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Mid-term Evaluation of Business Support Services in Wales

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Mid-term Evaluation of Business Support Services in Wales

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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Glossary

Acronym/ Key word	Definition
AGP	Accelerated Growth Programme - provides intensive bespoke support to businesses and entrepreneurs with high growth potential
BAS	Business Account System - provides data on all programme beneficiaries
Beneficiaries	Businesses/individuals receiving Business Wales support
BIS	UK Government department for Business, Innovation and Skills
Business birth rates	Number of business created in a year as a proportion of all active businesses in an area.
Bounce Rate	Bounce Rate is the proportion of users that have a single interaction with the website – i.e. access the home page then leave without accessing any further webpages or links
BW	Business Wales
CE	Customer Engagement programme – one of the predecessor programmes for Business Wales funded through the 2007-2013 ERDF programme in Wales
CIC	Community Interest Corporation
Core and Growth programme	Business Wales beneficiaries – service that provides a mix of telephone, online and face-to-face support for businesses and entrepreneurs.
CRM	Customer Relationship Management
E&D	Equality and Diversity
ERDF	European Regional Development Fund
ESNR	Welsh Government's Economy Skills and Natural Resources Group
EW	East Wales
FE	Further Education
FSB	Federation of Small Businesses
FTE	Full Time Equivalent
GVA	Gross Value Added - output measure of the value of goods/services produced in the economy
HE	Higher Education
HEI	Higher Education Institution

LA	Local Authority
Medium-business	Business with between 50 and 249 employees and with an annual turnover of less than €50 million
Micro-business	Business with less than five employees and with an annual turnover of less than €2 million
MIT	Massachusetts Institute of Technology
NBSS	New Business Start-Up Support programme
ONS	Office for National Statistics
R&D	Research and Development
REAP	Regional Entrepreneurship Acceleration Programme
SFBE	Superfast Broadband Exploitation programme
Small Business	Business with between 10 and 49 employees and with an annual turnover of less than €10 million
SME	Small and Medium Enterprises
TUPE	Transfer of Undertakings (Protection of Employment) - preserving employees' terms and conditions when a business is transferred to a new employer
DBW	Development Bank of Wales
WEFO	Welsh European Funding Organisation
WG	Welsh Government
WWV	West Wales and the Valleys
YE	Youth Entrepreneurship programme
YTD	Year to date

1. Introduction/Background

1.1 This is the mid-term evaluation of business support services in Wales. It specifically examines the implementation and early impact of the Business Wales and Superfast Broadband Exploitation programmes, which commenced in 2016 and are due to run until December 2020. The evaluation was commissioned by the Welsh Government and undertaken by ICF Consulting Serviced Ltd between May 2017 and October 2018.

Context and background

1.2 There is a persistent productivity gap between the Welsh economy and the economy of the UK as a whole. Within Wales there are also significant productivity differences. GVA per capita is markedly lower in local authorities in West Wales and the Valleys (£9,200 below the UK average) than those in East Wales (£4,300 below the UK average). Two key drivers of this gap are a skills shortage and (in West Wales and the Valleys) higher levels of unemployment¹.

1.3 Additionally, Welsh entrepreneurial activity lags behind the UK as a whole. Business birth rates in 2016 remained 2.3 percentage points lower in Wales than for the UK as a whole², and has been consistently 1.5-3.0 percentage points lower than the rest of the UK for the last 10 years. The results from the Global Entrepreneurship Monitor 2017 indicates that this may be due to entrepreneurship attitudes, with a smaller percentage of survey respondents in Wales feeling there were good entrepreneurship opportunities in their area in the next six months compared to the UK as a whole (30% compared to 38%). This was despite early stage entrepreneurship rates in Wales being similar to the rest of the UK.

1.4 To address this issue, the Welsh Government has invested European Regional Development Fund (ERDF) funding to support business growth and entrepreneurship in Wales. In the 2007-2013 ERDF programme, two programmes were delivered:

- The **Customer Engagement (CE) programme**, which provided business support services to existing Small and Medium Enterprises (SMEs), through a

¹ East Wales and West Wales and the Valleys Operational programmes, Wales European Funding Office, 2014

² ONS 2016, Business births and deaths by UK region, 2017

Flexible Support for Business (FSB) website, telephone support and a face-to-face advisory service

- The **New Business Start-Up Support (NBSS³) programme**, which provided pre-start support to self-employed beneficiaries and pre- and post-support for start-ups with growth potential and graduate start-ups. The service provided taster sessions, workshops, one-to-one surgeries and intensive one-to-one advice and mentoring.

1.5 Each of these programmes were split into two projects, one for East Wales (EW) and one for West Wales and the Valleys (WWV).

1.6 The current 2014-2020 ERDF round includes two projects in East Wales and West Wales and the Valleys to support existing SMEs and entrepreneurship in Wales. As recommended by the evaluations of CE and NBSS, this is delivered under a single **Business Wales** brand. Within this there are distinct programmes:

- A **Business Wales Core and Growth service**, which provides a 'one-stop-shop' to support entrepreneurs and enable SME businesses in Wales to grow and create jobs. The programme includes a dedicated online portal and helpline, online factsheets, courses and tutorials, face to face workshops, a diagnostic needs assessment and 1-2-1 business advice. The programme is a differentiated service, with the level of support dependent on the beneficiary's growth potential. Support levels range from Level 1 (micro businesses and those in self-employment) to Level 4 (larger organisations with high growth potential). The support levels apply to both existing businesses and those that have not yet started up.
- An **Accelerated Growth Programme (AGP)** for businesses and start-ups with the potential for high growth (defined as a 20% increase in turnover year on year for five years).
- A programme on **Youth Entrepreneurship (YE)** which provides information sessions and intensive support for individuals aged 14–25 on the benefits of starting a business and support for doing so.

³ Final evaluation report of the Customer Engagement (CE) and New Business Start Up Support projects, Welsh Government, 2016

- A programme to work with stakeholders to improve connectivity and growth in the Welsh ecosystem (the **Regional Entrepreneurship Acceleration Programme – REAP**).

1.7 Additionally, the 2014-2020 ERDF round includes a programme of business support to help businesses and start-ups to make more effective use of the Superfast Broadband that was being rolled out through Wales as part of the Superfast Cymru programme. This **Superfast Broadband Exploitation (SFBE) Programme** is delivered as a separate ERDF project in East Wales and West Wales and the Valleys, but part of the overall Business Wales brand.

1.8 All the programmes are managed by staff in the Welsh Government, with quarterly funding claims submitted to the Welsh European Funding Organisation (WEFO). The delivery of most services is contracted out to independent contractors appointed through open and competitive tendering. There are other programmes that the Welsh Government is delivering to support businesses and entrepreneurs. This includes:

- Social Business Wales, which provides business support to entrepreneurs that wish to start a social enterprise and business owners that wish to adopt a shared ownership model;
- The Development Bank of Wales, which provides cash or equity loans to businesses and entrepreneurs to grow or start a business;
- Farming Connect, which provides business support to businesses in the agriculture sector.

1.9 These programmes are not in scope of this evaluation. Two of the programmes (Farming Connect and Social Business Wales) are being evaluated separately. However, the evaluation explores the complementarity of Business Wales and SFBE with these other programmes delivering business support and financing.

Aim of the study

1.10 The aim of this evaluation is to conduct a comprehensive mid-term evaluation of the Business Wales programmes, which have been delivered as part of the 2014-2020 ERDF programme. The research has included:

- Reviewing documentation and data sources for the programmes to develop logic models for evaluating the effectiveness and impact of the Business Wales programmes, and developing a methodology for evaluating impact against a counterfactual in the final Business Wales evaluation;
- Examining the implementation of the programmes to date, in order to identify what aspects of delivery are working well and what aspects could be improved in the remainder of the ERDF programme period;
- Assessing the progress made by the programmes in meeting Welsh Government and ERDF programme targets, including progress against programme cross-cutting themes (environmental sustainability and equal opportunities) and support for the Welsh language;
- Exploring the emerging impact of the programme on businesses and individuals, including the characteristics of those that have benefited most from the programme.

1.11 The study provides intelligence that will support the on-going delivery of Business Wales programmes. Additionally, it can inform Welsh Government plans for supporting businesses and entrepreneurs after the ERDF programme has ceased, once the UK's planned exit from the EU will end the availability of EU structural funds.

1.12 This report, alongside the project inception report and interim mid-term evaluation, aimed to address the following research questions, as stated in the evaluation specification:

Research specification

The evaluation objectives comprise the following;

[1] To conduct a review of the evidence of the strategic aims for business support activity in Wales and assess the fit of the suite of services under Business Wales including Superfast Broadband Exploitation and within this context;

[2] Produce a logic model for Business Wales which will form the basis of evaluating the services from inception stage through to mid-term and final

evaluation. The logic model should determine whether the services activity will:

- Lead to the anticipated outcomes and impacts
- Identify any potential additional or unforeseen impacts and make suggestions for how these can be measured

[5] Analyse the monitoring systems currently approved for each service by WEFO. Where potential gaps are identified in monitoring in terms of the delivery of the services and for evaluation purposes, make suggestions for improvements. Also, to identify the extent to which there is progression and overlap between different elements of the Business Wales service.

[6] To review the provision of Welsh Language Services to demonstrate the availability, demand and take up of support in the medium of Welsh, as well as how well the Welsh Language is being promoted through the service's activities. This will include the identification of gaps and making recommendations to ensure that the services will be able to demonstrate how Welsh Language has been integrated into the services.

[7] Assess whether a suitable and reasonably robust counterfactual can be constructed to aid evaluation and outline the data that would need to be collected, for each service of the suite of services under Business Wales.

[8] Explore the characteristics of businesses and growth businesses which are supported and those who benefit most from support offered by the services under Business Wales and Superfast Broadband and understand the reasons for this.

[9] Review the effectiveness of engagement and delivery activities of the Business Wales services and Superfast Broadband, including the helpline and website, and suggest areas for improvement.

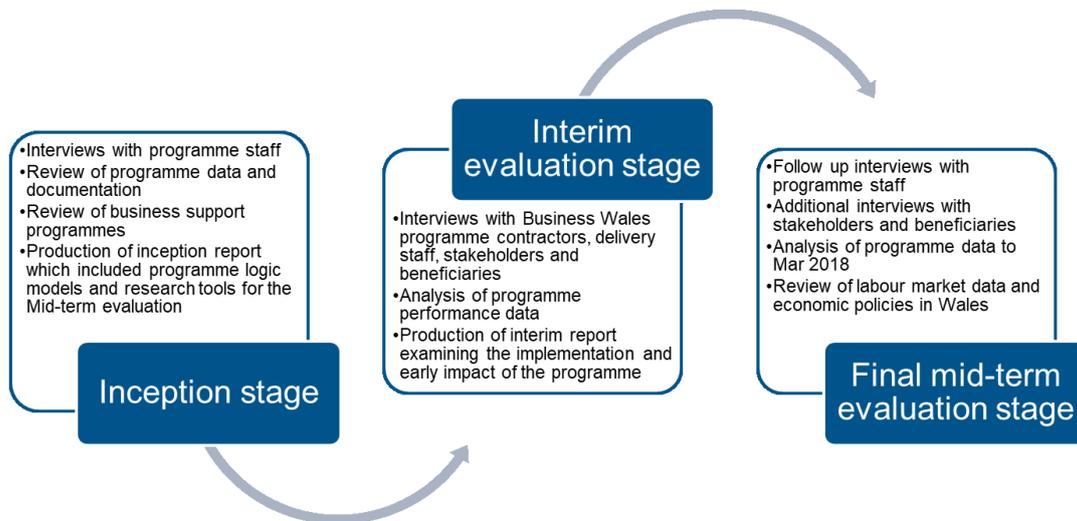
[10] Set out any amendments to the methodological approach timetable and outputs to the mid-term evaluation of the services of Business Wales within the agreed budget.

Methodology

Overview

- 1.13 The study was undertaken in three stages. An overview of these stages, and the key research tasks that were conducted, is shown below:

Figure 1.1 Overview of stages



- 1.14 The research undertaken and limitations to the research are described in depth below.

Research undertaken

Inception stage

- 1.15 In the inception stage we assessed the rationale and potential impact of the Business Wales programmes in order to develop programme-level logic models for the evaluation. The logic models were used to underpin our methodology and tools for the mid-term evaluation and set out approaches for undertaking a final impact evaluation at the end of the programme.

- 1.16 In the inception stage, we:

- Conducted semi-structured interviews with Welsh Government staff responsible for managing the five Business Wales programmes. The purpose of the interviews was to explore the structure and delivery of the programmes and expectations on their outcomes and impacts.

- Reviewed programme documentation to gather further information on the rationale and structure of the programmes. This included programme business cases, tender documents for commissioned activity, the programme operations manual, contract templates and business level monitoring and evaluation plans. We also collected programme-level documents from the programme teams (including delivery plans, contracts, activity guides, eligibility criteria and activity output targets).
- Completed a literature review to identify academic and grey literature evaluating the outcomes of programmes delivering business and entrepreneurship support. The aim of the literature review was to identify potential approaches for measuring programme outcomes and the counterfactual, while also providing information on comparator projects to assess value for money. The literature review identified a total of 47 articles and reports on initiatives similar to Business Wales activities targeting SMEs in similar contexts, published in the last five years, and drawing on robust evidence using mixed-methods to evaluate programme impacts.

1.17 The inception stage research took place between May and August 2017. The draft inception report was submitted in September 2017 and a final version was submitted in October 2017. This contained the logic models for each of the programmes and an evaluation framework derived from this. The logic models used to assess the progress and impact of the programmes used in this mid-term evaluation can be found in Annex 1.

Interim and final evaluation stage

1.18 The primary research for the mid-term evaluation was undertaken in two stages. The interim evaluation stage took place between October 2017 and January 2018, with the early findings presented in an interim report which was produced in February 2018. The final mid-term evaluation stage took place between February and July 2018.

1.19 Across both stages the following research tasks were undertaken:

- **Interviews with the seven contractors delivering Business Wales and SFBE services** (Serco, Business in Focus, Winning Pitch, Prospects Cymru, Impact Innovation, Cazbah Ltd, Antur Teifi). The interviews examined the delivery and

coordination of services, performance to date, delivery challenges, and the management of the programmes.

- **Semi-structured interviews with 24 delivery partners.** The interviews explored how Business Wales and SFBE activities are delivered, identified what has worked well and what could be improved and why. Interviews were conducted with:
 - 12 Business Wales and SFBE business advisors;
 - Six role models for the YE programme;
 - Three REAP partners that have supported the programme.
- **Interviews with 90 programme beneficiaries.** The interviews explored the early impact of Business Wales and SFBE support on businesses and their perceptions of how the service could be improved. In total, interviews were conducted with:
 - 12 beneficiaries that received Level 1-2 support;
 - 20 beneficiaries that received Level 3-4 support;
 - 20 beneficiaries that received support from the AGP programme;
 - 18 beneficiaries that received SFBE support;
 - 13 schools or colleges whose students benefited from YE sessions;
 - Seven young people that attended YE Boot Camps.
- Interviews with **10 stakeholders** to explore perceptions of the Business Wales programmes and how they complemented and worked with other commercial and public-funded business support. We interviewed staff in the Development Bank of Wales, local banks, local authorities and staff delivering the Social Business Wales programme.
- **Follow-up interviews** with Welsh Government staff responsible for managing the five Business Wales programmes. The purpose of these interviews was to discuss the implementation of the programme since the inception stage and also to test the emerging findings from the study.

- **Analysis of performance data.** We analysed the following programme data:
 - Data on the quarterly and year to date targets for the ERDF projects and the Welsh Government monitoring targets;
 - Data on the quarterly returns submitted to WEFO from February 2016 to March 2018. This was broken down by the ERDF projects and for East Wales (EW) and West Wales and the Valleys (WWV);
 - Data on the contractors' progress against their quarterly and year to date targets. This can vary from the WEFO returns as it can include beneficiaries where there is insufficient evidence to claim them against the ERDF targets;
 - Business Account System (BAS) data on the characteristics of beneficiaries and the type of support they received. The BAS provides comprehensive data on all beneficiaries registered on the programme and those claimed against the ERDF targets;⁴
 - Web analytics of the number of website visits per month and how users navigate the website;
 - Post-workshop feedback forms from beneficiaries that attended SFBE workshops. This contained information on beneficiary perceptions of the organisation and value of the workshop.

- **Review of beneficiary data and research.** We reviewed the following information sources:
 - Data from the Business Wales Customer Satisfaction Survey Wave Three. The satisfaction survey contained responses from over 300 beneficiaries. Further information is available in Annex 2. However, most (53%, 159 of 302) were Level 1-2 businesses, so the data analysis for Level 3-4 and AGP (Level 5) and SFBE beneficiaries is based on small sample sizes (less than 50) and should therefore be viewed with more caution;

⁴ The BAS system records information on all beneficiaries that registered with the Business Wales service and have been claimed against ERDF project outputs. It is input by the Business Wales project team. It differs from data provided by contractors, as contractors have different eligibility criteria for outputs, and also includes data that may not be validated in order to be claimed on the ERDF programme.

