 1.53 This service area is a very pragmatic response to the identified business needs and seeks to build on previous provision. This is highly appropriate and seeks to maximise the benefit of public sector funding by building on previous experience.
- 1.54 This strand continued as part of the PCR recognising the significant benefits that arise for business when their digital capability is enhanced. Support via 1-2-1 workshops and provision of additional content on the website allowed support to be continued. Monitoring of the access of the website highlighted topics of most interest and feedback allowed the DBGP team to update new content on a regular basis.

d) Enterprise

- 1.55 Start-up rates in the Dorset LEP area lag behind national levels although business formation and survival rates remain relatively strong. At the same time the numbers of people who are self-employed have soared and are well above the national rates. There is also a clear divide between urban and rural areas with regards to business start-ups. Predominately urban areas, and particularly Bournemouth, have the highest start up rates and contribute towards the overall start-up rate for Dorset LEP being in line with the regional average.
- 1.56 Small and micro businesses account for half of employment in Dorset's rural areas, and in sparse rural areas 13% of employees and self-employed work from home, compared with only 3% in urban areas. These figures illustrate the value that rural based businesses in Dorset contribute to the local and regional economy.
- 1.57 To support this workstream, it was proposed to offer a comprehensive Start-up/Growth service across the Dorset LEP area, differentiating the offer to support the needs of both the urban and rural areas and of the sub-sectors within clusters (creative/ digital, innovation etc.). The workstream comprises workshops, 1-2-1 mentoring, networking events and online support tools. Funding support will be accessed through local grant and loan schemes and the government backed Start Up Loans scheme.
- 1.58 This area utilised YTKO and their GetSet4Growth programme alongside Outset Online, an interactive online learning tool. It was anticipated that Outset Online would be made available to any client who is unable to attend workshops for whatever reason or used in addition to attending workshops.
- 1.59 This support area has made good use of the knowledge and experience of consortium partners and has responded to an identified gap within market provision for start-up support.
- 1.60 The PCR identified that this strand would continue but with amendments to the overall offer. The move to online working meant that additional workshops could be run without the need to differentiate between the urban and rural locations. This led to improved efficiency with the overall programme design.

e) Internationalisation

- 1.61 Research in 2013 by the British Chambers of Commerce identified that approximately 39% of UK businesses export with the EU being the largest export market from the UK. Additional research by Lloyds in 2014 identified that most UK businesses with a turnover of between £25m and £750m are too conservative and reluctant to expand into fast-growing markets

overseas, despite business confidence reaching a 22-year high. The Government is determined to address this. The survey also identified a lack of awareness of UKTI (now DIT) services, stating 43% of exporting businesses were not aware of UKTI.

- 1.62 ONS statistics in 2015 identified that the South West region is one of the lowest exporting areas in the UK whilst the South East and London are the largest. There has been an increase in the value of exports from the South West over the last 5 years; however, there is still a significant number of businesses that are not yet exporting or have not considered international markets.
- 1.63 As a response to the DIT placing priority on larger, high growth potential exporters, there is a gap in support for early stage, smaller potential exporters. The Dorset Business Growth Programme has sought to fill this gap by working with businesses that are not currently exporting and seeking to raise awareness of the opportunities that international markets present by providing advice and support. The programme was designed to work closely with and signpost to DIT and other agencies and its main focus will be to drive that early interest and encourage businesses to consider new overseas markets. A further benefit to this activity is that the Dorset Chamber of Commerce, who withdrew from the programme directly but who still provide export documentation, remain in place to provide the support.
- 1.64 This is an excellent example of where a gap in service provision has been identified and partners have responded to this by initiating a programme of support. It has sought to utilise partnership expertise and link together existing programmes of activity e.g. Dorset International Business Network.
- 1.65 Whilst very successful, this strand was removed from the PCR. This arose due to changes in internal staff availability, decreased demand for internationalisation support as a result of the pandemic and changes at the national level with support provided by the DIT. This has resulted in all internationalisation enquiries being forwarded directly to the DIT for their handling. The DBGP has sought to continue to raise awareness of the opportunities for exporting and providing referrals through to the DIT for ongoing support.

f) Inward investment

- 1.66 During the development stage of the Dorset Business Growth programme, it was recognised that the provision for attracting inward investment to Dorset is under resourced and as a result of this there is very little marketing or promotion of Dorset as a place for foreign direct investment. There is no complete 'landing package' for SMEs and the key sectors within the county, and the LEP region is not currently able to promote supply chain opportunities overseas. Nationally, the Dorset LEP region is behind in three key inward investment measures and sits in the bottom three of all LEPs.
- 1.67 Given the scale of inward investment opportunities that are available to the UK market, this is both an important opportunity and challenge for Dorset, particularly when the disproportionate share of employment and turnover which enterprises under foreign ownership account for is taken into consideration.
- 1.68 To respond to this challenge, the programme has sought to support the Invest in Dorset team. This team comprises local authority economic development professionals across the county

dedicated to helping companies and investors identify investment and expansion opportunities. The Invest in Dorset strategy is derived and directed from the Dorset LEP and hosted at Dorset County Council. The team provides information tailored to the needs of the company by facilitating introductions, forming a network and helping to find suitable premises through a commercial property database.

- 1.69 Investment from the programme sought to enhance the offer with a dedicated resource, the inward investment broker, based in the Growth Hub, allowing the current team to offer better delivery packages for companies interested in locating in Dorset. The inward investment broker sought to develop an ambassador's programme alongside the development and promotion of a soft-landing package, seek exposure for the county at national and international tradeshows and manage the production of marketing collateral and publications to support promotion.
- 1.70 This area of work provided additionality to existing activities and scope for the further enhancement of the existing service. It was a good example of how best to deploy EU funding for maximum effect having identified the specific gaps in provision and building provision to satisfy the identified gap.
- 1.71 The inward investment strand was also subject to change as a result of employment changes at Dorset Council. This resulted in all enquiries either being fielded by BCP or sent directly to the inward investment service at the DIT. Whilst not providing specific focus to inward investment with a dedicated resource, this is a useful workaround for the DBGP.

g) Leadership and management

- 1.72 Dorset LEP is below the national average in terms of workers qualified to Level 4+ and ranks 22nd out of 39 LEPs on this measure. With the closure of the Growth Accelerator programme and the removal of the subsequent leadership and management funding that was available for participants, it was recognised there is a gap in the provision to help high-growth potential business identify their skills needs in terms of leadership and management.
- 1.73 The Dorset Business Growth Programme sought to develop and implement a skills advice and brokerage service for businesses in key sectors with a particular focus on Leadership and Management. The service would be business led and totally impartial. Working with the Chamber of Commerce and both higher and further education providers, the service was to provide businesses with general advice on training and the different ways it can be undertaken.
- 1.74 This activity feels rather vague compared to the other workstreams. Whilst it is recognised that leadership and management are important, the programme design response feels inadequate and basic. There is no specific support identified and only a further layer of brokerage and signposting.
- 1.75 This strand was also removed from the PCR reflecting the low level of demand for the activity and perhaps reflecting the challenges associated with the initial design of the programme.

h) Mentoring

- 1.76 According to BEIS, nine out of ten businesses who had worked with a mentor said it had a positive impact on their business. From research they carried out in 2012 they found nearly twice as many mentored businesses reported an increase in turnover (44%) than non-mentored counterparts (23%), and twice as many mentored businesses had hired more staff (10%), than non-mentored businesses (5%)
- 1.77 Similarly, the Federation of Small Business carried out national research and found that 70% of small businesses that receive mentoring survive for five years or more, which is double the rate compared with non-mentored entrepreneurs.
- 1.78 In Dorset, the Dormen scheme to date has worked with under 4% of the SME businesses so a large untapped market in Dorset could benefit from mentoring. Business owners who have previously worked with Dormen stress that they would not have engaged consultants, partly on grounds that they would have been unable to afford it, but mainly because it is their businesses and mentors help them to develop their own solutions giving a stronger legacy factor.
- 1.79 The Dorset Business Growth Programme sought to provide ongoing and additional support to Dormen by introducing new activities identified as being useful by existing mentees and by supporting the core programme. The additional activities included facilitated group meeting and specialist upskilling workshops alongside the development of tutorials on topics including presentation skills and coaching sessions
- 1.80 This workstream is another great example of maximising the benefit of EU funding through the identification of gaps in existing provision and enhancing such services and Dormen reports that the initiative worked very well. Businesses and other partners also commented on how beneficial mentoring support had been.
- 1.81 This activity continued to be provided by Dormen throughout the DBGP but no longer funded by them as part of the PCR. Changes at Dormen, now Dorset Business Mentors, meant that not all clients would receive the provision free of charge. Instead, there is a nominal charge of £200 per year. The DBGP continued to meet regularly with the mentors and to refer clients to them. Dormen then decide which mentoring route is appropriate for which client. This continues to a great example of support partners working together for the benefit of business customers.

i) Business clusters

- 1.82 As part of the ESIF strategy the Dorset LEP identified the following sectors as key to the economic growth of the Dorset economy:
- Advanced Engineering and Marine Engineering
 - Creative and Digital
 - Financial and Business Services
 - Environmental Goods and Services

- Tourism and Hospitality (identified by local authorities as an additional need and subsequently ratified by the LEP)
- 1.83 The first two sectors were identified as having the best opportunity for growth and higher wage job creation. It was proposed to invest ESIF funds to create key business clusters within Dorset (aligned with the LEP sector priorities) in order to underpin and enhance the overall objectives of the SME competitiveness programme. It was felt that using the cluster approach would build on existing sector activity to develop world class supply chains. The main objectives of business clusters were identified as follows:
- To increase SME competitiveness through collaboration/ partnership opportunities
 - To build and grow effective supply chains
 - To facilitate cross cluster engagement allowing Dorset SMEs to share best practice and strengthen their position within the marketplace.
- 1.84 Where possible, this work built on existing activity in the area. For example, the Advanced Manufacturing and Marine Engineering sector was supported with the Dorset Engineering and Manufacturing forum. Similarly, Silicon South were used for the Creative and Digital Cluster. Both of these are widely regarded and well-established business forums having existed for more than 3 years. For the other sectors, it was proposed to try and instigate the establishment of clusters using local partners and businesses to do the following
- Development of a working group
 - Key objective setting aligned with the SEP/ESIF
 - Conference to promote businesses working within the sectors
 - Establish and build local supply chains
 - Support businesses to access R&D funding
 - Work alongside the Skills programme to promote and enable growth within the skills gap
 - Facilitate platform companies to penetrate international markets
- 1.85 These ‘new’ clusters and their activities were defined in the full application and were very comprehensive detailing very specific activities.
- 1.86 By the time of the PCR, the clusters had made good progress. Support continued online where it was still needed but clusters by their very nature should become self-standing and sustainable. The DBGP has enabled this to occur and has been a very effective mechanism. The move to online meetings has enabled greater reach and access to these clusters. In particular, work with the creative digital sector has led to the establishment of digital marketing leader’s forum and a new network for young digital entrepreneurs.

The targets set for the project

- 1.87 At the outset of the project, WSX Enterprise identified that the total SME market in Dorset was 30,300 businesses of which 14,000 were estimated to be within the LEP priority sectors. In

order to meet the output targets, the programme would need to reach under 4% of this total which was felt to be achievable and appropriate. Similarly, each specialist service had produced a delivery plan, identifying market failure and demand for the services. It was confirmed that partners have built their project delivery plans from a combination of market research and delivery experience and have confidence that targets are achievable.

