



Llywodraeth Cymru
Welsh Government

Quantifying the Economic Impact of Business Wales

S U M M A R Y

Busnes | Business
Cymru | Wales



UNDEB EWROPEAIDD
EUROPEAN UNION



Llywodraeth Cymru
Welsh Government

**Cronfa Datblygu
Rhanbarthol Ewrop
European Regional
Development Fund**

Introduction

Business Wales is a Welsh Government and EU funded service¹ that provides fully bi-lingual impartial, independent support and advice to people starting, running and growing a business in Wales. A key resource in delivering the strategic objectives outlined in Prosperity for All: The Economic Action Plan, Business Wales is delivered through regional centres across Wales and offers a mixture of online and face-to-face support, as well as training workshops and individual advice.

During 2021, Cardiff Business School was commissioned to provide an independent assessment of the economic outcomes associated with Business Wales. This report, offers a further update of the original analysis conducted by the Cardiff Business School in 2019 and covers the period 2015 – 2021.

This document provides a summary of their report and its findings.

Methodology

This study used monitoring information gathered by the Welsh Government on the businesses engaged and supported by Business Wales. Data examined by the research team included jobs created and safeguarded, the value of investment in enterprise, projected turnover in assisted firms and export activity.

The analysis covered a 6 year period (2015-2021) and examined the impact of two specific strands of support. First, the Business Wales core and growth support service which provides assistance to individuals thinking of starting a new enterprise through to established firms with growth aspirations. Secondly, the Accelerated Growth Programme (AGP), a targeted service aimed at businesses with the appetite and potential to grow turnover, create jobs and export rapidly.

The study involved:

- An additionality assessment based on performing gross to net estimations on economic outcomes taking account of displacement, deadweight, leakage, substitution and multiplier effects.
- A matched sample analysis of supported and non-supported businesses to identify survivability rates and credit score ratings as a proxy indicator for business resilience.
- An analysis of the prevailing macro[1] economic conditions during the 2015-2021 period and how these may have affected the delivery and effect of Business Wales services.

The study did not involve any primary research with supported businesses.

Economic Conditions

The interventions managed by Business Wales have occurred during a period of challenging economic conditions during the latter part of the intervention period in 2017-21, but particularly during the Covid-19 period. The general context for the intervention period has been a growth slowdown, and in the Welsh case real pressure on the manufacturing sector.

The programme period also occurred over a time of growing concerns over Brexit transition.

¹ Part funded by the European Regional Development Fund (ERDF).

Impact of the Business Wales Core and Growth Service

The study found that:

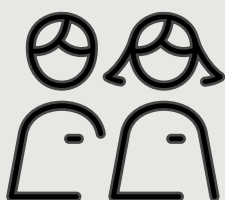


EXPENDITURE

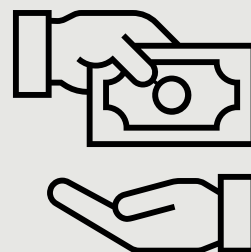
to May 2021 on the core and growth service amounted to **£37.1m** with supported businesses having created **15,447** new jobs between them.

ADDITIONAL EMPLOYMENT

created/activity by core and growth assisted businesses could be associated with an estimated **£380m** (Gross Value Added) GVA per annum.



Core and growth supported businesses have generated a total of **£92m** of investment which is connected to a combined turnover level of **£7.76bn**.

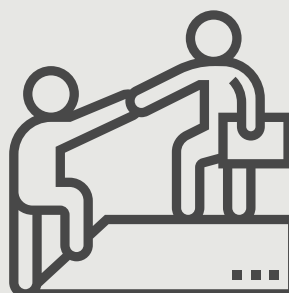


The cost per job created by a core and growth assisted businesses is estimated to be **£2,564**.

Once allowance is made for additionality, the cost per net job created is **£5,129**.



For each **£1** invested in the core and growth service, this can be linked to around **£10** of net GVA up-lift per annum.



The four year survivability rate for core and growth assisted businesses is **67%** compared to **33%** for a matched sample of non-assisted businesses.

Core and growth assisted businesses were more likely to be in the stable and secure credit risk category than their non-supported counterparts in the wider population group of Welsh businesses.

Impact of the Business Wales Accelerated Growth Programme (AGP)

The study found that:



EXPENDITURE

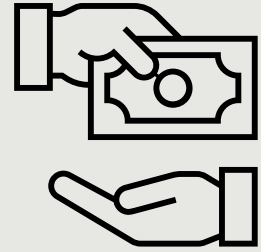
June 2021 on AGP amounted to **£22.7m** with supported businesses having created **9,895** new jobs between them.

ADDITIONAL EMPLOYMENT

created/activity by AGP assisted businesses could be associated with an estimated **£410m** (Gross Value Added) GVA per annum.



AGP supported businesses have generated a total of **£377m** of investment which is connected to a combined turnover level of **£5.99bn**.



The cost per job created by AGP assisted businesses is estimated to be **£2,329**.

Once allowance is made for additionality, the cost per net job created is **£4,261**.



For each **£1** invested in AGP, this can be linked to around **£18** of net GVA up-lift per annum.



The four year survivability rate for AGP assisted businesses is **77%** compared to **33%** for a matched sample of non-assisted businesses.

AGP assisted businesses were more likely to be in the stable and secure credit risk category than their non-supported counterparts in the wider population group of Welsh businesses.