- Research undertaken by Cardiff University on the digital maturity of businesses in Wales. This sets out the digital needs that the SFBE programme is addressing;
- Case studies conducted by Cardiff University of the impact of SFBE initiatives. The case studies provide illustrative information but only cover a small proportion of beneficiaries and so add to the qualitative interviews we carried out.
- A survey of YE participants in Engage sessions (covering pupils in schools aged under 16), conducted in 2017 by Beaufort Research. The survey contains responses from over 2,000 beneficiaries.
- **Policy review and analysis of labour market data.** We examined recent Welsh Government policies on economic development and support to examine the extent to which this is supported by the Business Wales programmes. Additionally, we also reviewed business and labour market data to explore the impact of wider economic conditions on demand for Business Wales services and their impact.

Limitations to the research

1.20 It should be noted that in addressing the requirements of the study that:

- Some of the beneficiaries that were interviewed, particularly those that received AGP and SFBE support, were continuing to make changes in their business as a result of the support they received. In these cases, some of the expected benefits were not achieved at the time of the interview but could well be achieved before the end of the programme.
- While the 90 beneficiary interviews allowed us to conduct analysis of the overall impact of the programme and how this differs depending on the level of support the beneficiary received, there were insufficient interviews to allow for further disaggregation by type of beneficiary (e.g. for entrepreneurs and businesses) or by sector.
- Beneficiary-level data for young people participating in the Engage strand of YE including their learning institution and demographic characteristics is not collected in the programme. As a result, we could not examine the age-ranges,

ethnicity and gender of participants and the regularity with which schools, colleges, and HEIs deliver Engage sessions to assess whether it was targeted on schools in areas of deprivation as intended or to what extent all young people benefit from the programme.

- We did not receive data on the number of beneficiaries recruited from different methods/channels. Consequently, our understanding of the effectiveness of different engagement approaches is based on qualitative interviews with contractors and the project teams. This information should be collected and made available to evaluators for the final evaluation.

1.21 There were difficulties in accessing consistent target and achievement data for the Business Wales and SBFE programmes. This was partly because there were differences in the target set for contractors and those set for the WEFO projects. It was also partly because some data returns had been revised after submission to WEFO, following an audit of evidence requirements. We have worked with the data team at Business Wales to clarify these issues as far as possible.

Structure of the report

1.22 The report is structured as follows:

- Chapter 2 describes the structure and management of the Business Wales programmes, and the original rationale and context for the programme;
- Chapter 3 examines the performance of the Business Wales ERDF projects and programmes against plan;
- Chapter 4 describes and assesses the effectiveness of the approaches adopted to recruit beneficiaries and the volume and characteristics of businesses and entrepreneurs that benefited from the programme;
- Chapter 5 examines and assesses the quality of the delivery and management of the programmes;
- Chapter 6 examines and assesses the emerging outcomes, impact and added value the programmes and their alignment with the needs of beneficiaries;
- Chapter 7 presents the conclusions and recommendations from the mid-term evaluation.

2. Structure and management of the Business Wales programmes

2.1 This chapter describes the five Business Wales programmes and the factors that influenced the design and priorities of the programmes, the ERDF targets the programmes are expected to support, the services delivered, and the management of the programme.

Policy considerations that underpinned the programmes

Business and start up support

2.2 Business Wales was conceived as a 'one-stop shop' for business and start up support where the Government acts as a broker to facilitate access to high quality private, public and third sector business support. It was developed to address the following market failures and delivery challenges:

- Recommendations in the evaluations of the CE and NBSS which proposed the need for a holistic 'one-stop-shop' service for new entrepreneurs and established businesses, and focused one-to-one support on businesses more likely to grow;
- Recommendations of a Welsh Government Micro-Business Task and Finish Group⁵ asked to provide advice and guidance on a strategy for supporting micro-businesses in Wales. It found that:
 - Businesses were unable to navigate the myriad of business support options available to them in order to access relevant business support. This is because there is a complex array of initiatives by Government, local authorities, research institutes and third sector bodies, as well as private organisations;
 - Small businesses experienced significant difficulties in accessing viably-priced finance. This was in part attributed to businesses having little access to industry expertise which can be used to improving businesses' knowledge of loan providers;
 - Many micro-business owners did not have a 'critical friend' to discuss their response to difficult challenges or new situations. This is because many

⁵ Micro-business Task and Finish Group 2012

were not part of a peer network or had significant in-house business expertise.

- The Welsh Government's ERDF Operational Programmes, which focused on creating new businesses and job growth (in line with European Commission ERDF priorities) to address continuing concerns about the lower levels of GVA and business survival in Wales compared to other parts of the UK.

2.3 The Business Wales Core and Growth and AGP programmes were also designed to support the ambitions of 'Taking Wales Forward 2016-2021' to *'foster the conditions needed to allow business to thrive and create and retain high quality jobs in Wales'* and a key objective of the Well-being of Future Generations Act (2015) to *'enable sustainable economic development and employment'*. Business support services are an important element in the toolkit of actions towards meeting this objective as it is seen that *'the foundations of economic success rest in [...] the quality of supporting infrastructure including finance and support for businesses'*.

Supporting Superfast Broadband Exploitation

2.4 The SFBE programme aimed to support businesses to take advantage of the superfast broadband that was being rolled out across Wales through the *Superfast Cymru* programme. It particularly aimed to support businesses understand the business opportunities and efficiencies available through superfast broadband and how they can realise these benefits.

2.5 The programme was also expected to support the Welsh Government to achieve a greater return from its other investment in broadband infrastructure, such as:

- The **Superconnected Cities Scheme**, which provides SMEs across the UK with grants for using superfast broadband. The programme also created an internet exchange in Cardiff and supporting broadband infrastructure across South Wales;
- **Access Broadband Cymru**, which provides grants to individuals, businesses and third sector providers to introduce alternatives to broadband when the superfast broadband in the area cannot provide a step change in download speeds;

- **Ultrafast connectivity voucher scheme**, which provides grants of up to £10,000 for businesses to install business-grade broadband.

2.6 The SFBE programme was also expected to contribute to Welsh Government economic priorities in improving productivity and turnover (set out in Taking Wales Forward 2016-2021 and the Well-being of Future Generations Act (2015)).

Developing the entrepreneurial landscape

2.7 The Youth Entrepreneurship programme was initially informed by the Youth Entrepreneurship Strategy (YES) Action Plan for 2010-2015, which set a vision to: *'To develop and nurture self-sufficient, entrepreneurial young people in all communities across Wales, who will contribute positively to economic and social success'*.

2.8 As stated in its business plan, the Youth Entrepreneurship (YE) programme is expected to contribute to the YES Action Plan objectives for:

- Developing entrepreneurial skills in young people;
- Stimulating an interest in entrepreneurship among the unemployed or economically inactive young people;
- Supporting enterprise start-up among graduates and in key priority sectors in Wales.

2.9 It has since been informed by Welsh entrepreneurial activity lagging behind the UK as a whole with business birth rates in 2015 remaining two percentage points lower in Wales than for the UK as whole⁶ and entrepreneurial attitudes (the percentage of respondents that felt there were good entrepreneurship opportunities in their area in the next six months) lower in Wales at 30% compared to 38% in the UK as a whole⁷.

2.10 To raise the profile of entrepreneurship among young people, the YE programme was expected to raise young people's awareness of entrepreneurship and enable more young people to make informed choices on whether to start a business. This was expected to increase the proportion that start a business and exhibit a more entrepreneurial attitude when working as an employee in an organisation.

⁶ ONS 2016, Business births and deaths by UK region, 2015

⁷ Global Entrepreneurship Monitor, 2015

- 2.11 There was also a perceived need to provide training and business advice specifically targeted at enabling young people to start a business. Business Wales staff reported that this was because many young people do not have access to networks of support and potential customers to the same degree as older entrepreneurs. The YE programme is therefore expected to provide initial support to young people, before referring them to the Business Wales Core and Growth programme should they require any additional support.
- 2.12 In part, the REAP programme is expected to help develop an entrepreneurship landscape which addresses some of the structural issues for small businesses that were identified in the Micro Business Task and Finish Group. This includes:
- Improving access to finance
 - Providing peer networks that facilitate coaching and mentoring
 - Reducing the regulatory burden on small businesses
 - Providing innovation support for new enterprises

ERDF objectives and targets

ERDF operations (projects) that fund the Business Wales programmes

- 2.13 The Business Wales programmes are funded through six ERDF projects, which cover both the East Wales and West Wales and the Valleys co-financing plans. The projects are presented in the table below.

Table 2.1 Business Wales ERDF programmes

Project	Start date	End date	Project costs	ERDF contribution
Entrepreneurship Support - Business Wales (East Wales)	1/4/2015	31/3/2020	£10,333,119	£6,673,944
SME Support - Business Wales (East Wales)	1/4/2015	31/3/2020	£11,123,245	£6,673,944
Entrepreneurship Support - Business Wales (West Wales)	1/4/2015	31/3/2020	£30,999,787	£18,599,872
SME Support - Business Wales (West Wales and The Valleys)	1/4/2015	31/3/2020	£33,328,037	£19,996,821
Superfast Broadband Business Exploitation West Wales and Valleys	1/4/2015	31/3/2020	£8,575,153	£5,223,422
Superfast Broadband Business Exploitation East Wales	1/4/2015	31/3/2020	£3,534,847	£1,705,032
TOTAL FUNDING			£97,894,188	£58,873,035

Source: WEFO Online project data, accessed July 2018

- 2.14 The first four projects cover the Business Wales Core and Growth, AGP, Youth Entrepreneurship and REAP programmes. The final two projects cover the SFBE programme.
- 2.15 The ERDF projects commenced in April 2015. However, for each of the programmes the contracts with contractors delivering the service were only in place by the first quarter of 2016. Hence the delivery of programme activities only began in early 2016.
- 2.16 The projects contribute to **ERDF Priority Axis 2: SME competitiveness**. They particularly address the following:
- **Specific objective 2.2:** To increase the number of SME start-ups through the provision of information, advice and guidance and support for entrepreneurship;
 - **Specific objective 2.3:** To increase the take-up and exploitation of Next Generation Access (NGA) networks and ICT infrastructure by SMEs;

- **Specific objective 2.4:** To increase the growth of those SMEs with growth potential, in particular through accessing new markets (both domestic and international).

2.17 The projects are also expected to support the achievement of specific objective 2.1 (To increase the amount of finance available to SMEs) through brokering businesses and start-ups to access public and private sources of public funding, including the Development Bank of Wales.

2.18 The ERDF projects are available to all businesses and entrepreneurs across Wales. However, agriculture businesses are not expected to access the Business Wales programmes as they are expected to access Farming Connect, while social enterprises are expected to access specialist support from Social Business Wales. These are both separately funded by the Welsh Government and EU structural funds.

ERDF targets

2.19 The Business Wales programmes are expected to contribute to the Welsh Government's ambitions for businesses and entrepreneurs receiving non-financial support, introducing new products and increasing employment and exports. They are also expected to meet specific ERDF output targets which reflect the specific objectives described above as a condition of funding and support the achievement of the ERDF cross-cutting themes on sustainable development and equality and diversity.

2.20 A revised profile of the ERDF outputs was proposed in July 2017 and agreed in principle with WEFO. At the time of writing the final contract changes are still to be finalised. Throughout the report we refer to the July 2017 targets as these are the targets that the Welsh Government have been working towards over the last year. These are set out in the next section in relation to the services delivered by each programme.

Services delivered

Business Support Core and Growth programme

2.21 The Business Wales Core and Growth Service provides support to all Wales-based entrepreneurs and businesses that register with the service. Services are provided through:

- A **telephone helpline**, which provides an initial business needs assessment and then refers beneficiaries to other business support services.
- The **Business Wales website**, which contains information on: accessing finance; starting up and business planning; marketing; skills and training (which links to a dedicated Skills Gateway Portal); business ideas and innovation; and ICT. In January 2018 a live chat function was added to the website to allow helpline operatives to communicate directly with website users.
- A **Business Online Support Service (BOSS)** platform where beneficiaries that register with the service can access online training courses. The BOSS platform contains over 100 courses, on topics such as business ideas and innovation, online sales and marketing, skills and training and business planning. Courses range from one to six hours.
- **Face-to-face workshops**, which are run at venues around Wales. The workshops last 4-6 hours.
- **Face-to-face business advice**, provided by experienced business advisors. This includes an in-depth business diagnostic, action planning and advice, as well as signposting to other agencies, professional services and private business support.

2.22 The level of support beneficiaries receive differs depending on their growth potential, which is defined using the following four level⁸ scale:

- Level 1 – Self-employed;
- Level 2 – Micro business (organisations with less than five employees that have low growth potential);
- Level 3 – Small/medium business with potential for growth;

⁸ Based on the definitions used in the Business Wales Operations Manual

- Level 4 – Established SME business with high growth potential.

2.23 As shown in Table 2.2, businesses at Levels 1 and 2 receive diagnostic assessment, access to online fact sheets, modules and tutorials and some limited face-to-face business support. Businesses at Levels 3-4 receive the same support as Level 1-2 businesses plus more in-depth one-to one support

Table 2.2 Support provided to businesses at Level 1-4

Businesses/ entrepreneurs at Level 1	Businesses/ entrepreneurs at Level 2	Businesses/ entrepreneurs at Level 3	Businesses/ entrepreneurs at Level 4
Beneficiaries can access: <ul style="list-style-type: none"> • Online modules via the BOSS platform • Telephone advice • Information • Taking plunge workshop • Business planning workshops • Networking events • Mentoring support • Other face-to-face workshops 	Beneficiaries can access the same support as those at Level 1 plus face-to-face support recommended to be for up to 7 hours	Beneficiaries can access all the support provided for Level 1 and 2 businesses plus up to a recommended 14 hours of face-to-face support which includes business advice on a range of topics	Same support as Level 3 plus access to specialist support and a personal relationship manager to broker and drive private sector support

Source: Business Wales operations manual, accessed August 2017

2.24 The Business Wales project team stated that the Business Wales Core and Growth programme aims to engage with at least 14,500 businesses a year, of which:

- 10,000 are Level 1 businesses
- 2,500 are Level 2 businesses
- 1,000 are Level 3 businesses
- 1,000 are Level 4 businesses

2.25 It is also expected to make a substantial contribution to the ERDF targets for increasing employment, increasing business exports and supporting beneficiaries to adopt or improve environmental sustainability and equality strategies.

Accelerated growth programme

2.26 AGP is available to businesses or start-ups with accelerated growth potential (defined as capable of achieving a 20% year on year growth for three consecutive years). They are classified as Level 5 beneficiaries. AGP provides bespoke support in addition to the resources that businesses can access through the Core and Growth programme. This includes:

- A dedicated business advisor to provide on-going support;
- Internal specialist support on topics such as marketing, exporting, logistics and sourcing a supply chain;
- Funding for businesses to access specialist support that cannot be provided by internal programme staff.

2.27 AGP support can be delivered over a period of up to three years, up to a maximum of 60 hours of support. However, beneficiaries that are unable to achieve the 20% year on year growth may be removed from the programme and re-classified as a Level 4 business or start up.

2.28 The targets for the AGP programme for 2015-2020 are at least:

- 450 individuals assisted
- 1,000 enterprises receiving non-financial support
- 10,000 jobs created
- 6,666 jobs created that provide earnings above the Welsh Average Wage
- £200 million increase in exports
- £200 million increase in investment
- 300 new enterprises created

2.29 These will contribute to the ERDF targets for increasing employment and increasing business exports.

Superfast Broadband Exploitation Programme

2.30 SFBE supports businesses to make better use of technology and broadband in order to improve business performance. Support is provided in three stages:

- **Stage 1:** Access to online information and advice through the Business Wales website and an initial telephone diagnostic of their needs. Following the diagnostic, individuals are then signposted to other forms of support.
- **Stage 2:** Online and face-to-face workshops on particular topics related to ICT exploitation. These workshops are commonly tailored for particular sectors, such as construction or manufacturing. The topics covered in the workshops include cloud computing, e-commerce, customer relationship management (CRM) systems, financial systems, digital marketing and using social media. The workshops typically last for four hours, although the service also provides a shorter two-hour workshop for individuals planning to start a business.
- **Stage 3:** One-to-one advice and guidance from a business advisor and action planning. The purpose of this activity is to identify tangible actions the business can take to make better use of ICT opportunities with superfast broadband.