- 1.88 The analysis of performance metrics at the interim stage of programme delivery highlighted that the targets were largely appropriate. Interviews with consortium stakeholder delivery bodies confirmed that their targets were realistic.
- 1.89 The challenge for the project management team was ensuring that the late start to the project did not result in fewer outputs being achieved. There were also challenges in understanding what could be counted and when and how evidence needed to be provided to substantiate the numbers. In some cases, this resulted in some numbers being incorrectly allocated and then subsequently removed from the reports. This has resulted in not all targets being fully achieved.
- 1.90 The PCR suggested increases in targets in line with experience from the initial phase. Where targets had not been achieved for this phase, no increases were proposed. Whilst this might suggest that the PCR phase of the project provided significantly less value for money, the value for money on the project across its lifetime remained good and was realistic and achievable.

Contextual changes during the course of project delivery

- 1.91 There have been two main contextual changes during the course of project delivery; firstly, the impact of Brexit and secondly, the Covid pandemic.
- 1.92 Since the project was originally designed and during its delivery, the impact of Brexit on the business community has been felt. This has included the challenges associated with importing and exporting into the EU with significant changes to paperwork, administration and processes. Business feedback indicates there has been a reluctance to make business investment decisions, in particular around inward investment and company growth and development, at a time of great change and uncertainty.
- 1.93 Whilst Brexit did impact on businesses and their decision-making, it did not fundamentally change the Dorset Business Growth Programme. The programme remained Brexit neutral and did not use this topic as a platform for engagement. Alternative funding was in place in Dorset to support Brexit conversations. Partner and team feedback indicates that attendance at programme workshops was not unduly affected by Brexit and there were no particular pressures on project delivery as a result.
- 1.94 The Covid pandemic in 2020 however resulted in significant changes to the Programme which were reflected in the PCR. Face to face business meetings, events and workshops all moved online within days of Covid restrictions being announced. Whilst this was a step-change in approach for the Dorset Business Growth Programme team, it was a considerable challenge for business customers who suddenly had to pivot their businesses away from face-to-face and into the on-line space.

- 1.95 Feedback from the business survey highlighted the importance of having good connectivity whilst starting or running a business. It is now considered a vital element of business. Without appropriate digital infrastructure within Dorset, supported via the Dorset Broadband project, the move to online business support provision would have been unthinkable and many fewer businesses would have been supported.

Expectations for target achievement

- 1.96 Expectations for target achievement were sound prior to commencement of the project. Review of the logic model and project design shows no specific areas of weakness although the complexity of the programme would always be a challenge.
- 1.97 What could not be anticipated were a number of significant changes that occurred. This included the withdrawal of the Dorset Chamber of Commerce and Industry from the programme along with their matched funding, the establishment of the Dorset Gateway by the LEP alongside the Dorset Growth Hub and the resignation of the Project Manager.
- 1.98 Cash flow issues for WSX Enterprise were also experienced. The main causes of these were:
- The broadband methodology was not accepted by the MHCLG (Ministry for Housing, Communities and Local Government) which changed its name to DLUHC (Department for Levelling Up, Housing and Communities) in September 2021 when submitting claims, therefore WSX Enterprise had to work with Dorset Council and their contract manager at MHCLG to write an appropriate methodology. This resulted in broadband match funding being delayed for 1.5 years from the original programme start date.
 - More restrictive methodology made it difficult to claim the £2m that was in the budget, therefore the amount claimed each quarter was a lot lower, and therefore had to be substituted with SME match funding.
 - SME match funding had some delays as the grant programme could not be launched at the beginning of the programme, and the first grant panel took place in May 2017. These were for larger grants, therefore defrayal evidence for claims were available almost a year after approval.
- 1.99 Each one of these changes could have seriously derailed the programme but WSX Enterprise responded positively and proactively in order to deliver the programme and its targets. They have worked consistently and endlessly to ensure non-compliances have been dealt with and subsequently agreed with DLUHC to ensure ongoing support provision to business customers.

2. Project progress

Introduction

- 2.1 This section of the report considers the achievements of the DBGP and seeks to explain any variations against targets. This covers both outputs and spend. It also considers the progress of the Programme in supporting the horizontal principles.
- 2.2 The achievements of the Recovery child project are shown from bullet point 2.6 including tables 3 & 4.

Project achievements at end of DBGP Programme

- 2.3 Two tables are presented which show the project achievements at the end of the Programme.
- Table 1 shows the financial spend and outputs (targets vs actual) for the key indicators. The factors that have affected performance are summarised in this table.
 - Table 2 presents a summary Spend and Output report using all of the relevant indicators for the project and in the format specified in the Project Summative Assessment Guidance – Appendices ESIF-GN-1-034.
- 2.4 Two outputs are amber (number of enterprises receiving grants and number of new enterprises supported) and one is red (number of enterprises supported to introduce new to the firm products). Explanations are provided in the table to explain the reasons behind this underperformance.
- 2.5 All other outputs are green and have either achieved their target or exceeded it. Key highlights include
- 1697 individuals or businesses in the county of Dorset have received support as a result of the Dorset Business Growth Programme
 - Private matched funding of over £5million has been used to support business development and growth
 - An employment increase of 998 has been reported in the businesses that have been supported. Alongside the backdrop of Brexit and the pandemic, this is a sound achievement.

Table 1: Target output figures at end of Programme

Indicator	Final targets (adjusted via PCR)	Achievement at project closure – December 2022	Factors that have affected performance
Capital spend	£2,265,062	£2,265,062	The full budget has been spent in accordance with profile
Revenue spend	£16,834,534	£16,834,534	By the last claim in July 2023, spend of the revenue funding will be in full
C1	1661	1697	The Programme has consisted of a mix of 1-2-1 and 1-2-many support. 1-2-1 has typically been used for larger businesses and those with the potential to grow whilst 1-2-many delivery has supported smaller sized businesses. The project has flexed to best satisfy business needs and has delivered more 1-2-many sessions than anticipated.
C2	461	418	It is felt that the application target was too high particularly as C2 can only be counted once the business has received a £1000 grant. It was initially planned that small grants would be provided as part of the digital support activity but to be able to report the outputs, the plan was adjusted for a smaller number of grants to be provided and hence the lower achievement.
C4	1400	1436	Demonstration of the overall effectiveness of the programme in supporting a large number of businesses whilst recognising that business support does not always need to be financial.
C5	543	489	This target has been affected by the requirements needed to demonstrate the output. At the beginning of the project, the team did not have a clear understanding on how these outputs would be claimed e.g. for a C5, the business needs to provide their companies house certificate and be within their 1st year of trading, or if a sole trader, they need to provide their HMRC letter. The delivery teams were not aware of this and the paperwork was not collected.

			It was also found that businesses did not want to share this information or did not have it available. This coupled with less businesses starting up as a consequence of Covid, contributed to under-achievement of the output.
C6	£4,861,852	£5,336,742	With a greater focus on grants, additional business match has been achieved
C8	760	998	Tangible demonstration in the value of the programme with an employment increase of 998 versus a target of 760, 31% higher than anticipated. This is perhaps reflective of a degree of buoyancy and optimism seen in the latter stages of the programme with businesses demonstrating a desire for growth and development.
C28	120	71	This output was reviewed at the 2020 audit and previously counted outputs were negated as not meeting the appropriate criteria (interim assessment had recorded an output of 109). The C28 output with its focus on new innovation and new to market products, was too high from the outset.
C29	177	186	In contrast, the development of new to the firm products has been achieved. This demonstrates that businesses have been seeking to drive innovation and business development with the criteria for this output being easier to demonstrate.
P11	1046	1033	This output was on target to be achieved and has only just been missed. Due to the cessation of the Programme in December, delivery staff took remaining holidays before finishing leaving the project slightly short of capacity.
P13	971	1078	Fully achieved

Table 2 Assessment of percentage target achievement at project close.

Indicator	Targets (adjusted by PCR)	Performance at project closure	Performance at project closure	Overall assessment
		Number	% of target	
Capital Expenditure (£m)	£2,265,062	£2,265,062	100%	Green
Revenue Expenditure (£m)	£16,834,534	£16,834,534	100%	Green
C1: Number of enterprises receiving support	1661	1697	102%	Green
C2: Number of enterprises receiving grants	461	418	91%	Yellow
C4: Number of enterprises receiving non-financial support	1400	1436	103%	Green
C5: Number of new enterprises supported	543	489	90%	Yellow
C6: Private matched funding	£4,861,852	£5,336,742	110%	Green
C8: Employment increase in supported enterprises	760	998	131%	Green
C28: Number of enterprises supported to introduce new to market products	120	71	59%	Red
C29: Number of enterprises supported to introduce new to the firm products	177	186	105%	Green
P11: Number of potential entrepreneurs assisted to be enterprise ready	1046	1033	99%	Green
P13: Number of enterprises receiving information, diagnostic and brokerage	971	1078	111%	Green

Project achievements at end of Recovery child project

- 2.6 Two tables are presented which show the project achievements at the end of the Recovery Child project.
- Table 3 shows the financial spend and outputs (targets vs actual) for the key indicators. The factors that have affected performance are summarised in this table.
 - Table 4 presents a summary Spend and Output report using all of the relevant indicators for the project and in the format specified in the Project Summative Assessment Guidance – Appendices ESIF-GN-1-034.
- 2.7 The Recovery child project had a very short planning, set up and delivery timeframe of only 7 months from start to finish. On this basis, the anticipated targets were restricted to C1, C2, C5 and P13. All targets have been achieved in full.
- 2.8 This was a very focussed, highly targeted project which responded to specific business needs as a result of the pandemic lockdown. Whilst the project achieved all of its targets it should be noted that 698 applications were received with a total value of funds requested of over £2 million. Whilst not all of these applications would have been eligible, this demonstrates the huge demand for grant support at this time.
- 2.9 Feedback from businesses who were in receipt of a grant, indicates that the Recovery child project safeguarded 158 businesses and 378 jobs.

Table 3: Target output figures at end of Recovery child project

Indicator	Final targets	Achievement at project end	Factors that have affected performance
Capital spend	N/A	N/A	
Revenue spend	£545,340	£545,340	Full spend of the revenue funding was achieved
C1	103	138	Achievement above target
C2	132	147	Achievement above target
C5	10	10	Achievement on target
P13	50	102	Achievement above target

Table 4 Assessment of percentage target achievement at project close.

Indicator	Targets	Performance at project closure	Performance at project closure	Overall assessment
		Number	% of target	
Capital Expenditure (£m)				
Revenue Expenditure (£m)	£545,384	£545,340	100%	
C1: Number of enterprises receiving support	103	138		
C2: Number of enterprises receiving grants	132	147		
C4: Number of enterprises receiving non-financial support				
C5: Number of new enterprises supported	10	10		
C6: Private matched funding				
C8: Employment increase in supported enterprises				
C28: Number of enterprises supported to introduce new to market products				
C29: Number of enterprises supported to introduce new to the firm products				
P11: Number of potential entrepreneurs assisted to be enterprise ready				
P13: Number of enterprises receiving information, diagnostic and brokerage	50	102		

To what extent have the horizontal principles been integrated into and shaped delivery?

- 2.10 The horizontal principles of EU funding relate to equality and sustainability and ensuring that all businesses within the programme area have opportunity to benefit from its activity.
- 2.11 The Dorset Business Growth Programme has sought to be wide ranging in the breadth of its activities and to support an array of business types from start up through to growth and scale-ups. It has also been designed and operated to cover sectors including the engineering and manufacturing sector along with creative and digital sector. Similarly, it has operated across a range of geographical locations and been supported in delivering across the county through the use of Zoom and Teams meetings.
- 2.12 Feedback was received that *'there should be an increased presence of activity in the wider Dorset area and less focus on the conurbation'*. However, performance metrics suggest that appropriate levels of activity have occurred in each area based on business population.
- 2.13 Review of CRM data suggests that 40% of all businesses supported were female-led and business interviews were split 50:50 male:female to reflect the high degree of female involvement in the DBGP.
- 2.14 From a diversity perspective, 87% of support was provided to businesses defining themselves as white and 13% to all other ethnic groups. Whilst this is low compared to the 19.5% national average it is high for Dorset where the figure is 4.4%. The data also shows that 4% of all businesses considered themselves to have a disability.
- 2.15 Feedback from the business survey suggests an ongoing level of confidence in business sustainability as a result of involvement with the DBGP. In particular, one business was focussed on sustainable fashion and commented that *'the support I have received is allowing me to grow and develop the business with sound sustainable, low-carbon principles'*.