2.31 SFBE is expected to achieve the following targets:

- Engaging 6,600 individuals (classified as individuals that access Stage 1 support). This is not an ERDF target.
- Providing 5,500 individuals with intensive support, such as attending a workshop and receiving tailored advice and guidance lasting for two hours (therefore at least six hours of support if they are an existing business or four hours support if they are a new start up). This contributes to the ERDF target for businesses receiving non-financial support.
- Introducing 1,880 new to the firm products or services. This is where the business has made tangible changes to their business as a consequence of the programme. This is expected to follow from the development of an action plan specifying a new to the firm product or service.

Youth Entrepreneurship

2.32 The YE programme aims to foster a culture of entrepreneurship among young people by providing enrichment activities. It is not expected to directly contribute to the Business Wales ERDF targets, although it is expected to provide some referrals to the Business Wales Core and Growth programme to contribute to its targets for new enterprises supported and new jobs.

2.33 The programme is split into four strands: Engage, Empower, Equip and Entrepreneurship Exchange. A description of each strand is presented below. The Engage and Empower activities were delivered in the 2007-2013 ERDF programme. The Equip and Entrepreneurship Exchange activities are new to the 2014-2020 ERDF programme.

Engage

2.34 The Engage strand encompasses workshops and presentations that aim to raise young people's awareness and interest in starting a business or becoming self-employed. Provision is delivered to schools, colleges and Higher Education Institutions (HEIs) by experienced business people (role models). The sessions generally include:

- A discussion on what it means to be self-employed or starting a business (including young people's perceptions of what it entails);
- A discussion on the role model's experience in starting a business;
- What are the strengths and weaknesses of being an entrepreneur;
- Questions and answers.

2.35 Engage is a universal service available in all areas of Wales.

Empower

2.36 In the Empower strand the contractor develops initiatives to be implemented by schools to improve the delivery of entrepreneurship skills in the curriculum. These are mostly focused on schools in areas of deprivation.

2.37 YE also runs two national competitions to stimulate learning about entrepreneurship: Big Ideas Celebrated, which targets young people aged 16-25; and Enterprise Troopers, which is aimed at primary school children.

Equip

2.38 The Equip sessions aim to support individuals who have a business idea and want to start a business. Young people receive one-to-one support with a business advisor and/or can attend training events and an intensive weekend Boot Camp. This strand of the programme is only available to young people aged 16-24.

- 2.39 The Boot Camp sessions focus more of the practical aspects of starting a business, such as developing business plans, the legal and administrative requirement of starting a business/becoming self-employed, and marketing. The sessions are delivered in a workshop format, where young people can discuss their business ideas and receive practical advice related to their proposed business.
- 2.40 The advice is available to support young people to develop a business. It was developed because there was an expectation that young people may require more targeted support than was available through the Business Wales Core and Growth programme. This is because they may be less experience on business processes and have fewer personal networks. It was expected however that after individuals have received YE 1-2-1 support they would then be referred to the Business Wales Core and Growth Service.

Entrepreneurship exchange

- 2.41 The Entrepreneurship Exchange is a peer network organised by the YE contractor which contains representatives from organisations that provide similar support to young people. Members currently include enterprise champions in Further Education (FE) and Higher Education (HE) institutions, third sector organisations such as the Prince's Trust and Young Farmers Association, as well as private sector service providers, such as Unlimited (an organisation supporting social enterprises).
- 2.42 The Entrepreneurship Exchange has focused on developing the network of partners, through eight events to the end of March 2018 attended by 214 partners across Wales. These events have focused on sharing knowledge – a series on the Millennial generation and expectations of young people entering the workplace / business start-up - and disseminating the research findings. This has included research undertaken on the [Aspirations of Young Entrepreneurs](#) for the Welsh Government and a study on [Youth Entrepreneurship for the Federation of Small Businesses \(FSB\)](#). This has aimed at getting a better understanding of clients' needs among partners to influence their approach to delivery. These events also provide an opportunity for partners to share information about their service offer.

Regional Entrepreneurship Acceleration Programme

- 2.43 The REAP programme aims to change the entrepreneurial landscape in Wales by encouraging greater collaboration between five key stakeholder groups (government, corporate, academia, risk capital, and the entrepreneurial community). The objective of the programme is to encourage innovation-driven entrepreneurship which in turn is expected to create jobs and drive wealth.
- 2.44 Within the programme, representatives of these groups attended a series of four workshops run by the Massachusetts Institute of Technology (MIT) in 2015 and 2016. These workshops included delegations from a range of countries and regions. Some attendees of the MIT workshops then developed a campaign (Be the Spark) to improve the conditions for entrepreneurship in Wales.
- 2.45 Following the completion of the workshops, the five stakeholder groups were expected to lead a programme of activities to improve the entrepreneurship environment. These activities were expected to be delivered and funded by the five stakeholder groups. The MIT workshops uncovered that the key issues in the entrepreneurial landscape that the programme should address are access to finance for entrepreneurs and simplifying the 'red tape' for entrepreneurs and SMEs.

Management of the programme

- 2.46 Business Wales is managed by a team of officials within the Welsh Government's Economy Skills and Natural Resources (ESNR) Group, with staff predominantly based in the Welsh Government offices in Llandudno Junction. The team comprises:
- Staff that are responsible for managing and coordinating particular strands of the Business Wales programme (Youth Entrepreneurship, Core and Growth, SFBE and AGP);
 - Telephone operatives which are responsible for staffing the Business Wales helpline and liaising with beneficiaries through the chat box function on the website;
 - Senior management staff responsible for overseeing the strategic and operational delivery of the programme;

- A strategic development team responsible for ensuring cohesive linkages with Welsh Government and other (i.e. non-devolved) policies and for administering on-going research to inform the delivery of the programme;
- A team responsible for supporting the website and marketing;
- Staff responsible for overseeing the EU funding elements and managing the relationship with WEFO.

2.47 The delivery of business support services was commissioned through open and competitive tendering. There are seven key contractors that deliver Business Wales programme services:

- Growth Partnership Wales (which comprises Business In Focus, Antur Teifi and Serco) deliver the Core and Growth programme;
- The Excelerator Consortium delivers AGP. The consortium comprises Winning Pitch and Impact Innovation;
- Prospects Cymru, in partnership with Cazbah Ltd, delivers the Youth Entrepreneurship activities;
- Serco delivers the SFBE contract.

2.48 Each contractor has a delivery plan setting out the targets to be achieved in the contract. These targets include both ERDF and programme targets which set out intermediate milestones (such as workshops run, people trained) to indicate whether the programme is on track to achieve its outcomes.

2.49 The contractor targets do not relate directly to the ERDF targets, but most are designed to contribute towards their achievement. The threshold and evidence requirements to claim outputs in the contract may be lower than for the ERDF claims. Consequently, throughout the report we have distinguished between the ERDF and contractor targets.

2.50 Contractors submit monthly reports which set out the outcomes achieved and targets in order to receive monthly payments. Beneficiary data has to be recorded on the BAS system and evidence of outputs must be submitted to the Welsh Government project teams.

- 2.51 Contractors are also expected to attend regular client meetings with contract managers in the Welsh Government. They are all also expected to attend quarterly steering group meetings where the overall progress of the programmes is discussed.
- 2.52 The Business Wales Core and Growth service is delivered from three regional hubs. North Wales has a hub in St Asaph, which covers the North Wales Local Authority (LA) areas and the northern part of Powys. The Mid and West Wales hub is based in Carmarthen and includes the rest of Powys, Ceredigion, Carmarthenshire and Pembrokeshire. The South Wales hub is based in Bridgend and covers the remaining LA areas from Swansea to Monmouthshire.
- 2.53 The other services are delivered via peripatetic business advisors and role models that are based across Wales.

3. Performance against plan

3.1 This chapter examines the performance of the Business Wales programmes to date. In particular, it explores:

- The performance of the six Business Wales ERDF projects against their targets (SME Support, Entrepreneurship Support and SFBE in EW and WWV), based on the data submitted to WEFO;
- The performance against plan of the five Business Wales programmes (Business Wales Core and Growth, AGP, YE, REAP and SFBE);
- Issues and factors reported to affect programme performance.

3.2 The study draws on analysis of programme performance data, as well as findings from qualitative interviews with contractors, project teams and delivery staff.

Key findings

- The SME Support projects are considerably behind on their targets for businesses receiving non-financial support and their targets for the cross-cutting themes, but have performed well against their outputs employment increase into supported enterprise and increasing exports.
- The Entrepreneurship support projects are close to target for individuals receiving non-financial support but considerably behind target for number of new enterprises supported, jobs created in new enterprises and against its target for cross-cutting themes
- Some of the underperformance for businesses receiving non-financial support can be attributed to a slow start to the contributory Business Wales Core and Growth programme. This was delayed because of the extended time it took to transfer staff from the previous contractor. However, the programme has missed all quarterly targets since January 2017 for businesses receiving non-financial support. Over a third of businesses registered with Business Wales in March 2018 have not received six hours of non-financial support.
- The underperformance against the sustainable development and equality

and diversity cross-cutting theme targets can largely be attributed to limited beneficiary demand for developing the strategies offered, particularly if business advisors had identified more pressing areas for business improvement. To address this, the Business Wales team has developed a process for beneficiaries to pledge support for sustainable development and equality and diversity.

- The SFBE projects have performed in line with expectations for businesses receiving non-financial support but are considerably behind their target for enterprises introducing new to firm products or services. This can be attributed to various operational difficulties in collecting the evidence requirements from beneficiaries. To address this issue the contractor has appointed administrators to focus on this data collection.
- The YE programme has performed well against nearly all its performance targets. It has overachieved against its targets for young people engaged in entrepreneurship and for the number of workshop sessions delivered at pre- and post-16 providers. It has also performed well against its targets for the number of young people supported to start a business and receiving one-to-one business support. The programme is behind on its targets to capture the number of young people interested in starting a business as a result of its Engage and Empower activities. Boot Camp participants are also below target due to a cancellation of one key event.
- The REAP programme is performing in line with stakeholder expectations, with a Community Interest Company established in November 2017 and an Action plan developed in January 2018 to create a more entrepreneurial landscape. The programme has also maintained support from the workshop attendees.

Performance of the ERDF projects

- 3.3 The five Business Wales programmes are expected to achieve outputs for six ERDF projects. Specifically:
- The Business Wales Core and Growth and AGP programme are expected to contribute to the SME Support and Entrepreneurship Support projects in EW and WWV;
 - The SFBE is expected to contribute to the SFBE ERDF projects in EW and WWV.
- 3.4 YE and REAP are not expected to contribute outputs to the ERDF projects. Internal targets are in place for the YE programme. After initial pump priming, REAP strategic activities are expected to be taken forward by the stakeholder groups and would not be ERDF-funded.
- 3.5 The Business Wales team reported that the engagement and outcome targets for the programmes were based on the performance of Business Wales' predecessor programmes (NBSS and CE).

SME Support projects

- 3.6 Table 3.1 presents the performance of the SME support projects in EW and WWV against plan up to March 2018. It shows that the projects were above target for their outcome indicators of full time equivalent (FTE) employment increase into supported enterprise (141% of target) and increase in exports (117% of target). However, they were behind target for:
- Businesses receiving non-financial support (achieving 37% of target);
 - Businesses adopting or improving sustainable development plans (9% of target);
 - Businesses adopting or improving equality and diversity (E&D) plans (14% of target).
- 3.7 The projects performed slightly better in WWV than in EW. The WWV project achieved 157% of its target for employment increase into supported enterprise and 41% of its target for enterprises receiving non-financial support, whereas the EW project achieved 117% of its target for employment increase into supported enterprise and 31% of its targets for enterprises receiving non-financial support.

The contractors did not believe there were any particular barriers to engaging businesses in EW, explaining that the differences are generally because of fewer businesses in EW coming forward to request business support. The evaluation found no evidence of contractors employing a more targeted approach to engage businesses or entrepreneurs in WWV compared to EW.

- 3.8 Contractors and delivery partners generally attributed the underperformance of the targets for businesses receiving non-financial support to a delayed start to the Business Wales Core and Growth programme. They said this was due to it taking longer than expected to complete the transfer of staff (under TUPE⁹) from the organisation that delivered the CE and NBSS programmes in the 2007-2013 ERDF round and to develop the systems for collecting the evidence for outputs and in developing relationships between local partners for referrals. It may also be due to a high proportion (37% by March 2018) of Level 1 businesses that registered with the service not receiving the necessary six hours of support to be claimed against the outcome.
- 3.9 Beneficiaries can contribute to the programme outcome targets for employment increase into supported enterprise and increased exports even if they have received less than six hours support. The project teams reported that some of these beneficiaries were able to grow substantially as the telephone advice and face-to-face support helped them access finance and identify areas for improvement that they could address. This was used to explain why the programme is performing better against its outcome targets for job and export growth even though it is behind target for outputs (businesses receiving non-financial support).
- 3.10 The underperformance against the target for adopting or improving E&D and sustainable development plans were attributed to a range of reasons. Delivery partners said that, while businesses and entrepreneurs recognised the importance of equality and diversity and sustainable development, it was often less important than the other actions identified by business advisors. Beneficiaries similarly reported that while they felt sustainable development and E&D were important, they did not regard it as an immediate priority. Consequently, beneficiaries did not adopt the changes immediately.

⁹ TUPE ('Transfer of Undertakings (Protection of Employment)) preserve employees' terms and conditions when a business or undertaking, or part of one, is transferred to a new employer

- 3.11 In February 2018, the Business Wales team developed proposals for changing how the contractors deliver sustainable development and E&D support. Contractors are now required to encourage beneficiaries to pledge that they will undertake a set of actions to improve sustainable development and E&D. The pledges are in line with proposals in the Welsh Government Economic Action plan for all businesses receiving state support to enter into an ‘economic contract’ with the Welsh Government where they commit to growth potential, fair work, promotion of health, skills and learning in the workplace and progress in lowering their carbon footprint.
- 3.12 The introduction of the ‘sustainable development pledge’ was rolled out in March 2018 and the ‘equality and diversity pledge’ was due to be rolled out in July 2018. The sustainable development pledge was reported by the Core and Growth programme team to have increased the number of businesses achieving the output.

Table 3.1 Performance against plan of the SME support EW and WWV projects up to March 2018, by target and project (% of target in brackets)

	East Wales		West Wales & the Valleys		Total	
	YTD target	Actual	YTD target	Actual	YTD target	Actual
Number of enterprises receiving non-financial support	2,547	797 (31%)	3,727	1,542 (41%)	6,274	2,339 (37%)
Employment increase in supported enterprises (FTE)	1,383	1,617.61 (117%)	2,091	3,292.68 (157%)	3,474	4,910.29 (141%)
Enterprises adopting or improving E&D	950	105 (11%)	1,376	226 (16%)	2,326	331 (14%)
Enterprises adopting or improving sustainable development	950	60 (6%)	1,376	156 (11%)	2,326	216 (9%)
Increase in level of export (£'000s)	20,500	12,424 (61%)	32,625	49,583 (152%)	53,125	62,007 (117%)

Source: Business Wales WEFO returns from January 2016 to March 2018

- 3.13 Table 3.2 shows the performance of the EW and WWV ERDF SME support projects against their annual/quarterly targets. It shows that:

- The targets for businesses receiving non-financial support have been missed in all periods but higher numbers were achieved in 2017 than in 2016¹⁰;
- Despite this, the projects always met their targets for employment increase into supported enterprise and met their quarterly targets for increased levels of exports since April 2017;
- The outputs for sustainable development and equality and diversity plans have consistently been considerably below their quarterly profile but the numbers have picked up since October 2017 reflecting the introduction of actions and initiatives to address under-performance in this area. Quarterly performance data is not available for January-December 2016 because the data input on BAS was not accurate.

Table 3.2 Percentage of quarterly targets achieved by the SME support EW and WWV projects to March 2018, by target and quarter (actuals in brackets)

Output	Jan – Dec16	Jan-Mar 17	Apr-Jun 17	Jul-Sep 17	Oct – Dec 17	Jan-Mar 18
Number of enterprises receiving non-financial support ¹¹	9% (110)	42% (260)	82% (507)	36% (442)	38% (478)	44% (542)
Employment increase in supported enterprises	113% (765.4)	152% (513.9)	110% (371.8)	147% (1037.4)	118% (833.1)	197% (1,388.8)
Enterprise adopting or improving E&D strategies and monitoring systems	0% (0)	5% (16)	23% (67)	10% (44)	25% (113)	20% (91)
Enterprises adopting or improving sustainable development strategies and monitoring systems	0% (0)	2% (7)	8% (23)	10% (46)	16% (72)	15% (68)
Increase in level of export (£'000s)	45% (£5,596)	91% (£5,243)	238% (£13,666)	162% (£9,313)	120% (£14,096)	120% (£14,094)

Source: Business Wales WEFO returns from Apr 2016 to Mar 2018

¹⁰ Quarterly performance data is not available for January-December 2016 because the data input on BAS was not accurate.

¹¹ Quarterly performance data is not available for January-December. This is because issues with inputting the data on the BAS data meant that the figures available were inaccurate. The data was reconciled in January 2018

Entrepreneurship support EW and WWV

- 3.14 As shown in Table 3.3, the entrepreneurship projects performed well in individuals receiving support (95% against year to date target). However, the projects performed less well against targets for employment increase into supported enterprise (43% of target) and new enterprises supported (29% of target). As with the SME support projects, the entrepreneurship projects were well behind their targets for entrepreneurs adopting or improving sustainable development and E&D plans.
- 3.15 Contractors and delivery staff attributed the underperformance of the projects against their targets for new enterprises being created and new jobs to a long lead-in time from the provision of support to individuals considering starting their business, as well as challenges in collecting the evidence for new enterprises supported. In the qualitative interviews, some of the entrepreneurs we interviewed stated that after receiving support they decided not to start a business.
- 3.16 As with the SME support programme, the entrepreneurship support projects have also performed better in WWV than EW. In WWV they achieved 102% of their targets for individuals engaged and 50% of their targets for employment increase into supported enterprise, compared to 84% and 34% respectively in EW. Contractors and delivery staff reported that this was likely to be due to lower demand rather than greater challenges with engaging EW entrepreneurs.

Table 3.3 Performance against plan of the Entrepreneurship Support EW and WWV projects up to March 2018, by target and project (% of target in brackets)

	East Wales		West Wales & the Valleys		Total	
	YTD target	Actual	YTD target	Actual	YTD target	Actual
Number of individuals receiving support	1,230	1,031 (84%)	1,845	1,875 (102%)	3,075	2,906 (95%)
Enterprises adopting or improving E&D	306	19 (6%)	459	83 (18%)	765	102 (13%)
Enterprises adopting or improving sustainable development	306	14 (5%)	459	52 (11%)	765	66 (9%)
Number of new enterprises supported	1,130	264 (23%)	1,745	564 (32%)	2,875	828 (29%)
Employment increase in supported enterprises (FTE)	2,074	699.59 (34%)	3,150	1,559.27 (50%)	5,224	2,258.86 (43%)

Source: Business Wales WEFO returns from Apr 2016 to Mar 2018

- 3.17 The entrepreneurship support projects were also affected by the slower than expected start due to transferring the contracts of staff on the previous ERDF programme contract with very few outputs achieved in 2016. However, Table 3.4 shows that since July 2017 the programme has consistently exceeded its target for individuals engaged and in the last quarter exceeded its target for employment increase in supported enterprises. While the number of new enterprises supported has risen (the first quarter of 2018 was greater than in the first quarter of 2017) there is no sign that it is increasing towards its profiled target and is still achieving less than half its quarterly targets. The programme also continues to be considerably below its quarterly profile targets for enterprises adopting or improving E&D and sustainable development strategies.

Table 3.4 Percentage of quarterly targets achieved by the EW and WWV Entrepreneurship Support projects up to March 2018, by quarter by output (actuals in brackets)

Output	Jan – Dec16	Jan-Mar 17	Apr-Jun 17	Jul-Sep 17	Oct – Dec 17	Jan-Mar 18
Individuals receiving support	1% (7)	43% (130)	65% (195)	168% (1049)	102% (640)	142% (885)
Enterprise adopting or improving equality and diversity strategies and monitoring system	0% (0)	1% (1)	4% (3)	24% (37)	17% (27)	22% (34)
Enterprises adopting or improving sustainable development strategies and monitoring systems	0% (0)	0% (0)	5% (4)	18% (28)	9% (14)	13% (20)
Number of new enterprises supported	0% (0)	23% (69)	24% (73)	40% (250)	30% (189)	40% (247)
Employment increase in supported enterprises	1% (14.5)	43% (219)	9% (45.3)	38% (406.2)	37% (395.7)	111% (1178.2)

Source: Business Wales WEFO returns from Apr 2016 to March 2018

SFBE ERDF projects

- 3.18 0 presents the performance against the two SFBE ERDF projects up to March 2018. It shows that the projects have been performing well against their targets for businesses receiving non-financial support (107% of year to date targets) but considerably behind its targets for the number of enterprises introducing new to firm products or services (8% of year to date targets). There is also some difference between the projects, but unlike the Entrepreneurship Support and SME support projects, the SFBE projects have achieved a higher proportion of its targets in EW than in WWV.
- 3.19 The SFBE contractor reported a range of reasons why the project is behind target for the number of businesses introducing new to firm products or services. These are in order of significance:

- **Delays in beneficiaries providing evidence of the output.** Many beneficiaries introduce new to firm products or services in the months after receiving support. The contractor therefore had to follow up with individuals after they have received support, commonly through telephone or email, to request they send the evidence. However, the contractor reported that business leaders were slow to respond to these requests and the data they submitted did not always meet the requirements to be claimed as a project output.
- **Lack of resources for collecting evidence requirements.** The requirement for collecting output data was initially the responsibility of the business advisors. However, some had difficulty balancing this task with their day-to-day duties in supporting beneficiaries. To address this issue the contractor employed in early 2018 two administrators whose primary role is to collect evidence requirements from businesses. This means that beneficiary follow-up is conducted more systematically, and the contractor believes it is already helping them perform better against the output.
- **Evidence requirements being overly burdensome.** The requirement for wet signatures was a particular barrier as it meant that the beneficiary had to post the evidence, which was time-consuming. The contractor reported that they had agreed in principle with WEFO that digital signatures would be allowed for claiming outputs, but this has still to be ratified with the European Commission.
- **Beneficiaries not always remembering that new services were due to the support received by the SFBE programme.** Delivery staff reported that some businesses were not aware that the driver for some of the changes they made was the support they received from SFBE. Delivery staff stated that the issue was addressed when they could show the business the action plan they developed with the SFBE advisor. Because this takes time to resolve, this delays the collection of data to evidence the output.

Table 3.5 Performance against plan of the SFBE EW and WWV projects, by target and quarter, up to March 2018 (% of target in brackets)

	East Wales		West Wales & the Valleys		Total	
	YTD target	Actual	YTD target	Actual	YTD target	Actual
Enterprises receiving non-financial support	640	691 (108%)	1,134	1,214 (107%)	1,774	1,905 (107%)
Number of enterprises introducing new to the firm products ¹²	158	14 (9%)	347	27 (8%)	505	41 (8%)

Source: SFBE WEFO returns, Apr 2016 to Mar 2018

3.20 Table 3.6 presents the performance of the SFBE projects against their quarterly targets. It shows that the projects performance against target for enterprises receiving non-financial support has fluctuated ranging from 60-75% in some quarters to 125% and more in two quarters. The contractor reported that this was due to the timing of events and marketing campaigns, which have a short-term impact on recruitment.

3.21 The performance of the programme against its quarterly targets for enterprises introducing new to firm services or products has in all but one quarter been lower than half the profiled quarterly target.

Table 3.6 Percentage of quarterly targets achieved by the SFBE EW and WWV projects up to March 2018, by quarter by output (actuals in brackets)

Output	Apr – Jun 16	Jul – Sep 16	Oct – Dec 16	Jan-Mar 17	Apr-Jun 17	Jul-Sep 17	Oct – Dec 17	Jan-Mar 18
Enterprises receiving non-financial support ¹³	98% (108)	63% (140)	64% (221)	125% (250)	85% (271)	75% (268)	75% (286)	157% (361)
Number of enterprises introducing new to the firm products ¹⁴	-	-	0% (0)	0% (0)	3% (3)	0% (0)	18% (20)	72% (18)

Source: SFBE WEFO returns, Apr 2016 to Mar 2018

¹² This is from the contractor data returns rather than the BAS system, since a technical issue meant not all the outputs were entered on the BAS system.

¹³ We have used the data collected by the contractor for this output rather than the data input on the WEFO system, since for the latter the data was entered incorrectly

¹⁴ No target to be achieved until third quarter

Performance of the Business Wales programmes

3.22 This section presents the performance of the individual Business Wales programmes against their ERDF and Welsh Government performance targets. The analysis is based on data submitted by contractors. It may differ from the data claimed in the ERDF projects, as the ERDF data requires a further level of verification before it can be submitted.

Business Wales Core and Growth programme

3.23 As shown in 0, the Business Wales Core and Growth programme has, up to March 2018 performed well against its outcome target for increase in exports (156% of year to date target) but has achieved less than half its targets for the:

- Enterprises receiving non-financial support (32% of year to date target);
- Enterprises adopting and improving sustainable development and E&D plans (13% and 23% of its year to date target, respectively);
- New enterprises supported (28% of its year to date target);
- Value of deals (46% of its year to date target);

3.24 The programme has performed better against outcome targets, achieving 68% of target for employment increase into supported enterprise, 73% of target for jobs safeguarded and 75% of target for investment in enterprises. This could be considered to be a strong performance when the programme has achieved less than a third of its output target for enterprises receiving non-financial support.

3.25 The data also suggests there is a low conversion rate between the number of entrepreneurs that received support (2,834) and the number of new enterprises created (979), compared to the expected conversion rate in the original targets. Here it was expected that up to March 2018 3,462 entrepreneurs would be supported, and this would result in the creation of 3,508 enterprises.

Table 3.7 Performance against plan of the Business Wales Core and Growth programme up to March 2018

Outputs	Target to March 2018	Actual by March 2018	% of profile achieved
ERDF targets			
Number of enterprises receiving non-financial support	7,160	2,287	32%
Individuals supported	3,462	2,834	82%
Enterprises adopting or improving E&D	2,326	303	13%
Enterprises adopting or improving sustainable development	2,326	541	23%
Employment increase in supported enterprises (FTE)	6,980.10	4,760.93	68%
New enterprises supported	3,508	979	28%
Increase in level of exports	£5,261,250	£8,186,137	156%
Welsh Government targets			
BW workshops held	369	933	253%
Businesses provided with information and signposting	25,161	14,794	59%
Number of new growth enterprises supported	904	390	43%
Number of growth enterprises supported	2,203	1,473	67%
Enterprises assisted with International trade advice	372	139	37%
Jobs safeguarded	1,180	859	73%
Increased investment in enterprise	£15,248,478	11,505,367	75%
Value of deals ¹⁵	£183,000,000	£84,082,737	46%

Source: Business Wales management data Apr 2016 to Mar 2018

3.26 As stated previously, some of this underperformance was attributed to changing the contracts of business advisors, which delayed the start of the programme. As shown in Table 3.8, for all but two outputs the programme achieved less than half its contracted targets for January-December 2016 and January-March 2017. Since then performance has improved, and in the last two quarters the programme has achieved or nearly achieved its targets for employment increase into supported enterprise and individuals receiving support, yet continues to underperform against targets for enterprises receiving non-financial support and adopting/improving E&D and sustainability plans.

¹⁵ Denotes the value of new contracts won by beneficiaries as a result of the support they received.

Table 3.8 Percentage of quarterly targets achieved by the Core and Growth programme to March 2018, by target and quarter¹⁶ (actuals in brackets)

Output	Jan – Dec16	Jan-Mar 17	Apr-Jun 17	Jul-Sep 17	Oct – Dec 17	Jan-Mar 18
ERDF targets						
Enterprises receiving non-financial support	25% (562)	25% (141)	16% (103)	31% (335)	36% (469)	53% (677)
Individuals receiving support	17% (201)	17% (50)	90% (264)	166% (813)	116% (682)	140% (824)
Enterprises adopting or improving environmental sustainability strategies	1% (13)	1% (3)	50% (24)	188% (90)	20% (71)	16% (102)
Enterprises adopting or improving E&D strategies	4% (54)	4% (13)	140% (67)	323% (155)	34% (122)	21% (130)
Employment increase in supported enterprises	35% (786.4)	35% (196.6)	85% (537)	91% (950.5)	88% (1100.7)	95% (1189.7)
Number of new enterprises supported	15% (183)	15% (46)	39% (115)	40% (199)	36% (215)	37% (221)
Value of exports (£'000s)	133% (£2,442)	133% (£610)	113% (£840)	535% (£3,978)	40% (£300)	2% (£16)
Welsh Government targets						
BW workshops held	60% (77)	150% (60)	458% (183)	460% (184)	305% (183)	410% (246)
Business provided with information and signposting	49% (4516)	49% (1129)	49% (1000)	90% (3092)	53% (2168)	70% (2889)
Number of new growth enterprises supported	20% (64.8)	20% (16.2)	45% (34)	62% (78)	56% (84)	75% (113)
Number of growth enterprises supported	49% (348.8)	49% (87.2)	31% (61)	68% (224)	71% (280)	119% (472)
Enterprises assisted with international trade advice	30% (40)	30% (10)	30% (12)	54% (22)	31% (19)	59% (36)
Jobs safeguarded	8% (36)	8% (9)	103% (91)	110% (162)	205% (362)	138% (244)
Investment in enterprise (£'000s)	57% (£3,504)	57% (£876)	126% (£2,403)	283% (£5,390)	129% (£2,452)	66% (£1,260)
Value of deals (£'000s)	1% (£443)	1% (£111)	7% (£1,556)	90% (£20,599)	209% (£47,861)	61% (£14,066)

Source: Business Wales management data for Apr 2016 to Mar 2018

¹⁶ Quarterly targets were interpolated for the period January 2016 to March 2017.

AGP

- 3.27 Table 3.9 shows that the AGP programme has performed well against its contracted targets. By March 2018 the programme had exceeded its year to date targets for investment in enterprises supported (112% of target), new enterprises supported (130% of target) and increased exports (103% of target). It is also close to its targets for number of individuals and enterprises receiving non-financial support (90 and 92% of target respectively) and employment increase into supported enterprise (85% of year to date targets).
- 3.28 The only output where the programme is below target is in the number of jobs created above the average wage level in Wales. The contractor reported that the target challenging because in sectors such as manufacturing and hospitality, a high proportion of jobs are created in front-line roles, which have low starting salaries.
- 3.29 The contractor has taken steps to address this however by working with businesses to create more professional roles, to improve performance against the target.

Table 3.9 Performance against plan of AGP, up to March 2018 (% target in brackets)

Output	YTD target to March 18	Actual to March 18	% of profile achieved to date
ERDF targets			
Number of individuals receiving non-financial support	209	189	90%
Number of enterprises receiving non-financial support	422	390	92%
Employment increase into supported enterprise (FTE)	3,906.4	3,328.8	85%
Increase exports (£'000s)	£56,745	£58,748	104%
New enterprises supported	84	109	130%
Welsh Government targets			
Investment in enterprises (£'000s)	£92,700	£104,099	112%
Jobs (FTE) paying above the Welsh average wage	2,728	884.71	32%

Source: Business Wales management data for Apr 2016 to Mar 2018

- 3.30 As shown in Table 3.10, in most quarters the programme achieved its quarterly targets for individuals and enterprises receiving non-financial support. Performance against the outcome of support targets (employment increase into supported enterprise, jobs paying above average wages, increased exports) has improved considerably between January 2017 and March 2018. Employment increase into supported enterprise have been consistently above target since July 2017 and investment in enterprises since April 2017.
- 3.31 The programme has typically achieved less than 55% of its quarterly targets for jobs created that are two-thirds above the Welsh average wage. However, between Jan-Mar 2018 it achieved 99% of its target. The contractor reported that this was as a result of targeting support at sectors with high average salaries (such as ICT) and supporting businesses to grow their back-office and managerial capacity, which also typically are higher-wage occupations.

Table 3.10 Percentage of quarterly targets achieved by AGP, by quarter and target (actuals in brackets)

Output	Jan – Dec 16	Jan-Mar 17	Apr-Jun 17	Jul-Sep 17	Oct – Dec 17	Jan-Mar 18
Number of individuals receiving non-financial support	231% (241)	62% (13)	182% (38)	110% (23)	115% (24)	53% (11)
Number of enterprises receiving non-financial support	110% (232)	57% (24)	83% (35)	102% (43)	88% (37)	45% (19)
Employment increase into supported enterprise (FTE)	50% (983)	69% (269)	93% (363)	150% (587)	132% (518)	156% (610)
Jobs (FTE) paying above the Welsh average wage	15% (199)	21% (57.6)	35% (94.8)	54% (148.4)	42% (116)	99% (269.3)
Increase exports (£'000s)	14% (£6,576)	18% (£1,715)	175% (£16,255)	93% (£8,590)	97% (£9,023)	159% (£14,808)
Investment in enterprises (£'000s)	34% (£15,823)	61% (£5,611)	179% (£16,595)	346% (£32,111)	192% (17,831)	174% (£16,128)
New enterprises supported	0% (0)	250% (21)	155% (13)	321% (27)	405% (34)	95% (8)

Source: Business Wales management data for Apr 2016 to Mar 2018

SFBE

- 3.32 As shown in Table 3.11, the SFBE programme is above its targets for enterprises receiving non-financial support (104% of target) and workshops delivered (123% of target). It has also dealt with a higher than expected number of leads/enquiries (104%). It is however behind target for workshop attendees (75% of target) and one-to-one business support sessions (80% of target), and considerably behind target for its outcome of support target for enterprises introducing new to firm products or services.
- 3.33 The contractor reported that as the programme was behind target for enterprises receiving non-financial support in 2016, it agreed in early 2017 to increase the number of workshops they would deliver each month. This increased the number of enterprises receiving non-financial support. However, the contractor reported that although there has been demand for the workshops, the number of beneficiaries attending a session has recently been lower than expected.
- 3.34 The contractor indicated that underperformance against its target for one-to-one business sessions was largely because it took longer than anticipated to get a full complement of business advisors. The contractor found it was challenging to recruit individuals with the appropriate business skills as well as the knowledge of management systems and technology in order to provide the support. Initially, advisors did not have a full range of knowledge of ICT technology that can be used for business management, and so were not able to deliver support sessions in some topics. The full quota of staff was only in place in February 2018.