3. Project delivery and management

Introduction

- 3.1 The project delivery and management section of the summative assessment report seeks to provide a qualitative analysis of the Programme. Responses have been compiled from interviews held with the programme management team, business interviews and the consortium delivery partners. For the interim assessment, all consortium delivery partners were interviewed whilst for the summative assessment, this involved BCP Council and Dorset Council only as the two remaining partners within the programme.
- 3.2 For the Recovery child project, a separate section starting at bullet point 3.49 has been included covering project delivery and management.

Project management and governance

- 3.3 Developing the management and governance structure was a significant learning curve for WSX Enterprise. Some of the initial challenges included putting in place all the correct processes and procedures to financially manage the project and to ensure all records, evidence and information was correctly accessed and stored. At the outset, the incorrect information was collected and this meant going back to the consortium partners to retrospectively collect different information. Interviews with the delivery partners highlighted the difficulties this created for them.
- 3.4 Establishing the project CRM was also a challenge as all partners used different CRM information systems. The programme required them to input data to the WSX Enterprise system whilst, as individual organisations, they wished to also input into their own systems. These issues were addressed and resolved with all partners ultimately adhering to the new system.
- 3.5 The programme was overseen by a strategic steering group with ultimate responsibility resting on the WSX Enterprise Programme and Partnership Manager and BCP Council as the accountable body. At the time, it was a *'big decision for BCP to assume the role of guarantor at what was a very challenging time financially'*. A MOU exists between BCP and WSX in support of the programme. Originally, the Dorset LEP was involved along with the Dorset Chamber of Commerce and Industry, but both partners left the programme soon after its commencement.
- 3.6 The steering group comprised the local authorities of Bournemouth, Christchurch and Poole Council and Dorset Council along with DIT and the South West Manufacturing Advisory Service along with WSX Enterprise. For these partners, the Steering Group has been very useful and *'an effective forum for discussion and decision making'*. The steering group *'receives a detailed report prior to the meeting'* and is able to *'constructively steer the programme to be more effective'*.
- 3.7 Following the PCR, the strategic steering group was limited to BCP Council and Dorset Council recognising that other partners were no longer involved in the programme. Whilst this was

felt to be effective, *it may have been preferable to involve other perspectives, including businesses, in the oversight of the programme*'.

- 3.8 An operational group was also established with views from the consortium delivery partners varying considerably. Some consortium partners thought that, *whilst the project was well managed, it did not feel like a true partnership* and that communications amongst delivery partners was not particularly good. Other consortium partners felt *the partnership worked well and that they had a good insight into the collective work of all delivery bodies*.
- 3.9 There was, however, a consistent view that WSX Enterprise showed good guidance on scheme finance and administration throughout the programme. Some partners '*struggled with the demands of EU funding*' and were '*unaware of its complexities and the paperwork required*'. Over time, a meaningful partnership approach started to develop.
- 3.10 It was recognised from the outset that the DBGP was complex and had many delivery strands with each of these being undertaken by a different consortium partner. The PCR sought to remove this complexity by focussing on the key core business support activities that needed to be continued.

Standard of activity delivery

- 3.11 The view from consortium delivery partners was that '*business support activities undertaken were of a high standard*'. Many target outputs were exceeded and there were many instances of qualitative impacts of support, which cannot be measured easily.
- 3.12 The survey of businesses that engaged in the programme supported the view that support activities were delivered to a high standard, with 82 % of business recipients of support rating the support received as good or excellent. The survey of businesses also identified that 85% of businesses expectations of the support was '*exceeded*'. Advisors were '*capable and knowledgeable with lots of business support competency*'.
- 3.13 Local authorities felt that the DBGP and team delivered a '*good amount of high-quality business support*' and that the '*specialist support was particularly well regarded*'.
- 3.14 One issue identified throughout the programme was the 12 hours of support limit. In some cases, businesses needed more support than this, which the delivery bodies often felt obliged to provide but for which there was no additional output or benefit to the programme. This however did demonstrate the level of '*flexibility within activity delivery*'.

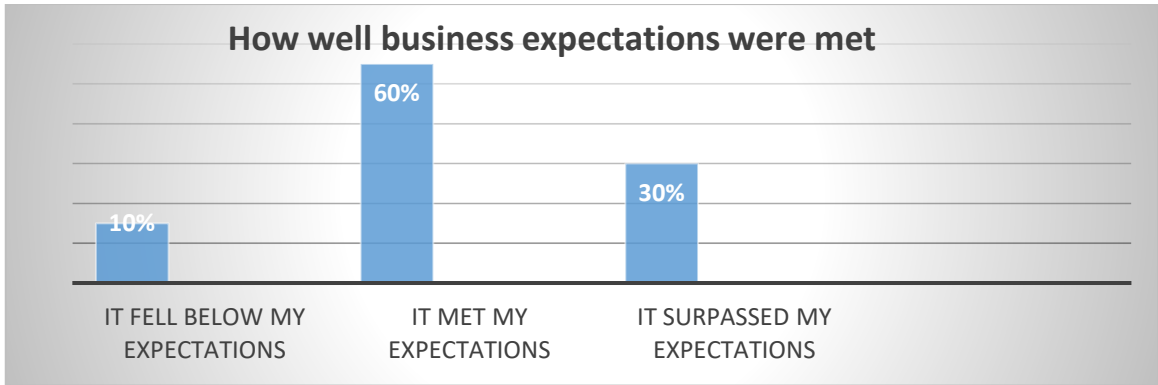
Targeting and engaging with businesses

- 3.15 Initially, WSX Enterprise did struggle to deliver grants to the '*right type of businesses*'. As the programme got off to a very slow and delayed start (due to a variety of factors including election purdah, issues with match funding, getting the right personnel in place, etc.) there was acknowledgement that the activities were chasing outputs to catch up on target achievement milestones.
- 3.16 The establishment of a separate Dorset Gateway funded by the LEP and run by the Dorset Chamber also led to confusion and duplication within the business support market and challenges with business engagement.

- 3.17 The appointment of a marketing manager within the programme management team (and identified as a key activity to be undertaken following the interim assessment) resulted in greater focus on driving awareness of the DBGP.
- 3.18 Initially, LinkedIn was found to be a very cost-effective marketing tool. Over time, marketing through events and podcasts proved to be more beneficial. Podcasts in particular were not widespread in 2020 and the Dorset Growth Hub recognised it could meet this gap through information-rich, inspirational conversations. The podcasts started during lockdown and the response was fantastic with lot of businesses participating on a weekly basis.
- 3.19 The use of the emails direct to businesses also proved very effective. The Dorset Growth Hub has access to over 4000 contacts and uses this to provide relevant and appropriate content to businesses, including raising awareness of the DBGP.
- 3.20 Targeting was felt to be '*appropriate*' and had engaged with the '*right type of businesses*'. Typically, this was the slightly smaller business rather than larger businesses but this was not thought to be detrimental to the overall programme. It was recognised that larger businesses do have the potential to create more jobs and GVA but engagement with them has proven to be challenging.

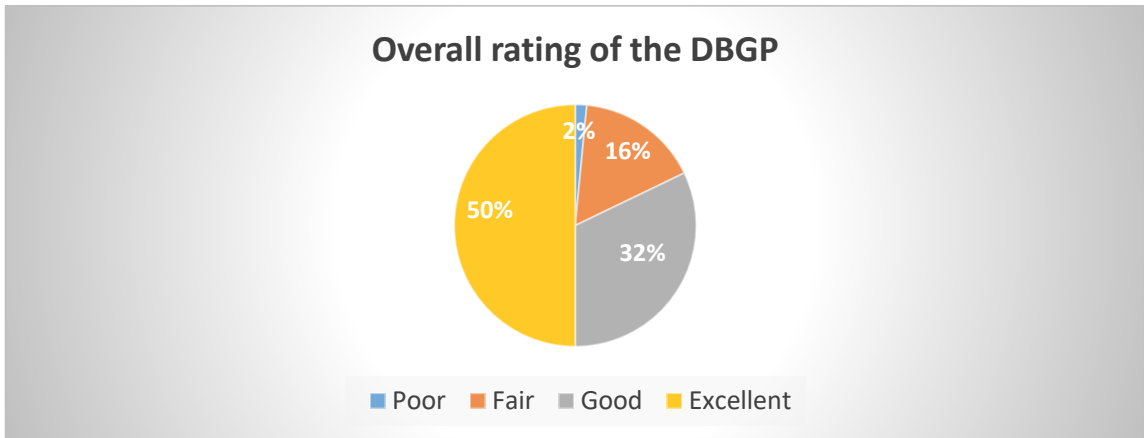
Business insight and feedback

- 3.21 Business insight on the overall Dorset Business Growth Programme consists of three main components
- Review of the CRM data collected for the Programme by WSX Enterprise using the Traktivity CRM system
 - An online survey of businesses that had received support from the Dorset Business Growth Programme elicited 196 responses. The survey included questions on the expectations of the business seeking support and their views of the quality and usefulness of the support given.
 - For the continuation project, in-depth 1-2-1 telephone interviews with a further 30 business beneficiaries were undertaken seeking both qualitative and quantitative feedback. The questions used for these business interviews is shown at appendix 2.
- 3.22 94% of the businesses surveyed had not received support previously from an ERDF funded support programme demonstrating the reach into previously un-supported businesses.
- 3.23 In terms of expectations, 90% of the businesses surveyed said their expectations were met or surpassed. This demonstrates the high level of perceived quality of the Programme from the business perspective.

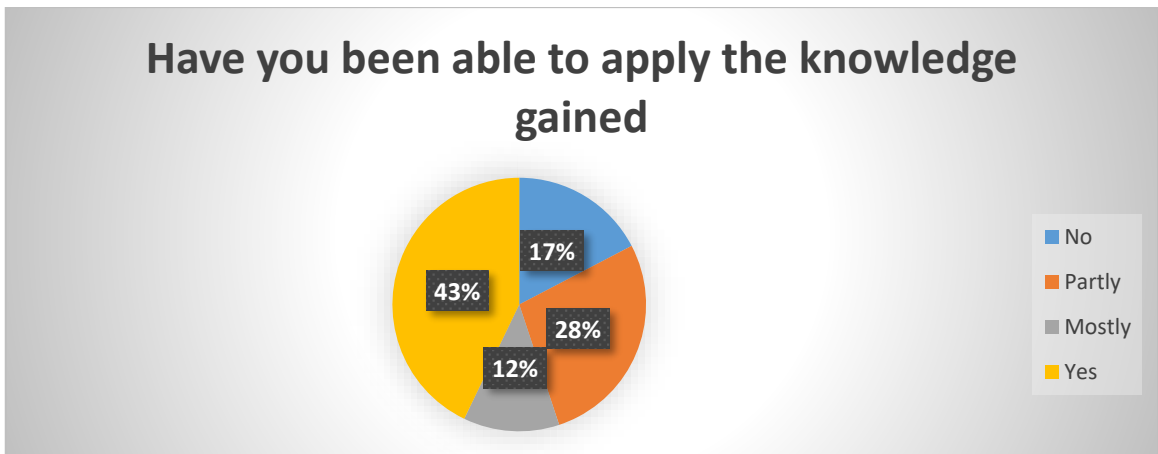


3.24 94% of the businesses surveyed had not received support previously from an ERDF funded support programme demonstrating the reach into previously un-supported businesses.