Table 3.11 Performance of the SFBE against its year to date targets, up to March 2018 (% of target in brackets)

	YTD target	YTD actual
ERDF targets		
Enterprises receiving non-financial support	1,463	1,535 (104%)
Number of enterprises introducing new to the firm products	480	23 (5%)
Welsh Government targets		
Leads / enquiries	3,523	3,679 (104%)
Inspiring Action workshops	290	357 (123%)
Workshop attendees	2,689	2,011 (75%)
One-to-one business support sessions	1,933	1,544 (80%)

Source: Business Wales management data for Apr 2016 to Mar 2018

3.35 Table 3.12 shows the performance of the SFBE programme against its quarterly targets. It shows that the programme has in the main been above its quarterly target for the number of workshops held and in half the quarters it was above target for leads/enquiries generated per month. However, in most quarters the number of beneficiaries attending workshops is lower than expected and the number of beneficiaries receiving non-financial support is between 64 and 85% of target.

Table 3.12 Percentage of quarterly targets achieved by the SFBE programme to March 2018, by quarter and target¹⁷ (actuals in brackets)

Output	Apr – Jun 16	Jul-Sep 17	Oct-Dec 16	Jan-Mar 17	Apr-Jun 17	Jul-Sep 17	Oct – Dec 17
ERDF targets							
Enterprises receiving non-financial support	98% (108)	64% (140)	64% (221)	125% (250)	85% (271)	75% (270)	75% (285)
Number of enterprises introducing new to the firm products	NA (0)	NA (0)	NA (0)	3% (3)	0% (0)	18% (20)	0% (0)
Welsh Government targets							
Leads / enquiries	40% (159)	195% (717)	60% (536)	106% (455)	88% (415)	88% (393)	175% (660)
Inspiring Action workshops	143% (43)	128% (51)	125% (50)	109% (49)	111% (50)	143% (57)	143% (57)
Workshop attendees	61% (183)	64% (257)	63% (250)	145% (304)	87% (314)	69% (319)	83% (384)
One-to-one business support sessions	98% (108)	64% (140)	64% (221)	125% (250)	100% (271)	268% (268)	75% (286)

Source: Business Wales management data for Apr 2016 to Mar 2018

¹⁷ Data is only available to the end of December for both ERDF and contractor targets

Youth Entrepreneurship

- 3.36 Table 3.13 shows that the YE programme has achieved or overachieved its targets for nearly all its performance outputs. The Engage and Empower activities are largely in line with expectation, with 105% of the year to date target of young people involved in an engage activity and 104% of the pre-16 workshops.
- 3.37 Most aspects of the Equip activities were also broadly in line with expectations. It is slightly underachieving on its target for number of young people supported to start a business (93%) and number of young people receiving one-to-one business support (98%) while exceeding its target for the number of young people progressing to the Business Wales Core and Growth Service (114%). However, it is behind on its target for young people participating in Boot Camps (63% of target) and in the number of young people interested in starting a business (34% of target).
- 3.38 Contractors reported that the recruitment of young people for Boot Camps started slowly because they had difficulty in identifying suitable young people. However, they are working more closely with enterprise champions and demand for the sessions is increasing. With extra sessions being planned for 2018 and beyond, they anticipate that the target for Boot Camp completions will be achievable.
- 3.39 The underperformance of the programme targets for young people interested in starting a business was largely because of insufficient throughput from the Engage activities and tailored visits. It is expected that young people using these services that are interested in starting a business are signposted to the YE website, where they can develop an action plan. The project team and contractor felt that this is largely because young people were not progressing to the website, rather than a lack of interest.

Table 3.13 Performance of the YE against its year to date targets, up to March 2018 (% of target in brackets)

	Total	
	YTD target March 2018	YTD actual (number and % of YTD target)
Marketing		
Number of campaign outcomes (visits to the website)	68,318	84,515 (124%)
Engage and Empower		
Number of young people engaged in entrepreneurship (involved in the engage activities)	121,574	127,842 (105%)
Number of young people interested in starting a business	8,675	2,971 (34%)
Number of workshops for pre-16 individuals	2,713	2,812 (104%)
Number of workshops for post-16 individuals	2,571	2,504 (97%)
Number of active role models	375	367 (98%)
Number of role models trained	129	128 (99%)
Number of individuals receiving support at events	1,280	1,653 (129%)
Equip		
Number of young people participating in tailored visits ¹⁸	11,656	25,209 (216%)
Number of individuals completing Boot Camp	200	126 (63%)
Number of individuals receiving 1-2-1 support	1,058	1,036 (98%)
Number of individuals progressing to other Business Wales services	250	285 (114%)
Number of young people supported to start a business	855	793 (93%)
New business starts	85	143 (168%)
Cross-cutting		
Financial support from private / third sector	£25,000	£49,000 (196%)

Source: Business Wales management data for Apr 2016 to Mar 2018

Performance of REAP programme

- 3.40 The Welsh Government was successful in recruiting participants to the MIT sessions. The sessions were attended by senior academics in Swansea University and the University of South Wales, as well as successful business leaders from the firms engaged (Go Compare, Wesley Clover, Growth Partners, Admiral Group).

¹⁸ Tailored visits are enterprise education sessions developed in conjunction with local stakeholders (such as the Prince's Trust and Young Farmers)

These individuals were invited specifically by Welsh Ministers and attended all the four workshops that ran in 2015 and 2016.

- 3.41 Since the sessions, most of these stakeholders have continued to engage in developing a more entrepreneurial landscape in Wales. This includes developing and promoting the 'Be the Spark' movement to engage wider stakeholders to pledge to support entrepreneurship in Wales.
- 3.42 Research on the Welsh ecosystem through participation in the REAP programme identified a number of broad ambitions for all stakeholders to improve the Welsh ecosystem. These included:
- Increasing the number of products developed in HE that go to market;
 - Increasing the number of high growth businesses in Wales;
 - Accelerating start-up activity;
 - Increasing patent registrations;
 - Increasing university graduate start-ups;
 - Expanding and enhancing venture capital investment in Wales.
- 3.43 In November 2017, the stakeholders established a Community Interest Corporation (CIC) to take forward actions to achieve these objectives. All the five stakeholder groups have an equal share in the CIC. An Action Plan was developed in January 2018 to drive forward developments of the programme. The CIC is currently at an early stage of implementing the action plan.
- 3.44 Stakeholders reported that the progress of the REAP programme is broadly in line with expectations. REAP members reported that a key challenge that limited implementation in the first year of the programme was the lack of a dedicated secretariat. While the Welsh Government provided some support, it was recognised that greater support was required in order for the programme to achieve its ambitious objectives. Subsequently the CIC was reported to have provided the programme with more resources that could be dedicated to implementing the action plan.

4. Engagement of beneficiaries

- 4.1 This chapter examines the approaches that have been employed to engage beneficiaries and the coverage of businesses and entrepreneurs that accessed the various Business Wales programmes. It draws on analysis of BAS beneficiary data and qualitative interviews with contractors and other providers of business support (such as the Development Bank of Wales, LAs, and local banks).

Key findings

Engaging potential beneficiaries

- To engage businesses or entrepreneurs the SFBE and Core and Growth programmes used a mix of marketing, workshops/events and referrals from local business associations and business networks/other providers. Since late 2017 stakeholders reported that they had meetings with business advisors to share information about their respective services and arrange local events, which have also aided recruitment.
- The marketing campaigns, supplemented by following-up registered businesses via the helpline, were mostly used to engage Level 1-2 businesses for the Core and Growth programme. In-line with expectations, referrals were reported to be the most common approach to engaging Level 3-5 and SFBE businesses. These referrals were largely based on business advisors' existing networks.
- AGP recruitment takes place primarily through referrals. The emphasis on supporting businesses with growth potential means that by definition, the contractor needs to be selective over the organisations that they engaged. A high proportion (85%) of beneficiaries achieved sufficient growth to remain on the programme.
- YE is well-established in Wales and consequently the contractor is able to engage with existing contacts in schools, colleges and HEIs to arrange the Engage sessions and attract young people to the workshops. The enterprise champions in colleges and HEIs also help to provide referrals to Equip activities.

- Referrals between programmes are taking place though these have taken time to be established. There was a perception among some contractors that the referrals between the Core and Growth programme and SFBE could be increased.

Beneficiaries engaged

- For the Core and Growth programme, a higher than expected proportion of businesses accessing the programme are Level 3-4 businesses. Only 55% of beneficiaries were Level 1 beneficiaries (against an expectation of 69%). More of the Level 3 and 4 businesses have taken up non-financial support (over 80%) than the Level 1 and 2 businesses.
- Across all programmes the beneficiaries covered a wide range of sectors. However, there is some variation. The Core and Growth programme recruited a relatively high proportion of manufacturing and ICT businesses whereas the AGP programme engaged a high proportion of ICT, manufacturing and professional, scientific and technical services businesses. The SFBE programme recruited a relatively high proportion of hospitality businesses. Both programmes recruited relatively few construction and health sector businesses.
- Businesses engaged ranged from start-ups to long-established. Businesses over 10 years old accounted for 33% of AGP businesses, 40% of SFBE businesses, 51% of Level 3 and 4 Core and Growth businesses and 27% of Level 1 and 2 Core and Growth businesses.
- The SFBE, AGP and Core and Growth programmes all recruited a fairly equitable distribution of beneficiaries across Wales. South/South East Wales was slightly over-represented among Core and Growth programme businesses and North Wales among SFBE businesses. YE Equip beneficiaries were heavily skewed towards the South/South East, with virtually none from North Wales, but this was attributed to delays in the contractor in North Wales entering the data on BAS.
- The programmes were successful in recruiting women business owners. They comprised 46% of beneficiaries despite comprising only 20% of all

business owners in the UK. There was however some variation between the programmes.

- Very few beneficiaries opted to receive support in Welsh. This was attributed to beneficiaries, even some of those who speak Welsh stating a preference to communicate formally in English. All contractors reported having provision to deliver all support in Welsh.

Engaging beneficiaries

Business Wales Core and Growth Programme

- 4.2 The Core and Growth programme used a mix of passive and active marketing activities to recruit new service users. The passive recruitment included marketing activities running throughout the year (comprising flyers, adverts, social media programmes and radio adverts) to drive traffic to the website and helpline. This includes marketing at specific groups (such as women owners, self-employed and ethnic minorities).
- 4.3 The on-going marketing is supplemented with more intensive marketing 'campaigns' which run roughly once a financial year. The campaigns typically last for six to eight weeks. The most recent took place in February and March 2018.
- 4.4 More active marketing was carried out by the helpline and the contractors. The helpline and website team produce targeted emails, newsletters and social media contact to reengage low-level/inactive registered business users. The contractors run local events to engage new businesses. These are primarily organised with local business groups or local authorities. They included topics that were felt to be relevant to the local area that would attract new businesses or entrepreneurs. This includes topics such as online marketing, business start-up essentials and international trade. Contractors and stakeholders reported that the delivery of these local sessions had increased in the last six months of the programme.
- 4.5 The passive recruitment and active engagement by the helpline was primarily aimed at engaging Level 1-2 businesses or entrepreneurs, which are expected to make up most of the beneficiaries that engage with the core service (12,500 of the 14,500 businesses or entrepreneurs expected to be engaged). Delivery partners reported that around 60-70% of new service users come through this channel.

- 4.6 Delivery partners also reported recruiting a high proportion (around 30-40%) of new users through active engagement with local business associations and business support providers, where the business advisors contacted the beneficiary directly. This approach was mostly used to identify businesses or entrepreneurs that had growth potential and were therefore more likely to be Level 3-4 beneficiaries. Delivery partners reported receiving referrals from organisations such as:
- Business groups (such as local accountancy associations);
 - Local business support providers (such as banks, financial advisors and accountants);
 - Word of mouth referrals from existing Business Wales customers;
 - Job centres and local enterprise and employment schemes;
 - Referrals from the Development Bank of Wales.
- 4.7 The business advisers that were interviewed reported that in most cases these referrals were built on their personal networks of business associates. Most of the advisers were reported to have previously been business advisors in particular local areas, with some working in banks and accountancy services. A few had also been active members in their local chambers of commerce. Many maintained contact with these organisations and asked if they could refer businesses that wanted to access finance or support to expand or establish their business.
- 4.8 The benefit of this approach is that it increases the reach of Business Wales. The beneficiaries referred to the service in this way had not contacted Business Wales directly, either because they were unaware of the support available or did not feel it would meet their needs. The development of referral mechanisms with local banks and accountants also meant that intervention could be targeted at businesses that were specifically looking to access finance for growth. Business advisors also reported that their local knowledge meant they could also refer beneficiaries to other local suppliers or providers of business support.
- 4.9 Since the start of 2018, the LAs that were interviewed reported that a business advisor had met with their economic development teams to increase referrals. In the meeting, business advisors provided the LA with more information about the services they offered, and the economic development teams informed them about

the local services and funding they had available for businesses or entrepreneurs. The LAs reported an increase in referrals to and from Business Wales since the meetings. Moreover, the LAs reported that the quality of the referrals they received from Business Wales improved, as the Business Wales advisors had a better understanding of the services the LA offered.

- 4.10 Contractors reported that the referrals from local private sector business support service providers had increased during the current 2014-2020 ERDF programme delivery period. However, some business advisors reported challenges in developing relationships with some local providers, such as bank branches and none of the business advisors that were interviewed reported that they engaged with universities or local enterprise hubs to recruit entrepreneurs.

AGP

- 4.11 For AGP, contractors reported that most beneficiaries were recruited through referrals from organisations that work with high growth businesses. This includes local organisations that provide business services, as well as LAs. A few were also referred from business advisors in the Core and Growth programme.
- 4.12 As with the Core and Growth programme, most AGP business advisors reported that many of the referrals came from their own local networks and contacts because of their knowledge and experience. Most had participated in previous NBSS and CE services and were transferred to the new service.
- 4.13 Very few referrals came from the Development Bank of Wales, even though it invests equity loans in businesses and entrepreneurs that it feels have high growth potential. The Development Bank of Wales has no agreement with AGP to refer these businesses or entrepreneurs to the service.
- 4.14 AGP contractors were selective in the organisations they recruited, as the recruitment target (450 over five years) was considerably lower than the targets for the Core and Growth service. Consequently, they did not advertise the service, as this could generate enquiries from businesses that would be unlikely to fit the programme's eligibility criteria. This was in line with the original design of the programme.
- 4.15 Contractors were relatively successful in engaging businesses that met the eligibility criteria of achieving 20% growth every year. To date, the contractor

reported that around 85% of beneficiaries engaged were being retained on the programme. The remainder, where growth did not meet the requirement of the AGP programme's criteria were transitioned to the Core and Growth programme.

Superfast Broadband Exploitation

- 4.16 SFBE contractors used a range of approaches to engage beneficiaries. This included:
- Specific 'Superfast Business Wales' marketing campaigns, delivered online and through flyers and promotions;
 - Promotion events, which were generally framed as training sessions. The events are commonly co-delivered with local business associations and LAs;
 - Generating referrals from business advisors delivering the Business Wales Core and Growth programme;
 - Promotion through private sector business networks, such as enterprise zones.
- 4.17 SFBE delivery staff reported that few relevant beneficiaries were referred through the helpline service and website. The low level of referrals from the website was largely attributed to the home page website not clearly signposting users to the SFBE microsite. This issue was however reported to have been resolved in late 2017.
- 4.18 Other reasons were also given for the low level of referrals from the helpline. Helpline operators reported that when Level 3-4 businesses or entrepreneurs contacted the helpline, most wanted a range of services, of which support for using ICT was rarely considered their most pressing priority. Consequently, they were referred to the Core and Growth programme. One business advisor reported that it was reasonable to refer all beneficiaries to the Core and Growth programme in the first instance, so they could provide a diagnostic and then refer beneficiaries, if necessary, to another Business Wales programme.
- 4.19 Some SFBE delivery staff felt that helpline staff did not always have sufficient knowledge of the SFBE service to identify if the beneficiary requires SFBE support. They stated that although beneficiaries may not explicitly request support on using ICT, some would request help with topics such as marketing or general business management. If this was unpicked it would identify a need for help and advice on

online sales, social media marketing and CRM systems, which could be provided by SFBE.