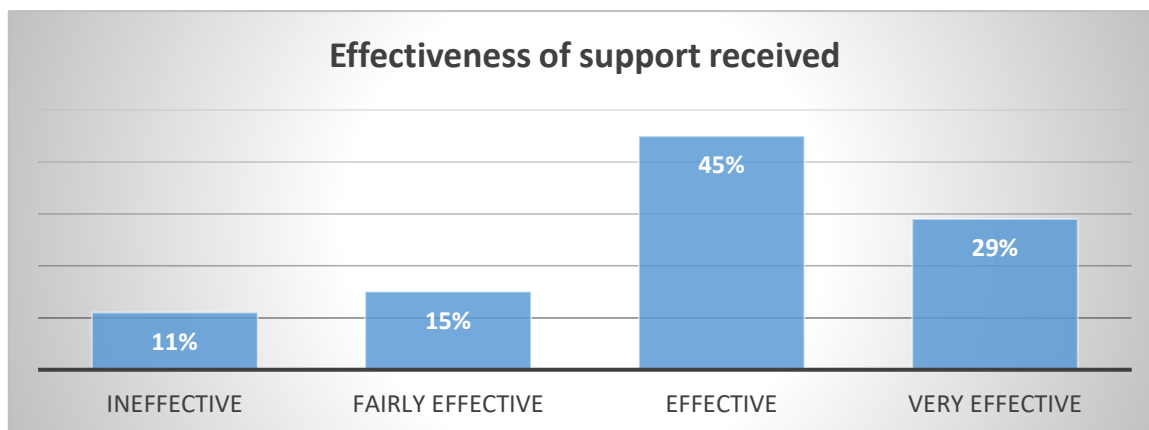
3.25 Businesses were also asked to rate the overall Dorset Business Growth Programme.



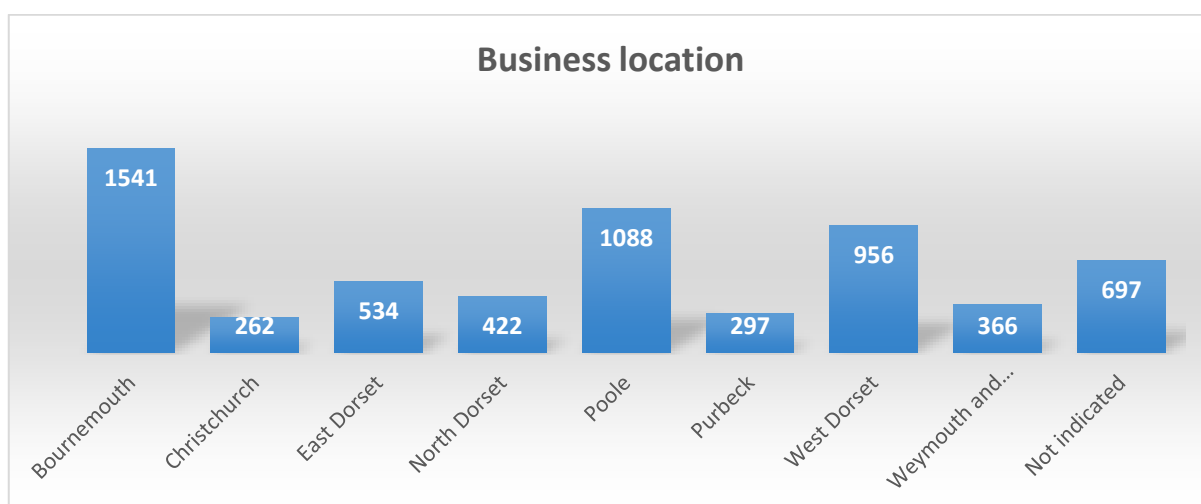
3.26 In the on-line survey, businesses were asked whether ‘they had been able to apply the knowledge gained’. The variable results indicate that some businesses had not yet had time to implement changes as a result of the support received.



3.27 It was also helpful to ask them how they rated the support in terms of practical effectiveness for their businesses. Their responses are depicted below, again highlighting that most businesses found the support effective.

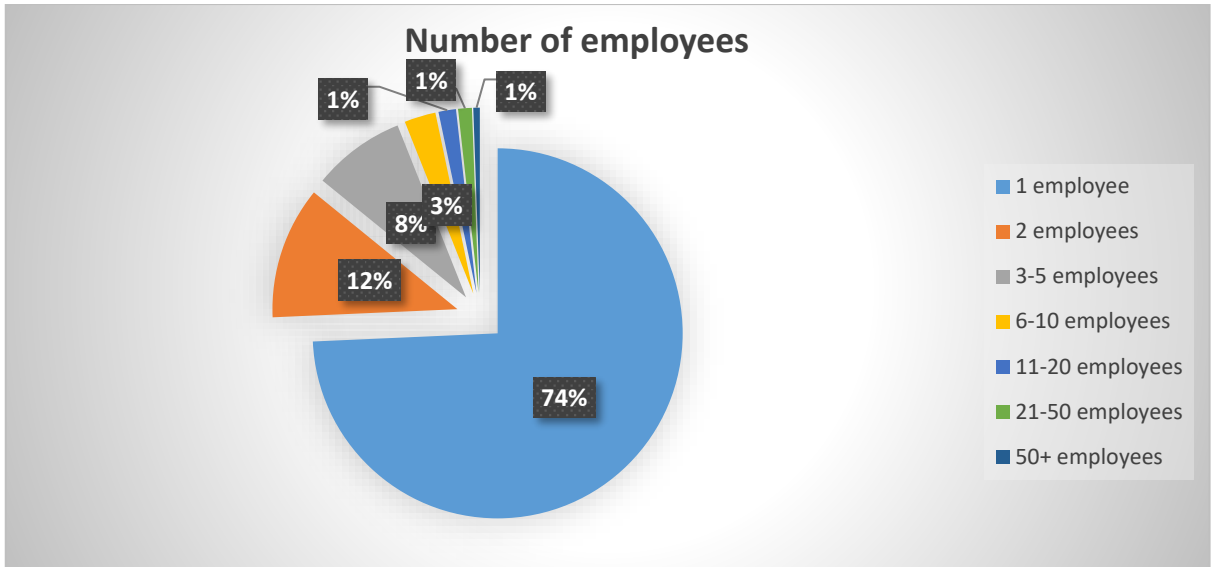


3.28 The support provided by the Dorset Business Growth Programme has been delivered across Dorset. This is shown by the old local authority areas including districts. Overall, 53% of the work took place in the Bournemouth, Christchurch and Poole Council area and 47% in the Dorset Council area NB this calculation excludes the 'not indicated' figures.

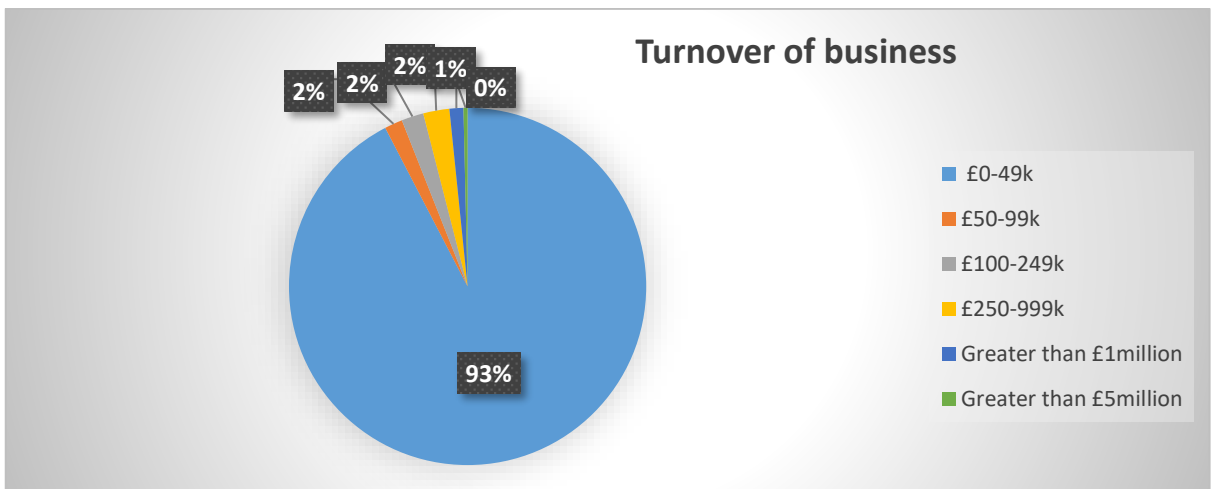


3.29 The Programme achieved distribution of support across the county, no doubt supported by on-line activity which negated the need for travel.

3.30 Further analysis of the data indicates that whilst most support was provided to businesses with only one member of staff, typically the owner of the business, over a quarter of businesses were employing one or more members of staff.



3.31 Similarly, 93% of businesses had a turnover less than £50k. Of the total number of businesses supported, 162 businesses had a turnover between £50k and £1million and the Programme did support 44 businesses where the turnover was greater than £1million which demonstrates the flexibility of the Programme in dealing with a range of business sizes.



Importance of broadband connectivity and infrastructure

3.32 As the Dorset Business Growth Programme utilised match from the Dorset County Council spend for the installation of broadband from the Dorset SuperFast Broadband project and the spend was seen as complementary to the Programme, the business interviews asked a specific question relating to broadband connectivity.

3.33 The question asked was 'how important was a decent broadband connection to the success of the support you received from the DBGP?'. The following responses are indicative of all responses received:

- Without broadband, I would not have been able to access the online support

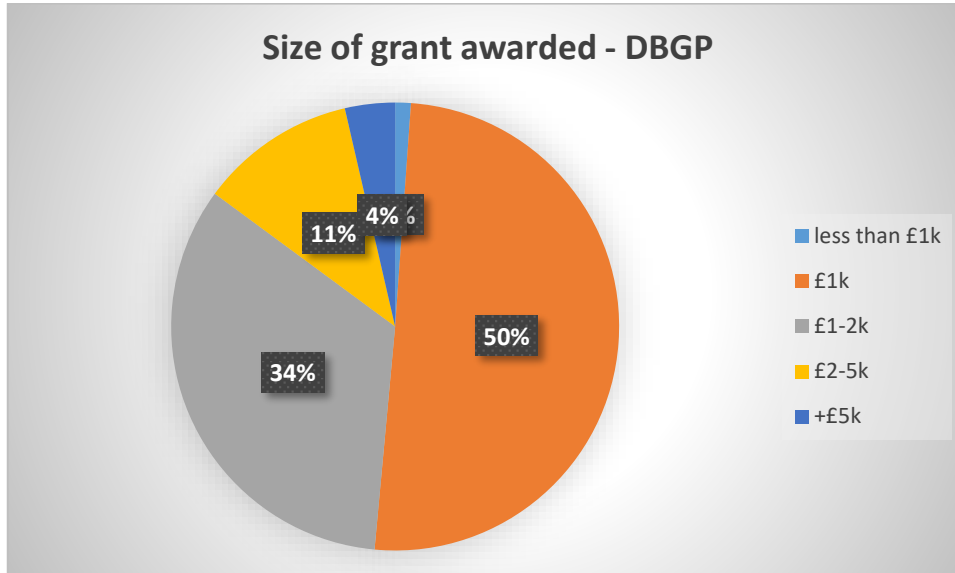
- *Connectivity was essential during the pandemic to enable business to continue without face-to-face meetings*
- *My website is my main means of communication. Once I've met people, I direct them to the website and then build relationships on-line. An effective broadband connection is essential for this activity*
- *Whilst we have been IT literate for many years, our broadband connection was initially variable but is now stable. This is essential for all businesses*
- *Broadband connectivity is an essential component of me doing business*
- *During the pandemic, all classes moved online. Without a decent broadband connection, my business would have ceased trading during 2020-2021*
- *All our business is conducted online and by telephone.*
- *With overseas clients, virtual meetings are essential and require a fantastic broadband connection*
- *Essential. Based in West Dorset, the connection allowed us to meet virtually and conduct business*
- *Essential to allowing the business to move online. The online community was vital during the pandemic*
- *We now have more office staff who need good broadband in order to be able to work effectively*
- *Vital. Business cannot exist without it.*
- *Essential to ensure business could continue during pandemic. Virtual meetings are a good way forward*
- *Broadband is essential to my business and without it I could not operate*
- *Essential. I sell my products online and cannot afford to be offline at any time.*
- *Without broadband, I would not have been able to access the online support*
- *Essential to keep in contact with out of area clients*

3.34 This consistent feedback from all business interviews demonstrates the huge importance of broadband connectivity to business success. This was exacerbated by the pandemic when on-line trading became the norm as retail shops and premises were unable to open. Businesses also took this opportunity to begin trading on-line and to recognise this method as an alternative to face-to-face activity. In the case of many businesses, on-line provision has generated increased sales and profitability.