- 4.20 Over a period in 2017, the helpline had targets for referrals to SFBE. However, the SFBE contractor reported that this led to the service receiving many more inappropriate referrals. The target for SFBE referrals was subsequently removed.
- 4.21 The contractor reported that the most effective recruitment method was engagement through the workshops and from the direct marketing with business associations. They reported that they contributed approximately half of all new beneficiaries. A considerable proportion of beneficiaries also came from referrals from the Business Wales Core and Growth programme, but most SFBE delivery staff believed that this was low as they would expect that at least half of Business Wales beneficiaries would benefit from SFBE support.

Youth Entrepreneurship

- 4.22 The contractor delivering the programme is required to recruit schools, colleges and HEIs to deliver the Engage and Empower activities. The school engagement largely takes place through liaison with curriculum leads. For these, the contractor reported that the requirement of the Welsh Baccalaureate for schools to deliver 'core employability skills' was a major motivator of school participation.
- 4.23 In colleges and HEIs, the contractor primarily liaises with Welsh Government-funded enterprise champions, which were initially introduced following recommendations in the Entrepreneurship Action Plan for Wales (2001). The contractor believed that engagement was relatively straightforward as they had a dedicated person to contact who was motivated to improve the provision of enterprise education in their institution.
- 4.24 The contractor has been delivering YE since 2007 and has consequently developed existing relationships and contacts with most schools, colleges and HEIs in Wales. Delivery staff consequently reported that engagement was straightforward.
- 4.25 For the Equip activities, young people were either identified from the workshops or were referred by enterprise champions in HE and FE institutions. The contractor also undertakes social media campaigns to recruit new entrants, through the 'Big Ideas Wales' brand, and also says that it receives a small volume of referrals from the Business Wales Core and Growth programme.

REAP programme

4.26 The REAP programme aims to mobilise stakeholders to take steps to create a more entrepreneurial landscape in Wales. To do this, the following actions were undertaken:

- The creation of the 'Be the Spark' campaign, which was used to market the initiative to new stakeholders;
- An initial Be the Spark stakeholder event in June 2017. Overall, around 300 participants attended the session. Invitations were sent to a representative mix of the five stakeholder groups. Participants were invited to pledge to provide support for the programme;
- A series of follow-on events, interventions and digital communication to grow supporters of the movement beyond initial 300 to 3000”.

4.27 At the start of the programme there was no dedicated project team to lead on the development of the Be the Spark campaign. Therefore, as well as recruiting new stakeholders it was also necessary to maintain the support from the stakeholders that attended the MIT workshop, in order to ensure there were individuals in place to drive forward developments.

Characteristics of businesses and entrepreneurs engaged

4.28 This section presents the characteristics of the businesses and entrepreneurs that have participated in the Business Wales programmes in order to identify which groups or regions have benefited most from the programmes and where there may be gaps.

Business Wales Core and Growth programme and AGP

Beneficiaries by type and level

4.29 The BAS system shows that 9,075 beneficiaries had registered for Business Wales AGP and Core and Growth programme up to March 2018. This included 4,557 entrepreneurs and 4,518 businesses. Not all of these businesses received six hours of support reflecting the fact that the support requirements of those engaging with the service are diverse and vary in terms of intensity. Indeed, as described in Chapter 3, many businesses that received less than six hours support increased exports and experienced job growth.

4.30 As shown in Table 4.1, over half (55%) of registered beneficiaries were Level 1 businesses or entrepreneurs. This is below expectations, as it was originally expected that Level 1 businesses and entrepreneurs would comprise over 10,000 of the expected 14,500 programme beneficiaries (69%). The programme also recruited a small proportion of Level 2 beneficiaries and a higher proportion of level 3-4 beneficiaries. The table also shows that around half of the Level 1 beneficiaries (53%) and 60% of level 2 beneficiaries have not yet received six hours of non-financial support. This is greater for beneficiary businesses/entrepreneurs at higher levels.

Table 4.1 Support provided to businesses at Level 1-4 up to March 2018

Level of the business/ entrepreneur	No of beneficiaries (% total)	No of beneficiaries receiving non-financial support (% total and % of level)
Level 1	5,014 (56%)	2,660 (45%) (53%)
Level 2	1,072 (12%)	643 (11%) (60%)
Level 3	1,481 (16%)	1,214 (21%) (82%)
Level 4	1,104 (12%)	974 (17%) (88%)
Level 5	404 (4%)	404 (7%) (100%)
TOTAL	9,075	5,895 (65%)

Source: BAS data for Apr 2016 to Mar 2018 (n=9,075)

Proportion of beneficiaries by economic sector

4.31 As shown in Figure 4.1, the two programmes supported a relatively high proportion of manufacturing businesses. The data shows that around a fifth (19%) of the businesses that received non-financial support were in the manufacturing sector, despite manufacturing only comprising 6% of all businesses¹⁹ in Wales. The programme also engaged with a relatively high proportion of ICT, hospitality and arts sector businesses.

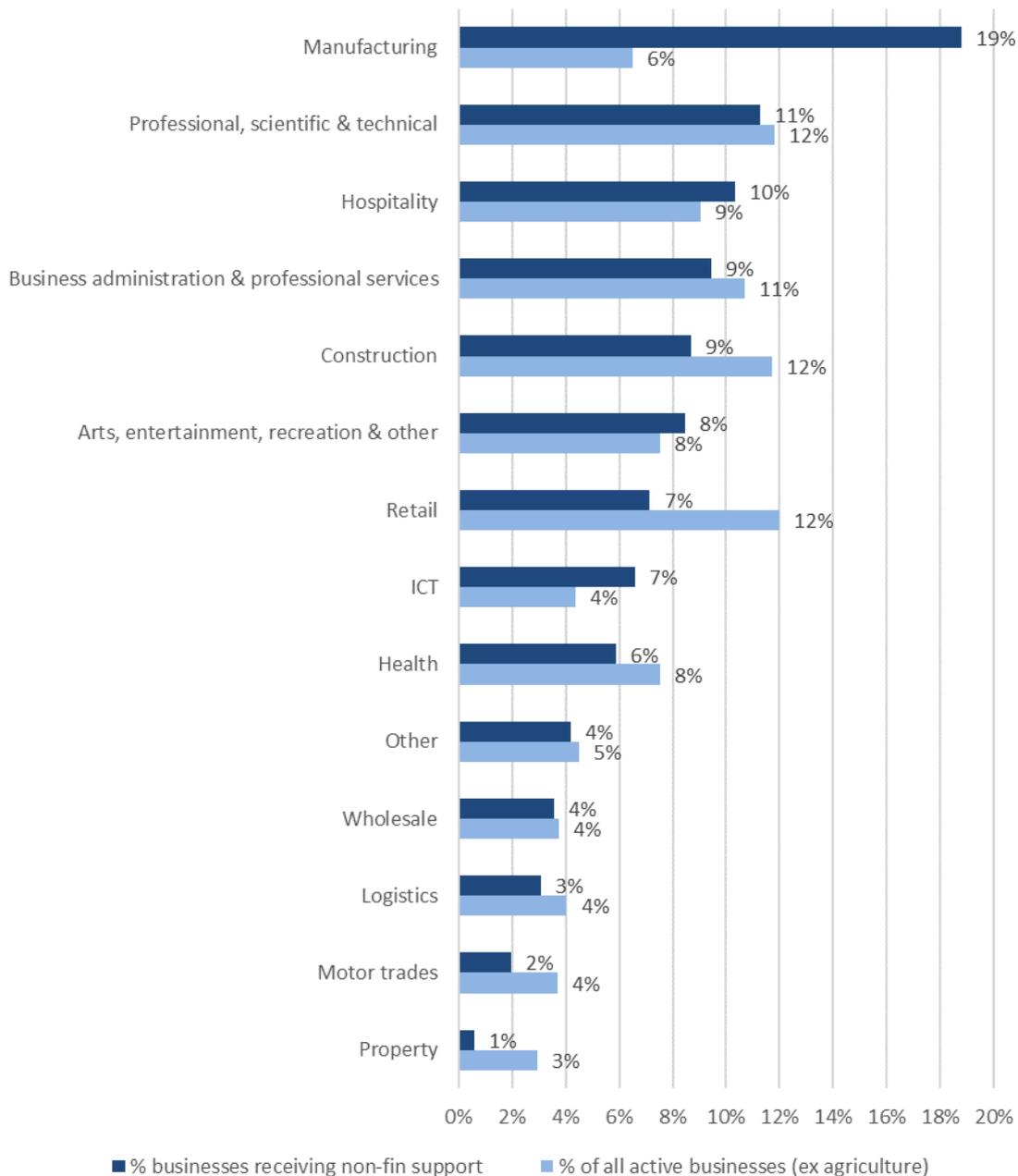
4.32 The programme has however engaged relatively fewer construction and retail businesses. Only 9% of the businesses that received non-financial support were in the construction sector, and only 7% were from the retail sector, despite them each

¹⁹ We have excluded the agriculture sector from the count of total businesses in Wales as agriculture employers are not eligible for the programme

making up 12% of all businesses in Wales. The low engagement of construction sector businesses is surprising, given that the sector has the greatest number of sole-traders/self-employed individuals but may be explained by the availability of business support from Construction Futures Wales during this period.

- 4.33 The engagement by sector does however vary considerably by programme. The most common sectors supported by AGP are ICT (23% of all beneficiaries), manufacturing (19%) and professional, scientific and technical services (13%). The high recruitment of ICT and professional, scientific and technical services sector businesses is in line with expectation, as across the UK they have grown rapidly in the last four years (by 15% and 9% respectively), suggesting there are more likely to be opportunities for growth in these sectors.
- 4.34 There is also some variation by level. Level 1- 2 businesses are more commonly in the professional, scientific and technical sector (14%), arts sector (13%), and manufacturing sector (12%). The most common sectors of Level 3-4 businesses are manufacturing (21%), hospitality (12%) and construction (10%). Overall however, the coverage is broadly similar and in line with expectations.

Figure 4.1 Proportion of beneficiaries receiving non-financial support by sector



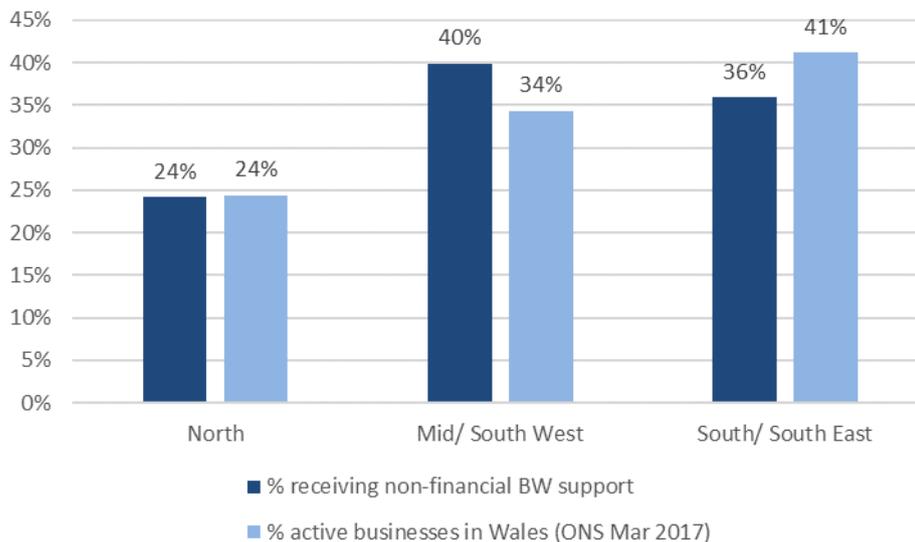
Source: BAS data for Apr 2016 to Mar 2018 (n=2,738)

Geographical coverage

4.35 Figure 4.2 shows the distribution of beneficiaries between Welsh Government regions. It shows that the programme has recruited a slightly higher proportion of beneficiaries in Mid/South West Wales. Forty per cent of beneficiaries were from the area, despite it comprising only 34% of all businesses in Wales. The programme recruited fewer beneficiaries from the South/South East area (34 %

compared to 41%). This breakdown was reasonably consistent for the Core and Growth programme and AGP.

Figure 4.2 Proportion of AGP/BW Core and Growth beneficiaries by Wales regions

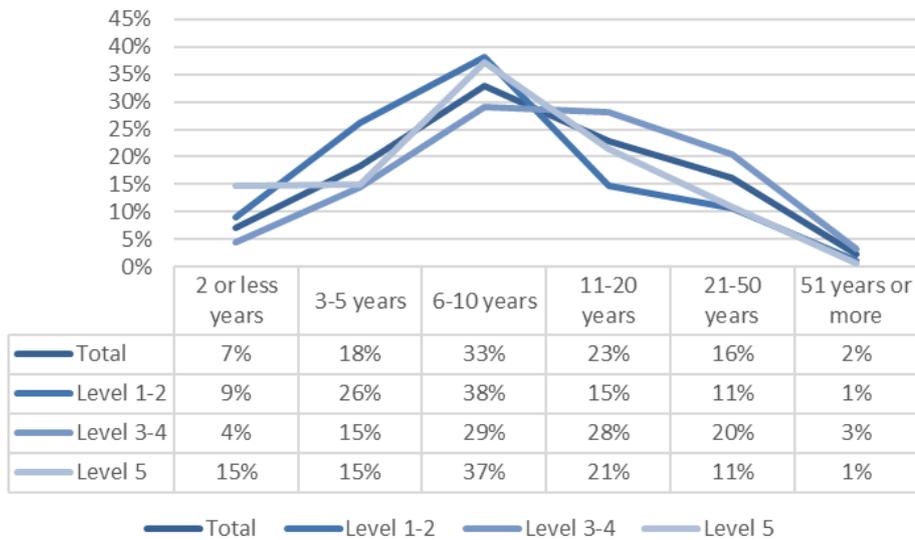


Source: BAS data for Apr 2016 to Mar 2018 (n=2,810)

Age of businesses

- 4.36 Figure 4.3 presents the age of existing businesses that received Business Wales Core and Growth and AGP support. It shows that the programmes engaged with businesses of all ages. A high proportion (41%) of businesses was over 10 years old and a quarter (25%) were less than six years old, which suggests business support is sought by businesses at all levels of maturity.
- 4.37 There were some differences between the levels of businesses. For the Core and Growth programme, Level 3-4 businesses tended to be more established (51% were over 10 years old) and Level 1-2 businesses were mostly less than 10 years old (73%). Most (58%) of AGP businesses were between six and 20 years old. This is perhaps unsurprising as most businesses consolidate in the first five years.

Figure 4.3 Age of AGP/BW Core and Growth businesses receiving non-financial support



Source: BAS data for Apr 2016 to Mar 2018 (n=2,811)

Superfast Broadband Exploitation programme beneficiaries

4.38 The BAS data contains data on 2,292 businesses that registered with the service, of which 1,485 were in WWV and 807 were in EW. However, not all of these beneficiaries will have been claimed against the ERDF project as they have not yet received six hours of support.

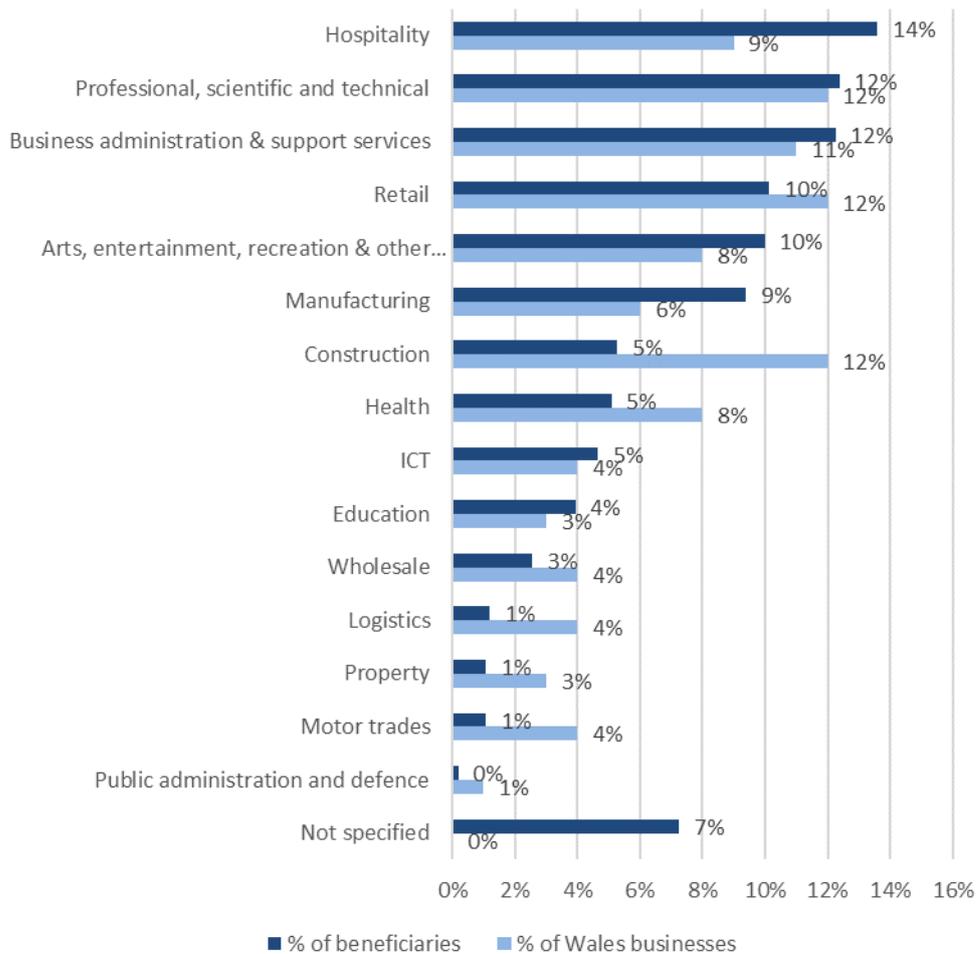
Sector coverage

4.39 The SFBE programme has recruited beneficiaries from a broad mix of sectors, with no sector contributing over 14% of all beneficiaries. However, a high proportion of hospitality and manufacturing businesses were recruited compared to their share of the Welsh businesses. Hospitality comprises 9% of Welsh businesses yet is 14% of SFBE beneficiaries.

4.40 The programme has also recruited relatively few businesses in the construction and health sectors. Only 5% of beneficiaries were in construction and health, despite construction making up 12% of Welsh businesses and health making up 8%. The low recruitment in these sectors is similar to the Business Wales Core and Growth programme and AGP.

4.41 There are however substantial differences in SFBE beneficiaries compared to the Business Wales Core and Growth programme and AGP. SFBE for example recruited a relatively high proportion of hospitality businesses whereas a far higher proportion of Core and Growth programme and AGP businesses were in manufacturing.

Figure 4.4 Proportion of SFBE beneficiaries by economic sector

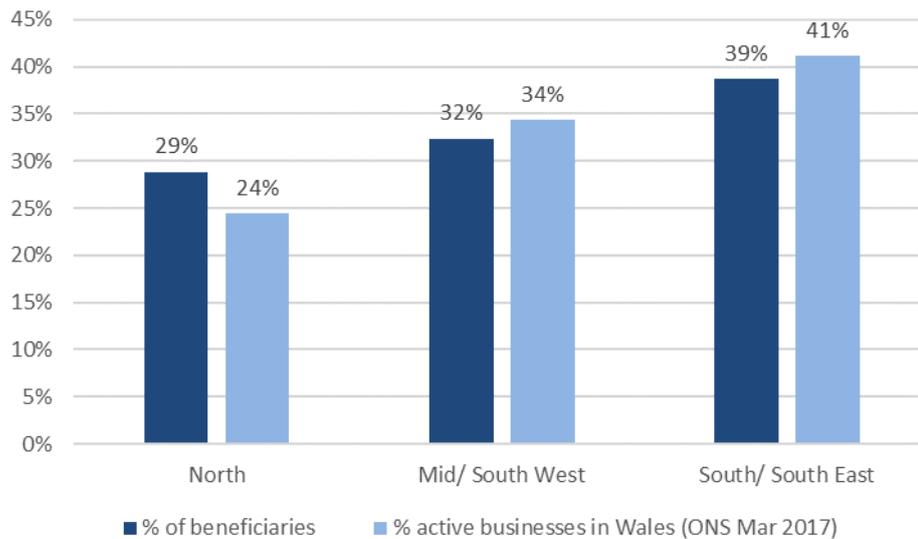


Source: BAS data for Apr 2016 to Mar 2018 (n=2,693)

Geographical coverage

4.42 Figure 4.5 shows that the SFBE programme had considerably more beneficiaries from the North (29%), relative to its share of Welsh businesses (24%), with relatively fewer in the other two areas.

Figure 4.5 Proportion of SFBE beneficiaries by Wales regions

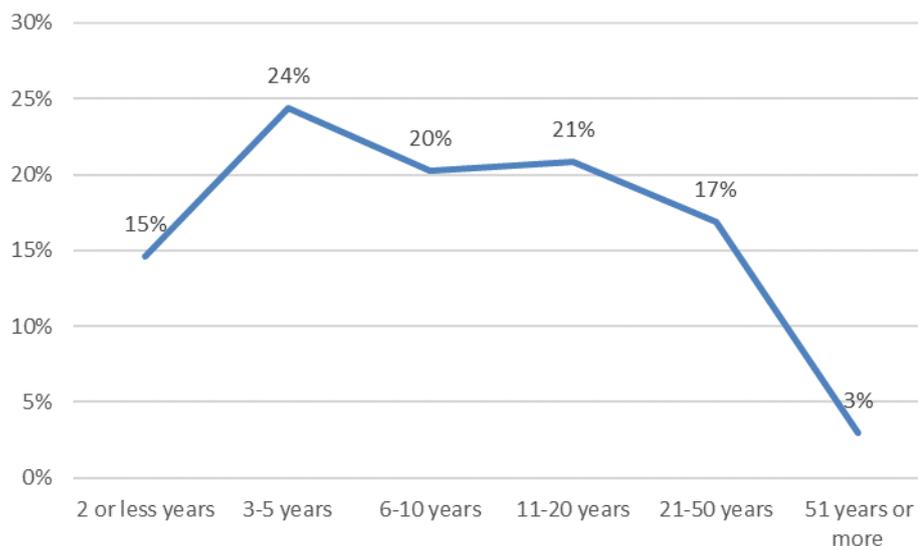


Source: BAS data for Apr 2016 to Mar 2018 (n=2,692)

Age of businesses

4.43 As with the Business Wales Core and Growth programme, there is a wide distribution of SFBE businesses by age. Forty-two per cent of beneficiaries were over 10 years old and 39% were under five years old which indicates they are relatively younger than those supported by the Core and Growth programme.

Figure 4.6 Age of SFBE beneficiaries



Source: BAS data for Apr 2016 to Mar 2018 (n=2,693)

Youth Entrepreneurship

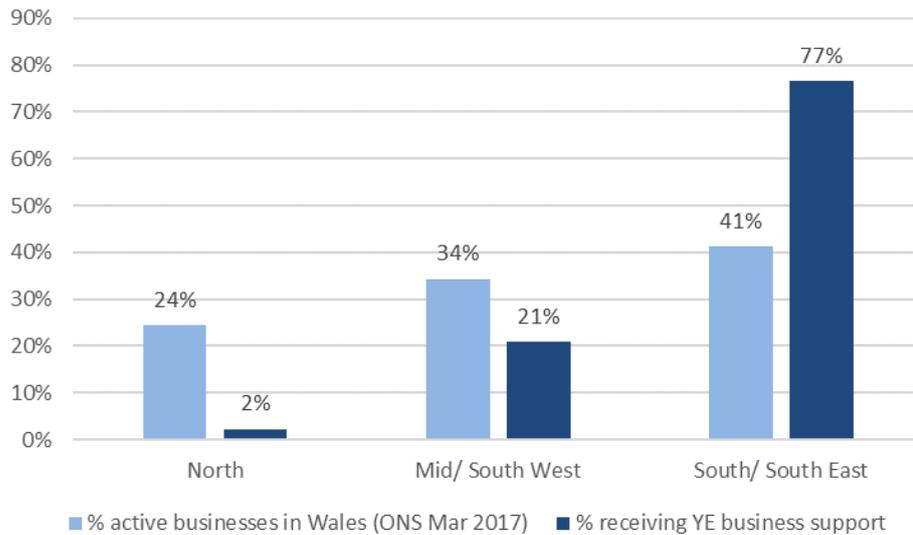
- 4.44 BAS data is collected on Youth Entrepreneurship beneficiaries that attended the Boot Camps or accessed business support through the Equip strand. In total, 516 young people were registered on the BAS system, of which 301 (58%) were in WWV and 215 (42%) were in EW.
- 4.45 There are however some discrepancies between the BAS data and the monitoring data collected by the Welsh Government team contract managing the YE programme. This was attributed to delays in the contractor entering information on BAS. The Welsh Government monitoring data shows a slightly higher proportion of beneficiaries in WWV. In 2016/17 WWV beneficiaries accounted for 65% of all beneficiaries and in 2017/18 they accounted for 73%.
- 4.46 The Engage activities have engaged around 112,471 across 2016/17 and 2017/18 (56,236 per year). Annually it engages around one seventh of those in education aged 11-25 (about 14%)²⁰. Around two-thirds (65%) of beneficiaries are in WWV, including nearly three-quarters (73%) of learners in FE.

Geographical coverage

- 4.47 YE business support has primarily been provided to young people in South/South East Wales. Around three-quarters (77%) of beneficiaries were based in local authorities in this area, of which over a fifth (21%) were based in Cardiff, while there were very few in North Wales. This was attributed to delays in the contractor in North Wales entering the data on BAS.

²⁰ Using figures in Key Education Statistics for Wales, 2018 and taking the population of secondary schools, half the population of special and independent schools, FE enrolments and HE first degree enrolments (approximately 408,000)

Figure 4.7 Proportion of Empower beneficiaries receiving support by Wales regions



Source: BAS data for Apr 2016 to Mar 2018 (n=515)

4.48 The Engage strand has delivered more workshops and engaged more young people in North Wales and fewer from the South/South East, compared to profile (see Table 4.2).

Table 4.2 Engage recruitment and workshops by region, April 2016 to March 2018

Region	Workshops – proportional target ²¹	Workshops - actual	Young people engaged – proportion target ²²	Young people engaged - actual
North Wales	20% (508)	27% (781)	20% (10,162)	28% (31,717)
Mid/South West Wales	29% (716)	29% (837)	29% (14,321)	29% (32,916)
South / South East	51% (1,276)	44% (1,170)	51% (25,516)	43% (47,838)

Source: Youth Entrepreneurship management data, April 2016 to Mar 2018

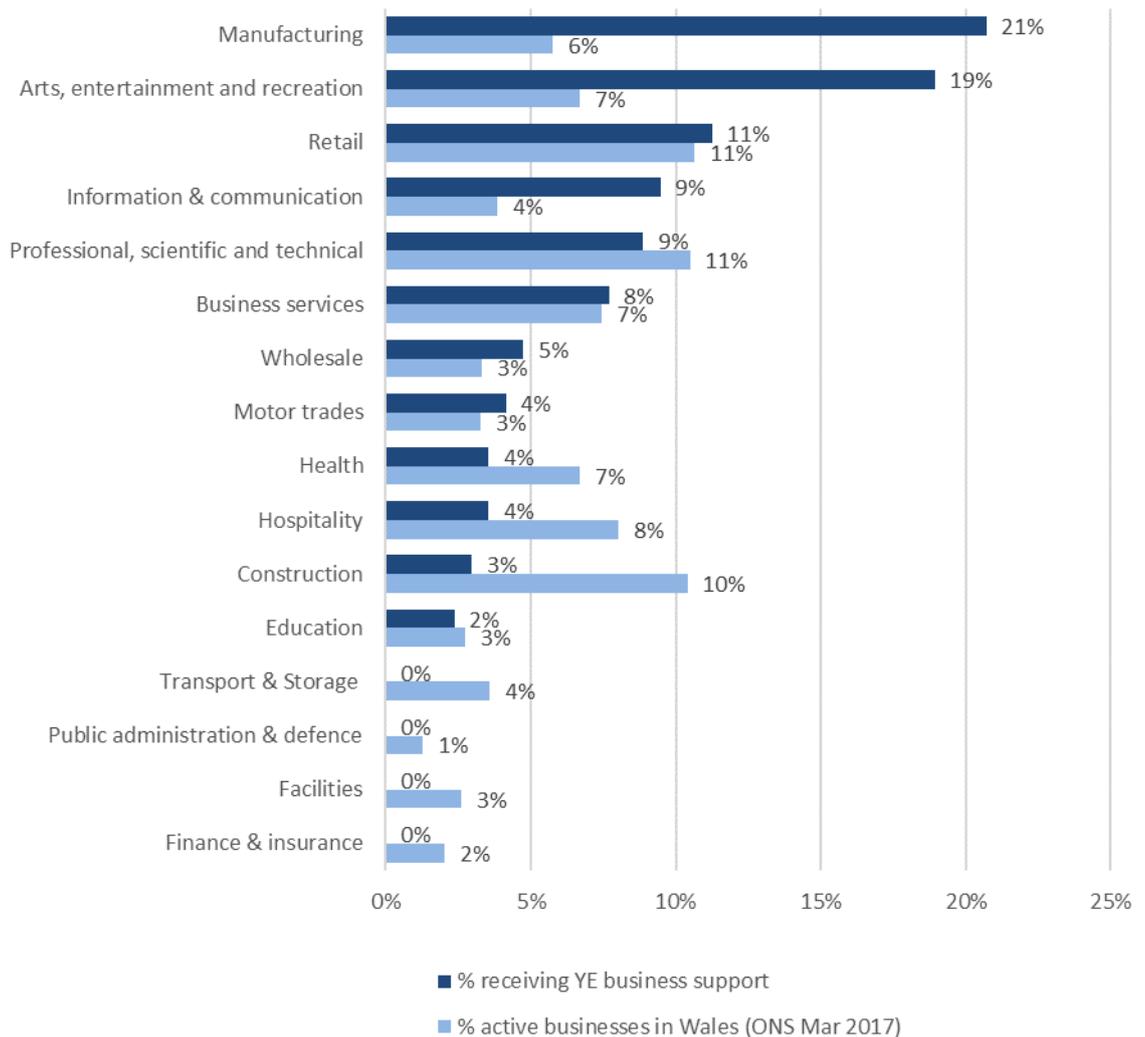
Sector coverage (Equip)

4.49 The YE programme’s beneficiaries were engaged in setting up a much higher proportion of manufacturing and arts, entertainment and recreation sector businesses, compared to their share of the Wales workforce. Relatively fewer were setting up construction, hospitality, health, and transport and storage businesses.

²¹ Based on region’s share of young people

²² *ibid*

Figure 4.8 Proportion of YE beneficiaries by economic sector



Source: BAS data for Apr 2016 to Mar 2018 (n=169)

Characteristics of the individuals accessing the Business Wales programmes

4.50 This section presents the characteristics of individuals (staff in businesses and entrepreneurs) that accessed the six Business Wales programmes.

Ethnicity and disability status

4.51 The programmes engaged 584 businesses that had BME owners (4.9% of all beneficiaries). This is slightly higher than the 4.4% of individuals living in Wales from ethnic minority backgrounds²³. The proportion of ethnic minorities was broadly consistent across the YE, Business Wales Core and Growth and AGP programmes. There were a slightly lower proportion of ethnic minority business

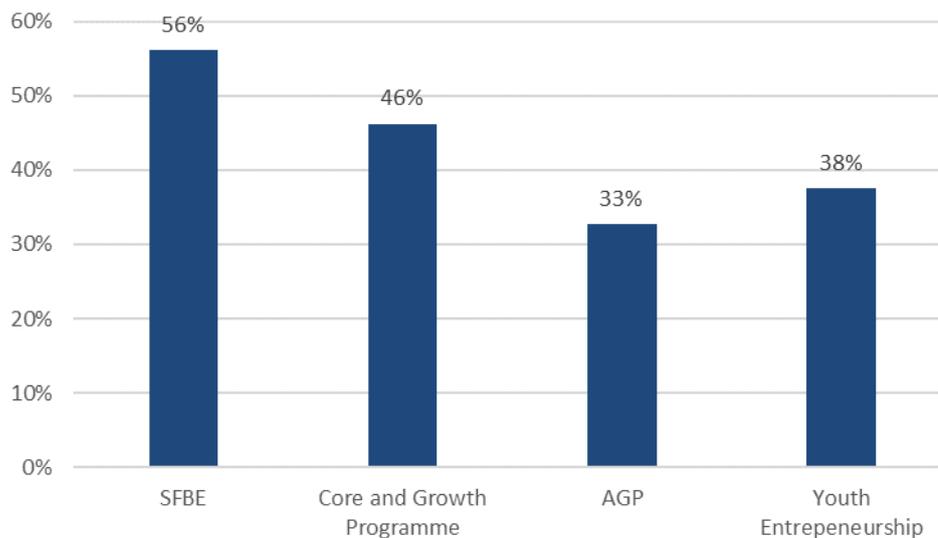
²³ 2011 Census, Nomis (2012)

owners accessing the SFBE programme (2.4%). There were 527 business owners (4.4% of all beneficiaries) who declared they had a disability. This is considerably lower than the 14% of adults aged 16 and over in Wales reported to have a disability²⁴.