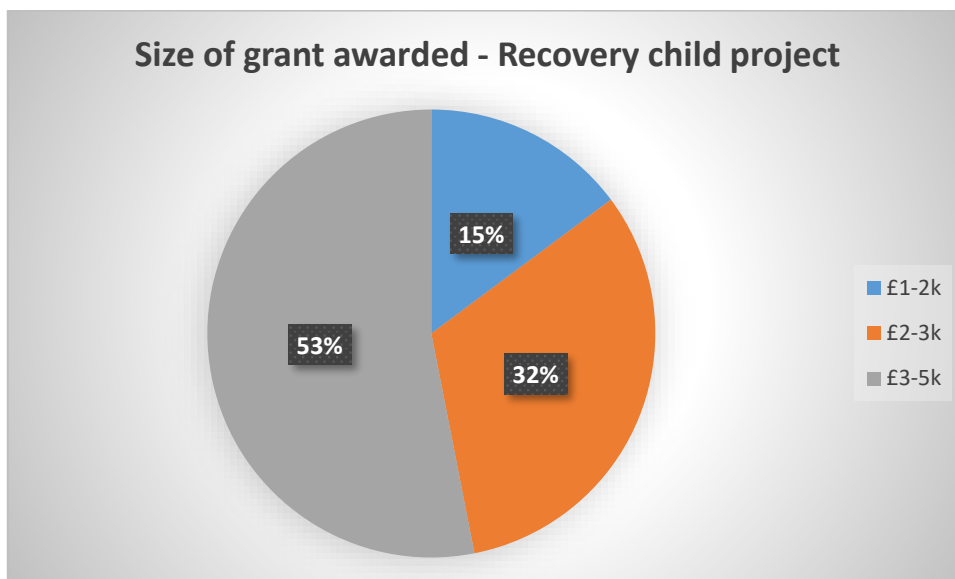
3.35 The impact and value of the broadband infrastructure across Dorset come to the fore during the pandemic. Without this provision, many businesses would have struggled to pivot their businesses and to maintain trading. Whilst it is challenging to attribute a value to this infrastructure, it could be suggested that without it, the businesses who were supported would not have been and the likelihood of sustaining their business would have been more limited.

Overview of grant provision

- 3.36 886 grants were provided to businesses as part of the Dorset Business Growth Programme. These ranged in size from £204 to £50,000 with a total grant spend of £1.53 million. In turn, this generated a further £4.58million in business matched funding.



- 3.37 For the Recovery child project, no grant was in excess of £5k. The highest number of applications (52% of total) were for the purchase of new equipment software to adopt new technology followed by equipment to diversify (11%). In total, 162 grants were paid but only 147 reported. This arises as some of the recipients of the Recovery child project grants had also received a grant via the DBGP and the output could not be claimed twice.



Stakeholders' perceptions of the programme

- 3.38 Feedback suggests that the programme was designed to act as a *'one-stop shop'* for business support in Dorset that would provide *'great business outcomes and investment for business growth'* as well as supporting a number of business support organisations to *'maintain their business operations through receipt of EU funding to supplement other funding streams'*. It was also designed to maximise the use of funding by *'responding to all areas of PA3 support, hence the nine workstreams'*.
- 3.39 The main consortium partners (see Appendix 3) agreed the Dorset Business Growth Programme was well designed although it was *'quite complex with lots of different strands'*. A concern for some partners was the lack of communication and understanding about the support offered by other consortium partners. Not knowing the detail of what the other partners were doing was a constraint but the feeling was that the programme harmonised lots of different support being delivered and brought competing partners together to provide a LEP wide initiative. From a client's perspective this made for much better and smoother support provision. It was felt that a greater understanding would have led to *'more cross referrals and a better overall approach'*.
- 3.40 Overall, the programme has been described as *'a useful service for Dorset businesses'* and has *'adapted to business requirements e.g. increased digital events to meet demand'*. Key individuals within WSX Enterprise have been *'instrumental to delivery and the achievement of programme objectives'*. The ERDF metrics were largely achieved for the programme and there were key successes in the target groups.
- 3.41 In terms of the client journey, the application process was relatively straight forward, *"although there were a number of hoops to jump through"*, but the follow up claims and evidence requirements were very onerous. Challenges were also experienced with the grant process. This was felt to be *'arduous'* and the panel was *'cumbersome particularly for small grant amounts'*. Cash flow proved an issue too. There was a general view that EU regulations are *"way over the top for the scale of support being provided"*. One consortium partner reported that *"the changing ERDF regulations made delivery difficult and ultimately, they were spending 25% of their resources on project administration"*.
- 3.42 It is generally felt that *'this has been an excellent programme for Dorset'* and *'has provided 6 years of business support continuity at the most difficult of times'*. The combination of *'advice and grants is excellent'* and the *'programme adapted to meet the demands of business and to simplify programme activities'*.

Compliance

- 3.43 After seeking comprehensive advice from external solicitors and with a huge amount of input from the project management team, De Minimis guidelines were deemed to be appropriate for the project. Whilst DLUHC had suggested, with the submission of the PCR, that the General Block Exemption Regulation (GBER) may apply, this was reviewed extensively by the project management team and the following table produced to confirm why the project was not able to use GBER.

	DBGP Intervention	GBER summary	Comments
Aid to SMEs Article 17	Businesses supported under the Access to Finance/Creative and Digital Grant schemes GBER will be applied when a business receives grant aid	Investment aid to SMEs - up to €7.5m aid (per undertaking per project) can be provided for up to 20% for small enterprises and 10% for medium-sized enterprises of the eligible costs of investments in tangible and intangible assets and the estimated wage costs of employment directly caused by the investment over two years	Grant scheme offer available does not meet the criteria set out in the Aid to SMEs Article 17. Grants schemes offered by the project: Grants of €1,500 – 1:1 (50%) match – for small projects (small or medium enterprises are expected to apply). Grants of €4,000 – 2:1 (33%) match – for medium size projects (small or medium enterprises are expected to apply). Grants of €10,500 – 4:1 (20%) match – For large projects (medium sized enterprises are expected to apply). 20 grants of €2,500 – 3:1 (25%) match – for smaller projects (small or medium enterprises are expected to apply).
Aid to SMEs Article 18	Businesses supported under the Creative and Digital Grant Schemes GBER will be applied when a business receives grant aid	Aid for consultancy in favour of SMEs - up to €2m aid (per undertaking per project) can be provided for up to 50% for the costs of consultancy services provided by external consultants	Grant scheme offer available does not meet the criteria set out in the Aid to SME's Article 18 Offered grants are in range of €1,500 - €4,000, with varied match form 33% - 50%. Eligible items are not limited to consultancy and can include the following: IT infrastructure costs <ul style="list-style-type: none"> • Cloud based technology • Digital marketing costs (e.g.: consultancy costs / website development/design, App development, online content production, social media support and planning, e-marketing) • Software / disruptive technologies (e.g. software to improve efficiency and competitiveness)
Aid to SMEs Article 19	Businesses supported under the Creative and	Aid to SMEs for participation in fairs - up to €2m of aid (per undertaking per year) can	No grant schemes available for internationalisation or creatives.

	Internationalisation strands GBER will be applied when a business receives grant aid	be provided for up to 50% of the costs of renting/setting- up and running a stand at a fair or exhibition	
Aid for Access to Finance for SMEs Article 22	Enterprise strand where businesses are being given grant aid GBER will be applied when a business receives grant aid	Start-up aid may take the form of loans, guarantees or grants	Grant scheme offer available does not meet the criteria set out in the Aid for Access to Finance for SMEs Article 22. The maximum percentage of the eligible costs under Article 107(3)(a) can be paid in a given area is 45% for small enterprises. Current Strat-up grants are 100%. The project will not be offering any start-up grants or loans going forward

3.44 It was recognised that SME beneficiaries would be in receipt of State Aid as the recipients of the DBGP met the following criteria.

- Fewer than 250 employees
- Registered or operating in the Dorset area
- Turnover lower than €45M
- Independent company or no more than 25% owned by another company

3.45 Businesses were required to declare the full amount of De Minimis aid they had received over the last 3 fiscal years before being able to receive assistance from the DBGP and for this evidence to be provided to the administration team.

3.46 To support overall project compliance, businesses were also provided with a copy of the WSX Enterprise procurement policy document, as part of their grant offer letter. This was to ensure businesses were aware of the need to provide their justification for picking a supplier as well as the proof of the three quotes for the services to be provided. Whilst this caused some issues with some businesses who found this difficult to comply with, all grant recipients provided the evidence in full.

3.47 Compliance challenges were also experienced in the use of capital investment in broadband infrastructure, undertaken by Dorset Council, being used to draw down ERDF for associated revenue activities under priority axis 3. Due to there being no precedent for broadband match being used in the capital project, a complex methodology was developed by WSX Enterprise to ensure that broadband match was directly related to availability of superfast broadband in the specific business post code. This was checked, to ensure compliance, in every claim by reviewing outputs against the digital map for Dorset Councils.

- 3.48 It took many months and considerable work for this approach to be agreed by MLUHC and it continued to be raised as an issue in every audit in spite of the auditor at the May 2019, Article 125 audit confirming acceptance of the methodology and claims. In total, the Programme underwent four audits; 2 Article 125 audits and 2 Article 127 audits.

Project delivery and management for the Recovery child project

- 3.49 Additional funding of £545,384 was made available to WSX Enterprise for the Recovery child project. This funding was 100% ERDF and no match was required, unlike the DBGP where a 50% intervention rate was needed.
- 3.50 The project started on 1/9/20 and finished on 31/3/21 and was in direct response to changing business needs as a consequence of the pandemic and lockdown measures. The project experienced a slight delay in launch and opened for application in the middle of September 2020.
- 3.51 In-depth business surveys were completed for a further 7 businesses who had been supported by the Recovery child project, using the same questionnaire as for the main project.

Management and governance

- 3.52 The Recovery project had a very short planning, setup and delivery timeframe. Due to these tight timescales and in order to maximise the benefits of the activity, the existing DBGP team were used to manage the project. The project was overseen by the DBGP operations director, who was allocated 0.3 FTE days on the Recovery project. This role managed the delivery team and dealt with any queries arising from either partners or businesses, particularly dealing with businesses who complained if their grant application was unsuccessful. The DBGP project manager and existing administration team reviewed all applications and ensured all paperwork was meeting contractual requirements alongside undertaking project reporting.
- 3.53 The DBGP management team met weekly for the grants panel and to review applications. This occurred alongside the work for the DBGP as the panel members for both projects were the same. Throughout the process, the delivery team were very hands-on due to the tight timescales. The grant panel was felt to be experienced and knowledgeable and utilised a scoring process which was fair and transparent and allowed demonstration of impact and value.
- 3.54 Feedback from the team suggests that the experience from the DBGP helped in delivering the Recovery child project as activities and paperwork was very similar. The delivery team were pleased to have direct support from the experienced management team and grant panel.
- 3.55 Further improvements on the management of the project could have been achieved if a longer preparation and planning period was available. This would have ensured the team was fully up to speed before starting delivery of the project, rather than learning on the job.
- 3.56 Overall, review of the Recovery child project suggests that the project was well managed and utilised existing experience to drive appropriate management and governance. Using an existing programme and bolting on additional and complementary activities appears to be the best use of otherwise limited resources.

Standard of activity delivery

- 3.57 2 part-time advisors were employed to deliver 1-2-1 support by assessing the needs of business and helping them with either the completion of a grant application or referring to them a different and more appropriate business support service.
- 3.58 Grant applications were received into a separate mailbox and assessed for eligibility by the administration team. These were passed to the business advisors who completed a diagnostic on the business. This was then presented to the grant panel who reviewed the application and voted on whether to approve it or not. If approved, offer letters were sent and the applicant undertook their proposed activity and submitted proof of defrayal to claim their grant monies. At the later stages of the project, applicants were able to get their suppliers to invoice the project directly with payment being made to the supplier. This worked well for those applicants who had a viable project but insufficient working capital upfront to pay.
- 3.59 The delivery and management team feedback indicates that the involvement of highly competent business advisors performing a diagnostic on the business before the applications went to panel, allowed the panel to make the most informed decision.
- 3.60 Conversely, the team were challenged by the parameters of the project changing towards the completion of the project. This was when the project was able to pay suppliers directly rather than providing funding to the applicant for them to pay the supplier.
- 3.61 Business feedback suggests that grant applicants were very happy if they were approved and were disappointed if they were unsuccessful. Businesses were irritated by having completed an extensive application form only to be rejected even if this was their own fault due to not reading the eligibility criteria correctly.
- 3.62 It has been suggested that future projects should have an online enquiry form which clearly states the eligibility criteria and business compliance with this before they are allowed access to the application form. This would avoid non-eligible businesses wasting any time in completing an application that will not be successful.

Targeting and engaging with businesses

- 3.63 WSX Enterprise issued a press release informing the wider Dorset business community of the funding being made available through the Recovery child project. There was also an online launch event for the Recovery project, to generate an initial pipeline of enquiries. The team worked with partners, including BCP Council, Dorset Council and Dorset LEP, to identify businesses who had previously applied for discretionary grants but who had been unsuccessful as the Recovery child project represented an alternative funding opportunity.
- 3.64 The launch of the Dorset Growth Hub website sign-up form for businesses on 3/8/20 was very successful and generated almost 200 sign-ups within 3 days of the launch. This level of response was unexpected and unprecedented and demonstrates the overwhelming demand for funding support at this time. This did lead to some challenges as a large number of grant applications were rejected due to lack of funding availability along with longer response times back to businesses. A number of chasing emails and/or complaints were received from businesses which created additional workload for an already busy team.

3.65 For future projects, the application process and scheme criteria need to be made much clearer. Our press release should have been more targeted instead of just giving detail on the funding available.

Business insight and feedback

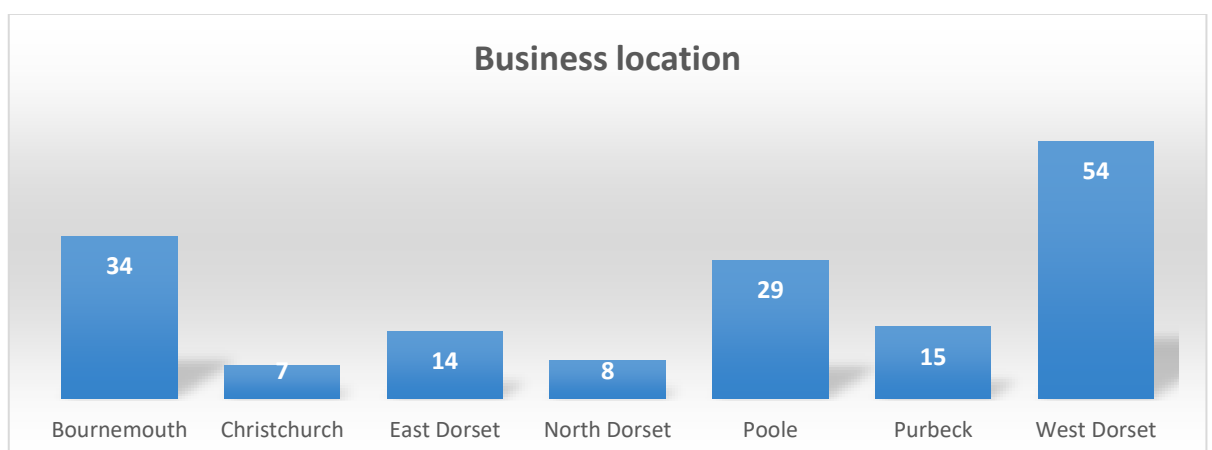
3.66 Business feedback from successful applicants has rated the support as excellent with all businesses commenting on how essential the grant support was to their ongoing business survival and growth as a result of the pandemic. Specific comments include the following;

- *'As a business in hospitality, COVID dictated how we worked and the Recovery grant was specifically to help us recover and be sustainable'.*
- *'It enabled us to keep the number of covers in service within Government guidelines. Without this we would have had a fraction of the revenue, and half the number of jobs'.*
- *'The timing was excellent and allowed us to source specialised equipment thereby speeding our business plan back to a level of normality and then growth'.*

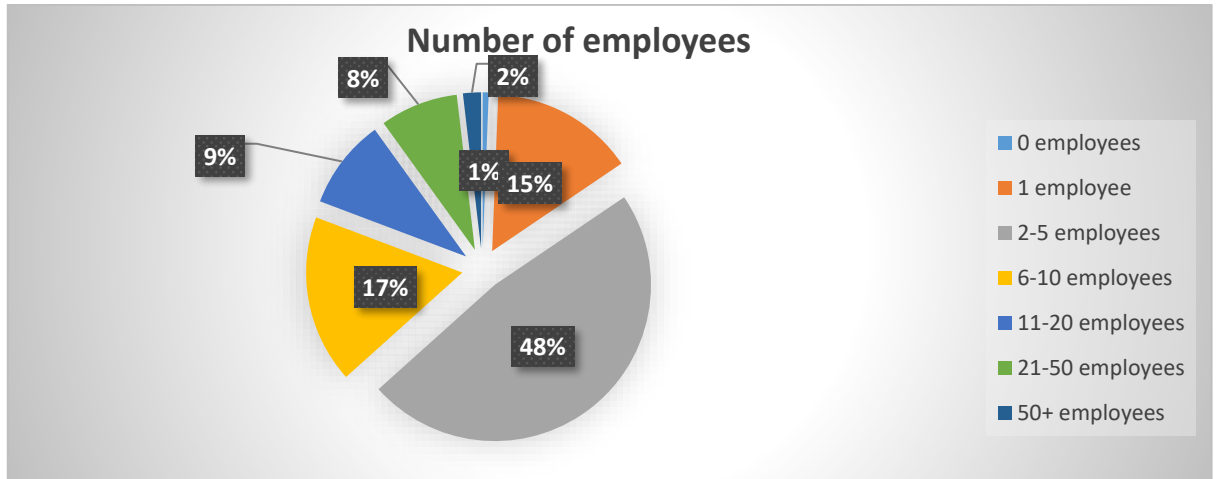
3.67 Positive feedback was also received on the direct business support, advice and guidance that was provided by the DBGP team with the following comments received;

- *'The DBGP team were instrumental in helping with the whole application process for our grant'.*
- *'Their support was so valuable to us at a very uncertain time'.*
- *'It was all very straightforward and the staff at the hub were very supportive'.*

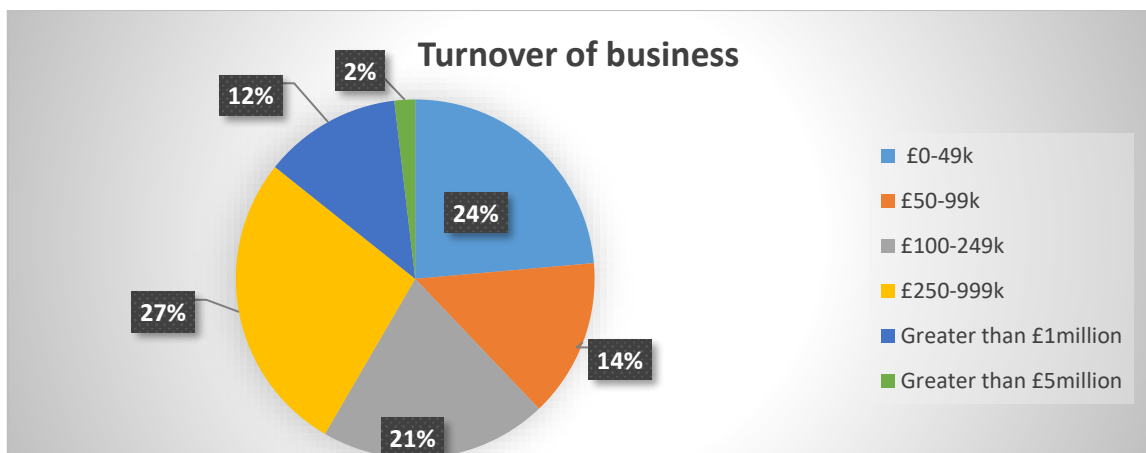
3.68 Analysis of the business data, shows that 43% of businesses were located within the BCP Council area and 57% in Dorset Council. The Recovery child project achieved better take-up outside of the conurbation compared to the main DBGP where the figures were reversed.



3.69 The Recovery child project also reached a higher number of businesses employing 2 or more staff. This may be as a result of focussing on tourism and hospitality businesses which typically have a higher staff count than other businesses.



3.70 In line with the staff numbers, this project dealt with larger overall businesses.



Stakeholder's perceptions of activity

- 3.71 The key stakeholders were BCP Council and Dorset Council both of whom were very pleased with the aims of the project and its delivery. In particular, *'the focus on providing grants to tourism businesses helped to support these businesses through the pandemic lockdown and was complementary to other Government and local authority support'*.
- 3.72 The launch of the fund via the online event for both businesses and a wide partner group was felt to *'very useful'* and *'timely'*.

Summary of Project delivery and management for the Recovery Child project

- 3.73 This was a short-term, high impact project designed to provide quick-turnaround grant support to businesses in Dorset that had been adversely affected by the pandemic. Placing this funding with WSX Enterprise as an adjunct to the wider DBGP was a sound move with the project management team having skills and experience in place to administer, manage and report on the activities.
- 3.74 Whilst the planning, set up and delivery timescales were very short, the team utilised existing practices to ensure activities could be delivered effectively and efficiently. Future activities could be improved with the following measures
- Staggering the advertising of the grant opportunity in order to manage the flow of enquiries
 - Use of an online enquiry form to sift out non-eligible businesses
 - Greater clarity on eligibility to manage customers' expectations more appropriately.
- 3.75 This was a useful project for WSX Enterprise to run to further support businesses as a consequence of the pandemic lockdown.

4. Project outcomes and impact

Introduction

- 4.1 This section of the report highlights the achievements of the Dorset Business Growth Programme on its target outputs, outcomes and impacts. The assessment provides an analysis of the gross and net additional economic impacts. A particular focus has been on attributing the outputs and impacts to the Dorset Business Growth Programme.
- 4.2 Some of the key considerations in undertaking this assessment include the following:
- The purpose of the impact evaluation is to measure the net economic impact of the Dorset Business Growth Programme compared to the situation in the absence of the intervention. This allows the measurement of its added value and value for money.
 - A number of assumptions have to be made in undertaking the assessment. These assumptions and the rationale for them are clearly set out below.
 - The achievement of desired outcomes will often occur only after a number of years following the project implementation due to the time lag in changes in business behaviour, resulting from the provision of business advice and support, translating to for example, improvements in turnover and increases in employment.
 - In addition to measuring the quantitative project outputs, we also have taken into consideration qualitative impacts, in particular the strategic added value of the project.
- 4.3 One of the main aims of measuring the net additionality of the project is to help provide lessons learnt and advice for future programme design, development and delivery so that where possible leakage, displacement and substitution are minimised and potential multiplier effects are maximised.

Analysis of gross and net additional economic impacts

- 4.4 To undertake the assessment of additionality, the following activities have occurred
- Extensive review of the Dorset Business Growth Programme
 - Analysis of the output data and management reports
 - Detailed interviews with the DBGP management team and consortium partners.
 - Analysis of results from a telephone survey of 196 businesses
 - Analysis of results from in-depth interviews with a further 30 businesses
 - Reference to attribution rates in neighbouring areas to help determine the reference case.

- 4.5 Calculating the gross and net additional economic benefits, in terms of job creation and GVA, involved using the additionality calculation as determined by the Homes and Community Agency in their 2014 Additionality Guide. This calculation is as follows:

$$AI = [GI \times (1-L) \times (1-Dp) \times (1-S) \times M] - [GI^* \times (1-L^*) \times (1-Dp^*) \times (1-S^*) \times M^*] \text{ where:}$$

AI= Net additional impact GI= Gross impact L=Leakage
 Dp= Displacement S=Substitution M=Multiplier
 * denotes reference case and hence deadweight

- 4.6 The gross direct outputs (jobs created) and GVA are adjusted for displacement, leakage, substitution and multiplier effects and the net additional impact is the adjusted intervention option (Dorset Business Growth Programme) minus the adjusted reference case (which also needs to be adjusted for displacement, leakage, substitution and multiplier effects). The reference case is the position in terms of target outputs that would occur at the end of the intervention life if the Dorset Business Growth Programme intervention was not implemented and is referred to as deadweight.
- 4.7 The basis of these adjustments for the Dorset Business Growth Programme are explained below.

Adjustment factor	Basis of calculation
Leakage	We estimated that leakage was likely to be low as businesses must pass eligibility criteria to benefit from the Dorset Business Growth Programme support, in particular based on geographic location, and that local people will take up most of the jobs. The economic area is relatively self-contained with 93% of those employed in Dorset living there and 89% of residents staying in the county to work. We therefore allocated a low value of 10% leakage to the calculation.
Displacement	There is a considerable body of evidence concerning estimates of the scale of displacement associated with business support initiatives at the local and regional level. Research undertaken on behalf of BEIS has set out a range of average (mean) displacement rates at the sub-regional and regional levels. In the absence of specific local information (and using the BEIS figures as a guideline), whilst there are expected to be some displacement effects (primarily taking of market share from other local firms producing the same goods or services), we estimate this would only be to a limited extent of around 25%.
Substitution	This effect arises where a business substitutes one activity for a similar one (such as recruiting a jobless person while another employee loses a job) to take advantage of public sector assistance. Based on analysis of substitution impacts in other areas and from discussions with Dorset Business Growth

	<p>Programme consortium partners, who had not come across any examples of this, we therefore assumed substitution effects to be zero.</p>
Multiplier	<p>Our research into the local economy and from discussions with key consortium partners suggests that there are strong local supply chains in the region and that multiplier effects will be reasonably high. In the absence of local detailed multiplier information, we used the composite BEIS/CEA mean regional multiplier figure of 1.5 for Business Development & Competitiveness Interventions. This figure corresponds with the composite commonly used regional multiplier figure ready reckoner value of 1.5.</p>
Reference case (deadweight)	<p>As part of the final summative assessment, in-depth interviews were held with 30 businesses who had benefitted from the DBGP. Businesses were specifically asked, on a self-reporting basis, to estimate how much of the improvements in their business were attributable to the support received from the Dorset Business Growth Programme.</p> <p>For reasons of proportionality/resources and data limitations, we also had to construct an estimated reference case based on reference cases for similar ERDF supported projects we had assessed that provided grant and non-financial support in comparable areas with similar economies. We also referenced the Scottish Enterprise's 'Additionality and Economic Impact Assessment Guidance Note' which sets out a guideline range of 'ready reckoner' values for deadweight (none - 0%; low - 25%; medium - 50%; high - 75%; and total - 100%).</p> <p>Using these combined information sources, we therefore decided that we could reasonably assume that deadweight, as a percentage of the gross direct effects of the intervention option, was approximately 50%.</p> <p>Whilst this is a non-statistically robust way of estimating deadweight, in the absence of a counterfactual, this would provide an approximation that was acceptable, particularly as the rationale for all adjustments have been stated.</p>
Gross direct jobs created	<p>The businesses that have received Dorset Business Growth Programme support by end of December 2022 are reported to have created 998 gross jobs. This is based on the evidence provided by the Dorset Business Growth Programme Management Team.</p>
Gross GVA	<p>We have used the most recent ONS GVA per head of population figures from 2018. For Dorset this was £21,967</p>

- 4.8 Applying these adjustment figures to the additionality calculation below (as specified in the HCA Additionality Guide 2014) gives a net additional employment creation of **505 FTE jobs** and **£11.09 million GVA** for the **Dorset Business Growth Programme** for the period March 2017 to December 2022.

Impact indicator: Employment Unit = FTE	March 2017 – December 2022	
	Dorset Business Growth Programme	Reference Case (50%)
Gross direct jobs	998	499
Leakage @ 10%	99.8	49.9
Gross local direct effects	898	449
Displacement – 0.25%	224	112
Net local direct effects	674	337
Multiplier – 1.5	336	168
Total net local effects	1010	505
Total net additional employment creation	505	

Impact indicator: GVA Unit = £m	March 2017 – December 2022	
	Dorset Business Growth Programme	Reference Case (50%)
Gross direct GVA	21.92	10.96
Leakage @ 10%	2.19	1.096
Gross local direct effects	19.73	9.86
Displacement – 0.25%	4.93	2.466
Net local direct effects	14.8	7.394
Multiplier – 1.5	7.39	3.699
Total net local effects	22.19	11.093
Total net additional GVA (£m)	£11.09 million	

- 4.9 This calculation has not been applied to the Recovery child project as no C8 jobs target was measured or reported for the project. Based on review of the Recovery child grant applications, and where a recipient business said that the grant would help them safeguard the business and jobs, it is estimated that the **Recovery child project safeguarded 158 businesses and 378 jobs** which might otherwise have been lost as a result of the pandemic lockdown.

Achievement of logic model outcomes and impacts

- 4.10 The Dorset Business Growth Programme has achieved good outcomes against the target impacts set out in the project logic model. It has increased the number of businesses created, increased GVA and increased employment in Dorset. This is in spite of the challenging economic conditions which prevailed as a result of the pandemic lockdown.

- 4.11 The support provided has helped to address the market failures identified and contribute towards increasing competitiveness and productivity in Dorset, leading to the creation of new jobs and helping to sustain jobs that might otherwise not have survived.
- 4.12 It should be noted that logic model outcomes can take several years to materialise and many of the businesses assisted will only have received support in the last couple of years. Therefore, it should be expected that further impacts in terms of job creation and increases in turnover are anticipated to filter through from these businesses in the next few years.

Strategic Added Value

- 4.13 The survey of business beneficiaries, for both the DBGP and Recovery child project identified many aspects of strategic added value over and above the creation or safeguarding of jobs and/or increases in turnover and profitability. The most common responses included the following:
- Accessing new business networks to support ongoing business development and growth
 - Upskilling, both for the business owner/manager and their staff
 - Improving the organisational and procedural processes for the business
 - Provision of financial advice, support and access to funds
 - Improving marketing skills and communication methods
 - Increasing digital capability within the business alongside ongoing use of the broadband infrastructure
 - Bringing flexibility and adaptability to the business in order to face future challenges
 - Increasing business confidence, both for new and growing businesses
 - Helping formulate new and improved business strategies
- Driving increased efficiency and effective working into the business leading to increases in profitability
- 4.14 It is clearly difficult to calculate the actual impact the above examples of strategic added value have on the Dorset economy as there are so many variables that impact on business performance. However, most of the businesses that took part in the survey highlighted at least one area of strategic added value resulting from their engagement in the Dorset Business Growth Programme.

5. Project value for money

Introduction

- 5.1 A key requirement of the summative assessment is to analyse the cost effectiveness of the intervention. Has the project demonstrated value for money or not? How does it benchmark against other similar interventions? The detail below provides the responses to these questions.

Value for money indicators

- 5.2 At the conclusion of the DBGP, the total revenue expenditure was £16,834.55, 50% of which was awarded by the European Regional Development Fund (ERDF)
- 5.3 ESIF-Form 3-009 sets out the average cost per unit value for money (VFM) figures for gross PA3 output indicators for Priority Axis 3 programmes in More Developed areas. These figures are set out in the second column in the table below.
- 5.4 Expenditure of £8.42 million of ERDF funds had achieved the gross output figures presented in the third column in the table below. The average cost per unit for DBGP outputs achieved is presented in column 4 and the final column compares them with the average cost per unit for PA3 Output indicators.

PA3 Output indicators for Priority Axis 3 programmes in More Developed areas	Average cost/unit for PA3 output indicators	DBGP outputs at final stage (Dec 2022)	Average cost/unit for DBGP outputs achieved	+/- vs OP	
C1: Number of enterprises receiving support	£14,382	1197	£7034	(£7348)	-51%
C2: Number of enterprises receiving grants	£23,132	418	£20144	(£2988)	-13%
C4: Number of enterprises receiving non-financial support	£59,476	1436	£5863	(£53,693)	-98%
C5: Number of new enterprises supported	£37,079	489	£17219	(£19,860)	-54%
C6: Private investment matching public support (grants)	£4	£5,335,742	£1.58	(£2)	+40%
C8: Employment increase in supported enterprises	£36,871	998	£8437	(£28,344)	-77%
C28: Number of enterprises supported to introduce new to market products	£964,229	71	£118,592	(£845,637)	-88%

C29: Number of enterprises supported to introduce new to the firm products	£120,491	186	£45,906	(£74,585)	-62%
P11: Number of potential entrepreneurs assisted to be enterprise ready	£24,108	1033	£8151	(£15,957)	-66%
P13: Number of enterprises receiving information or brokerage	£192,798	1078	£7811	(£184,987)	-96%

- 5.5 Whilst it is difficult to compare one business support initiative against another and where average cost figures are compiled, only a general indication of the costs that might be associated with achieving specific outputs can be given.
- 5.6 The table above does however demonstrate that the Dorset Business Growth Programme has provided excellent value for money for all, bar matched funding, of the PA3 Output indicators for Priority Axis 3 programmes in More Developed areas.
- 5.7 For the Recovery child project, the following comparisons are made

PA3 Output indicators for Priority Axis 3 programmes in More Developed areas	Average cost/unit for PA3 output indicators	Recovery child project outputs	Average cost/unit for Recovery child outputs achieved	+/- vs OP	
C1: Number of enterprises receiving support	£14,382	103	£5295	(£7034)	-49%
C2: Number of enterprises receiving grants	£23,132	132	£4132	(£19000)	-82%
C5: Number of new enterprises supported	£37,079	10	£54538	£19,860	+54%
P13: Number of enterprises receiving information or brokerage	£192,798	50	£10908	(£184,987)	-96%

- 5.8 The Recovery child project also achieved excellent value for money. The number of new enterprises supported was a challenging figure as the project focussed on supporting businesses who were already trading and had difficulties as a result of the pandemic lockdown rather than supporting new businesses.

6. Conclusions and lessons learnt

Introduction

- 6.1 This section of the final summative assessment report seeks to identify the overall strengths and weaknesses of the project. It also seeks to highlight learnings that can be taken forward by the project delivery body, policy makers and future funders of similar business support programmes.

Conclusions

- 6.2 The key conclusions from the Dorset Business Growth Programme, March 2017 - December 2022, informed from consultations with the business beneficiaries, the project management team, consortium partners and analysis of the figures are presented below.

- Overall, the DBGP has supported the creation of 505 new jobs and delivered £11.09 million of GVA into the Dorset economy. It is estimated that the Recovery child project safeguarded 158 businesses and 378 jobs which might otherwise have been lost as a result of the pandemic lockdown.
- This represents excellent value for money for the ERDF spent with all key indicators being achieved at a much lower cost than those anticipated within a More Developed area when assessed against average output achievement costs.
- The Dorset Business Growth Programme was very well researched and was developed in response to clearly identified market failure. Responses to these market failures were produced in consultation with key partners and project activities either filled gaps in the market support landscape or enhanced existing service provision.
- PCR changes were informed through business feedback, completion of project activities and in response to the pandemic lockdown. This reduced the complexity of activities undertaken whilst continuing to provide high quality business support to a wide range of businesses.
- The Recovery child project was a useful and complementary activity that supported businesses adversely affected by the pandemic.
- Business support targets were effectively developed and, in the main, have been achieved. Where some under performance has occurred, 3 targets are within 10% of the planned total and only 1 target has not been achieved.
- Significant economic contextual changes have occurred across the timescale of the programme. These included the impact of Brexit which delayed many business investment decisions, in particular around inward investment and company growth and development. This was coupled with the very significant impact of the Covid-19 outbreak and pandemic lockdown which presented many challenges for the continued successful delivery of the programme.
- Most businesses (90%) that engaged in the Dorset Business Growth Programme had not previously received support from an ERDF funded support programme. In terms of their expectations, 85% of the businesses surveyed said their expectations were

met or surpassed. This highlights the high level of perceived quality of the Dorset Business Growth Programme from the businesses it was seeking to assist.

- The quality of support provided by the Dorset Business Growth Programme was rated as 'excellent' by 50% of the businesses interviewed, and 83% of businesses that had received support had been able to apply at least some of the knowledge gained already. 74% of them found the support 'effective' or 'very effective'.
- Significant problems were caused by two key partners leaving the programme; Dorset Chamber of Commerce and Industry left at the beginning of the contract in 2017 and Dorset LEP dropped out in March 2018. This caused significant match funding issues and WSX Enterprise had to spend considerable time in the early stages of the programme to overcome these issues.
- Problems also arose with the use of capital investment in broadband infrastructure as a drawdown of ERDF for associated revenue activities which was felt to be non-compliant by DLUHC. This led to significant cashflow issues and required WSX Enterprise to develop a complex methodology that ensured the broadband match was directly related to availability of superfast broadband in the specific business post code.
- Whilst the initial view of partners indicated that communications amongst partners was not particularly good, this improved over time. The Dorset Growth Hub sought to develop a meaningful partnership approach as the project evolved.

Lessons learnt

6.3 The main lessons learnt from the Dorset Business Growth Programme are stated below and are intended to provide clear guidance for project delivery bodies, policy makers and future funders of business support programmes.

- For any project, it is essential to have all parts of the application agreed from the outset. For the DBGP, the challenges around the use of broadband infrastructure as matched funding resulted in considerable time, effort and resource being deployed to find an acceptable methodology for all parties. Clarity on this matter from the outset may have reduced this burden.
- The value of having almost 6 years of continuous business support should not be underestimated. The ongoing availability of business support from the Dorset Growth Hub delivering the DBGP allowed businesses to know and understand where to go for support. This was particularly important during the pandemic lockdown. Projects should be designed to run over a longer period of time.
- Performance management is critical to the success of the programme. Initially, the Dorset Business Growth Programme got off to a slow and delayed start and outputs were being chased. This was well-managed for the PCR phase with a high quality of service delivery maintained and not compromised at the expense of numerical output achievement. Outputs should be planned to recognise the slow starts, followed by rapid growth leading to a slower finish at the end of the programme.

- The involvement of partners is critical to the success of projects. Consideration must be given to the ongoing management of partners and the communications they will receive. Partners play a vital role in acting as intermediaries to the business community and to help raise awareness of activities. In particular, the communications by local authorities through their statutory and regulatory engagement with businesses should be harnessed. This also helps to provide a more joined-up approach to business support.
- The Dorset Business Growth Programme was complex and, although this responded to the analysis of the market needs, there were too many delivery strands. It would be preferable for future projects to focus on key core services required by business that are easier to manage and that produce the target outputs in a cost-effective manner.
- It was recognised that some businesses attended a lot of courses and workshops and had significantly more than 12 hours of support. Programme management teams should address this by establishing an account management system that records and tracks the quantity of support provided. This would allow resources to be managed more effectively.
- Alongside the standard ERDF metrics, consideration should be given to the measurement of strategic added value (SAV) accruing to the provision of the business support. This provides a useful qualitative measure alongside the quantitative outputs. Future business surveys could provide SAV options to choose e.g. accessing new business networks, increasing business confidence, etc. so that these qualitative benefits can be measured in addition to the standard ERDF metrics.

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Appendix 1 – Project logic model

Project

Dorset Business Growth Programme - March 2017 to June 2022

Click on the arrows to navigate around the model. Tables can be edited directly in the model. To edit free text, click Edit under each title

Context

Edit
The Dorset Business Growth programme provides a high quality comprehensive business support programme for eligible SMEs across Dorset that encourages and supports business to start-up and to grow to their full potential by becoming more competitive and more productive. It will remove barriers to growth through the provision of specialist advice (enterprise, access to finance, digital technology) and targets key sectors for the Dorset economy (advanced and marine engineering, creative and digital, health and social care). It responds to business needs leading to increased economic activity evidenced by the creation of 705 new jobs. The Dorset Business Growth (DBG) project will be delivered by a partnership of established business support organisations working closely with the Economic Development teams of the Dorset based Local Authorities. The project will address barriers to growth and market failures identified by Dorset LEP, which is to deliver a comprehensive support package for businesses from pre-start to high growth, in the Dorset LEP area, and is directed at the large and diverse business base in Dorset's three distinct geographical areas: coast, countryside and conurbation. The planned delivery models have been shown to have a demonstrable impact on performance of SMEs leading to business growth, increased productivity and job creation. The support provided through the

Market Failure Assessment

Edit
A number of key challenges were identified through analysis and a wide consultation process to inform the development of the LEPs Strategic Economic Plan and the ESIF strategy. The relevant challenges for this project are: Reducing and removing the barriers to growth that SMEs face; Stabilising manufacturing employment and focusing on high value added sectors; stimulate investment, supply chain development; Increasing productivity and total GV. Each specialist service has a delivery plan attached to it with market failure discussed summarised as follows:
Access to Finance -there is considerable evidence that lack of access to appropriate and timely funding is a key factor slowing up growth and development of businesses in the South West of England and Dorset; Creative and Digital - Dorset has a productivity gap with every hour worked producing 10% less than the national average but with GVA of £394.3m in Creative Industries in the Dorset LEP area, this is an important sector and growing.
Digital Capability - The Lloyds UK Business & Charity Index 2018 states that 60,000 (30%) charities and 655,000 (16%) SMEs still have low digital capability.
• The biggest opportunity exists for small businesses, as 41% fall within the low digital capability bracket.
• If these businesses were to develop high digital capability,

Project Objectives

Edit
The support will enable Dorset SMEs to increase competitiveness and productivity leading to sustainable business growth with 1618 businesses intensively supported and 705 jobs created. The core aim of the Dorset Business Growth programme is to provide a high quality comprehensive business support programme for SMEs across Dorset that: Encourages and supports business creation, Encourages and supports business to grow to their full potential by becoming more competitive and more productive, Encourages and supports the increase in SME exports and international business activity, Removes barriers to growth through the provision of specialist advice (enterprise,

Rationale

Edit
The project is designed to fit the strategic objectives of both the Dorset SEP and the ESIF call and has been developed collaboratively with the delivery partners who represent a wide infrastructure of business support organisations currently working across Dorset. Business groups have been consulted on the needs of their members and the resulting programme of support is mapped closely to their needs. The geographical spread of project activities reaching into market towns and rural areas recognises the importance of businesses in both urban and rural areas and intensive support has been targeted across the Dorset LEP area dependant on identified gaps and need so that support is accessible to all. In addition, the delivery mechanisms suit small business' learning styles throughout their lifecycle. The delivery is based on best practice from previous projects, and based on lessons learned from

Inputs

What	Value
ERDF Funding	£8,779,443
Public Sector Match Funding	£4,242,511
Private Sector Match Funding	£4,429,500
New Employees	24

Intended Impacts

What
Increased activity in high value sectors
Reduction in barriers to growth for SMEs
Wage increase
Increase in capital investment
Increase in technology

Outcomes

ID	Intended Outcome	How is it Measured?	Level	Baseline	Actual
1	Increased GVA	Profitability			
2	Increase in businesses created	Number registered			
3	Jobs created	Number of jobs created			
4					
5					

Outputs

What	Value
Supported Enterprises	1618
Grants to businesses	421
Employment Increase	705
Private Investment	£4,429,500
New products, processes or services	268
Potential Entrepreneurs	939

Activities

What
Specialist Broker Services - Access to Finance, Digital, Enterprise, Mentoring Programme
Delivery support through Cluster Development in key sectors

Appendix 2 – Questions used for in-depth business consultations

1. Brief discussion about what has happened to their business since the start of the pandemic
2. What were your motivations for applying for DBGP support?
3. What support was provided by DBGP and what are your views on this (including application process, administration, suggestions for improvement)?
4. How has your business been impacted, in terms of the following, as a result of the support?
 - jobs created
 - business turnover
 - productivity
 - social and environmental impacts
 - other (please state)
5. Do you think there will be impacts on your business in the next two years in terms of:
 - jobs created
 - business turnover
 - productivity
 - social and environmental impacts
 - other (please state)
6. How much of these impacts do you attribute to the DBGP grant or support (estimate %)?
7. How important was a decent broadband connection to the success of the support you received from the DBGP?
8. Overall satisfaction with the DBGP support received (1-5)
9. How likely would you be to recommend the service to friend or colleague (1 - 5)?
10. Were there any other benefits to your business (strategic added value – confidence, skills, supply chain development, etc.)
11. Any other comments/observations

Appendix 3 - List of consultees for final summative assessment

Nick Gregory	Operations Director, WSX Enterprise
Linda Butler	Programme Manager, WSX Enterprise
Adrian Trevett	Head of Economic Development, BCP Council
Helen Heanes	Principal Economic Development Officer, Dorset Council
Dawn Leader	Business Advisor, Dorset Growth Hub
Shannon Watson	Grant Claims Administrator, WSX Enterprise
Mary Lloyd	Marketing Manager, DBGP