Gender

- 4.52 The programmes have been very successful in engaging women business owners. Forty-six per cent of beneficiaries were women, whereas the BIS small business survey 2016 estimated that women comprise only around 20% of business owners in the UK.
- 4.53 There was however some variation by programme, as shown in Figure 4.9. Over half (56%) of SFBE beneficiaries were women, compared to a third (33%) of AGP participants and 38% of YE participants.

Figure 4.9 Proportion of women business owners by programme



Source: BAS data for Apr 2016 to Mar 2018 (SFBE n=2,292; Core and Growth Programme n=8,671; AGP n=404; Youth Entrepreneurship n=517)

Welsh speakers

- 4.54 Across all the programmes, 229 (2.0%) beneficiaries received support in the Welsh Language, which is considerably lower than the 20.8% of people in Wales that can speak Welsh. This was consistent across all Business Wales programme.

²⁴ 2011 Census, Nomis (2011). We could not find any business survey data which estimates the proportion of businesses headed by people with disabilities.

4.55 Most (86%) of individuals receiving support in the Welsh Language were based in West Wales. As shown in Table 4.3, a relatively high proportion of beneficiaries in Gwynedd and the Isle of Anglesey received support in Welsh, (16.7% and 9.1% respectively), but less than two per cent of beneficiaries in Carmarthenshire (1.2%), Powys (1.1%) and Pembrokeshire (0.2%) received support in Welsh, despite at least 18% of individuals living in these areas being Welsh speakers.

Table 4.3 Proportion of beneficiaries in each LA that received support in Welsh, up to March 2018

Local authority area	% of Welsh speakers (%)	% of beneficiaries that received support in Welsh (%)
Gwynedd	65.4	16.7%
Isle of Anglesey	57.2	9.1%
Ceredigion	47.3	3.1%
Carmarthenshire	43.9	1.2%
Conwy	27.4	2.7%
Denbighshire	24.6	3.0%
Pembrokeshire	19.2	0.2%
Powys	18.6	1.1%
Neath Port Talbot	15.3	1.0%
Flintshire	13.2	1.5%
Wrexham	12.9	0.3%
Rhondda Cynon Taff	12.3	0.7%
Swansea	11.4	0.3%
Caerphilly	11.2	0.4%
Cardiff	11.1	1.0%
Vale of Glamorgan	10.8	0.2%
Monmouthshire	9.9	0.3%
Torfaen	9.8	0.0%
Bridgend	9.7	0.2%
Newport	9.3	0.0%
Merthyr Tydfil	8.9	0.6%
Blaenau Gwent	7.8	0.9%

Source: 2011 Census, Stats Wales; Business Wales management information (n=9,075)

4.56 Contractors reported that nearly all the individuals that contacted the service stated a preference for communicating formally (e.g. completing forms and plans) in English albeit that some of the less formal aspects of support (conversations with advisers) not captured by monitoring information may take place in Welsh. Consequently, the monitoring information shows little demand for support in Welsh, even though the service is fully bi-lingual.

5. Quality of delivery and management

5.1 This chapter examines the quality of programme activities and how effectively they have been managed. In particular, it presents:

- Beneficiary satisfaction with the quality of the business and entrepreneurship support delivered through the programme (including the helpline, websites, business advice, workshops and online training);
- The effectiveness of the management of the programmes, including communication and collaboration;
- The engagement with partners and complementarity of the programme.

5.2 The chapter draws on findings from qualitative interviews with providers, beneficiaries and delivery partners, alongside secondary analysis of the Business Wales Customer Satisfaction survey and Cardiff University SFBE case studies.

Key findings

- There was high beneficiary satisfaction with Business Wales activities. In the Customer Satisfaction Survey, 88% of respondents were satisfied with the support they received. This compared well with other business support programmes where around 70-80% are satisfied. There was particularly positive feedback from survey respondents and interviewees about the helpline as well as the workshops and the one-to-one business advice sessions delivered through the Core and Growth and SFBE programmes. The only common issue that was raised by a few interviewees was about long delays between accessing the helpline and being contacted by a business advisor.
- A considerable proportion (40%) of survey respondents said they would be willing to pay for aspects of the business services they received from Business Wales (and 25% 'maybe') – particularly specialist advice/support, followed by the workshops.
- The AGP support received more mixed feedback. Some interviewees reported the support was very helpful and praised the enthusiasm and

knowledge of the advisor. However, others reported that the level of support they received did not match their expectations and the contact was too infrequent.

- There were also mixed views about the Business Wales website. Around three-quarters of respondents stated they were able to find the information they needed. However, some respondents and interviewees reported wanting information more tailored to their local area and business. The web analytics found that there was a relatively high bounce rate on the website (the proportion of users that have a single interaction with the website – i.e. access the home page then leave without accessing any further webpages or links), compared to other business to business websites.
- With business support for E&D and environmental sustainability, most interviewees acknowledged that they had been offered advice. While some had benefited from this, others were more concerned about taking forward other action arising from the business advice.
- Business advisors conducted relatively little promotion of the exploitation of the Welsh language unless it was specifically requested by beneficiaries. As a consequence, there were few examples of beneficiaries making changes to their business in order to exploit opportunities arising from using the Welsh language.
- Schools and young people were mostly positive about the YE engage activities. Just under two thirds of pupils aged under 16 and three quarters of FE students responding to a survey said that it had a lot/huge impact on their knowledge of starting a business. In the qualitative interviews the business advice and Boot Camps also received positive feedback from beneficiaries.
- The programmes were generally believed to be well-managed and delivered by contractors and the Welsh Government. The main issue was that it took a long time to receive final approval for proposed changes to the contract, such as the amended delivery plan and the use of digital signatures.
- After little engagement up to mid-2017, there is evidence of Business Wales contractors working more extensively with local authorities and the

Development Bank of Wales to improve take up and referrals. There are some well-established referral mechanisms between business advisors and private sector organisations and local organisations. These are based on established local networks and personal contacts.

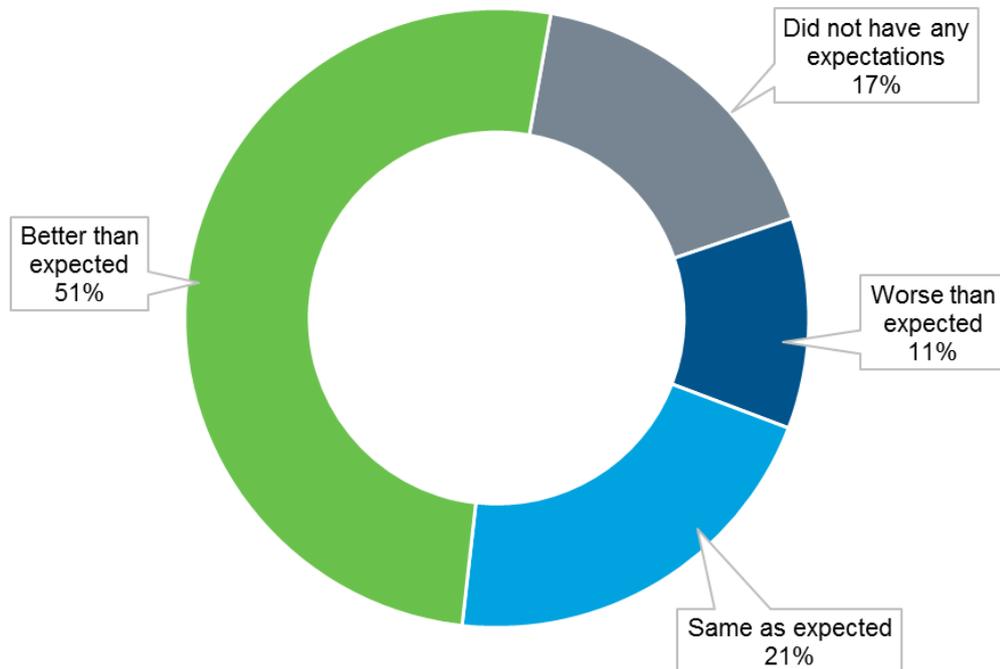
- Contractors reported that there were many referrals between the Core and Growth and AGP and YE teams, but it had taken longer to establish referrals between SFBE and the Core and Growth programmes, largely due to ambiguity over the process for supporting individuals that require support from both services.

Overall perceptions of the programmes

- 5.3 In the customer satisfaction survey, 64% stated they were very satisfied with the support they received, and 24% were quite satisfied (88% satisfied in total)²⁵. As shown in Figure 5.1, around half of all respondents also felt the Business Wales Core and Growth and AGP service was better than they initially expected, with 32% of these respondents stating it was a 'lot' better than expected. This varied slightly by the level of support beneficiaries received. Level 1 and Level 4 beneficiaries were more likely to state that the service was better than expected (56% and 59% respectively) compared to Level 2 beneficiaries (38%) and Level 5 beneficiaries (32%).
- 5.4 These levels of satisfaction compare favourably with other similar programmes. The evaluation of the Train to Gain brokerage service (GHK, 2009) and Business Link East Midlands (Barratt and Hope, 2010) found these services achieved a customer satisfaction of 70-80%.
- 5.5 There were a few (8%) of beneficiaries that were dissatisfied with the service. Figure 5.1 shows that eleven per cent of respondents felt the service was worse than expected, of which 18 respondents stated it was a 'lot' worse than expected. Just over a half felt it was better than expected (51%). This was typically in line with the other business support programmes described above.

²⁵ Based on data from Wave 3 of the satisfaction survey, which contained 302 responses, of which 127 received Level 1 support, 32 received Level 2 support, 49 received Level 3 support, 44 Level 4 support and 50 received Level 5 support. The survey ran from 18 December 2017 to 15 January 2018.

Figure 5.1 To what extent did the service you received compare with your expectations?



Source: Customer satisfaction survey 2018 (n=302)

5.6 Similar findings were identified in the qualitative research. Most of the beneficiaries that were interviewed reported that they were satisfied overall with the support they received from the programme. Some also reported that they welcomed that the Welsh Government was willing to invest in supporting SMEs as it made them feel ‘valued’ in their area. However, a few of the participants interviewed were unhappy with the level of support available through Business Wales, with some particularly disappointed that grants were not provided through the service or that they could not access support which they felt was tailored to their sector. It reflects that some had higher expectations of the support that should be provided through Business Wales.

5.7 As a consequence, 90% of survey respondents and most of the beneficiaries that participated in the qualitative interviews stated they would recommend the service to others. Additionally, 40% of respondents said they would be willing to pay for aspects of the business services they received from Business Wales (and 25% ‘maybe’) – particularly specialist advice/support, followed by the workshops. This is high considering the evaluation of the [Business Support Helpline and GOV.UK](#)

(BIS, 2014) which found that businesses find it difficult to assess the value of business support and are therefore reluctant to pay for it.

Perceptions of Business Wales Core and Growth activities

Helpline

5.8 In the qualitative interviews, nearly all beneficiaries reported that they were satisfied with the quality of support they received from the helpline. They reported that the helpline operators were mostly effective in identifying their needs and directed or referred them to appropriate forms of support.

5.9 Level 1-2 businesses in particular reported that the support provided from the helpline was valuable to their business. As one stated:

“We were happy with the initial support that we received, and so we did not look anywhere else for support once we had started our relationship with Business Wales. It would not have made sense to get too much other support, as too many conflicting voices would not have helped the growth of the business.”

Level 2 business

5.10 The general view across all interviews was that the helpline was well-managed, with helpline operatives providing additional advice should they have experienced any problems with a referral, or to discuss next steps.

5.11 Respondents to the customer satisfaction survey were also mostly satisfied with the support they received from the helpline. Overall:

- 91% felt the helpline operate was helpful
- 93% were satisfied with their level of knowledge/expertise
- 90% were satisfied with their response time
- 92% were satisfied with the interest they showed in their query
- 97% were satisfied with their professionalism; and
- 93% believed they explained the service clearly to them.

5.12 The only aspect of the service that performed less well was the speed with which the respondents received help. The survey found 83% of respondents got help quickly and 85% were satisfied with the referral process. Similar findings emerged from the qualitative interviews. A few interviewees reported that after they had

accessed the service it was over a month before they received contact from a business advisor. One reported that this only took place after they had called the helpline advisor again.

- 5.13 The helpline operators that were interviewed reported that once the referral was made they were not expected to confirm that the contact had been made. However, they reported that a few beneficiaries did contact them to say that they had not been contacted by a business advisor.

Website

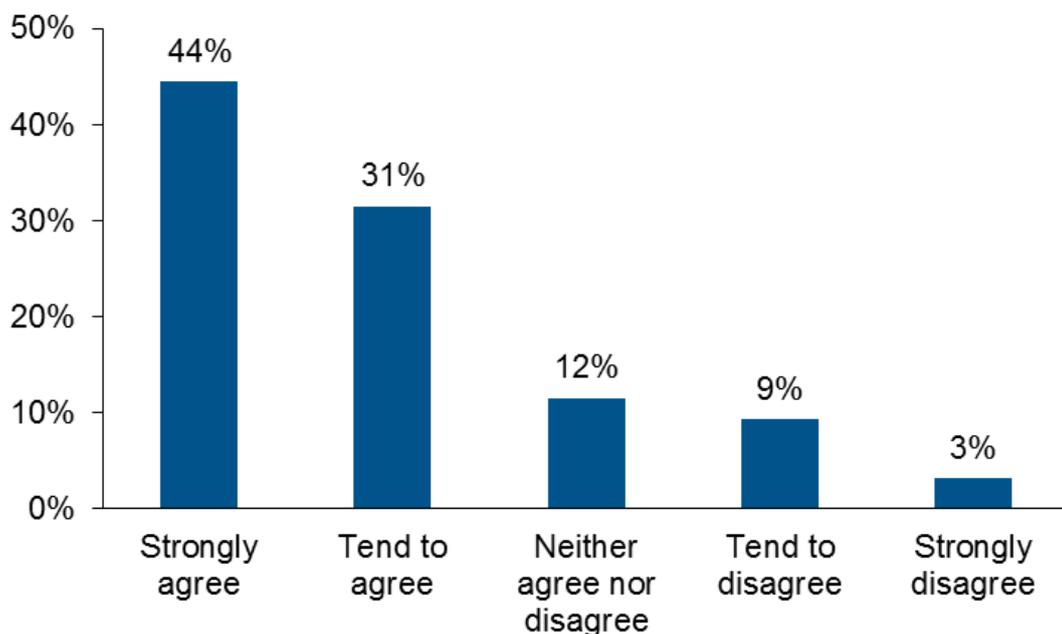
- 5.14 Web analytics from the website show there are around 3,000-4,000 users a month. The number of users is reasonably consistent across the year although there was a marked increase from January 2018 compared to the same quarter in 2017, which the contractor attributed to the intensification of the national marketing campaign.
- 5.15 Engagement and use of the website is relatively brief. The average time a user spends on the website is around three minutes and most visit around three pages on average. The bounce rate is also at the top-end of average (55%)²⁶, which denotes that over half the users that access the website do not make another interaction on the website. This could however in part be attributed to the website appearing in searches when users are searching for topics such as business grants and business networking or to access tailored business training. These are not core parts of the Business Wales service and consequently may result in users immediately leaving the website.
- 5.16 Beneficiaries that did use the website mostly found it useful. As shown in Figure 5.2, around three-quarters of respondents to the customer satisfaction survey felt that the Business Wales website provided the support needed. Those that disagreed reported that *'the website needs to provide more readily available information'*, and contain *'more links to other sources of advice and guidance'*. A few respondents also stated that the website should provide more details on the information it has on funding, as there were some discrepancies with who funding is available to and when.

²⁶ Based on analysis of Google Analytics by CustomeMediaLabs, which shows that the average bounce rate of Business to Business websites is between 25%-55%

5.17 In the qualitative interviews there were mixed views on the usefulness of the website. Some reported that it worked well as *'it was good to see everything all in one place'*. However, others stated they found it difficult to identify the information they wanted as they required information about the support available in their local area.

5.18 The business advisors and national stakeholders reported that the website was primarily useful for individuals who had a clear understanding of what they needed. They could go directly to the material that it is relevant for them. However, they reported that some accessed Business Wales to identify areas where they could improve their business, and then looked for the appropriate support. Here the website was not considered very useful. For these businesses the telephone helpline is more useful.

Figure 5.2 To what extent do you agree that the Business Wales website provided the support required?



Source: Customer satisfaction survey 2018 (n=241)

Workshops

- 5.19 In the qualitative interviews, most beneficiaries reported that the workshops were useful for their business. Most also felt the format was effective in providing easy access to specialist business expertise.

"I was quite happy with the content and the length of all the seminars I attended. It never felt like I came away from a seminar and thought that was a waste of my time or that could have been done better. I've always been quite pleased to be honest".

Level 2 business

- 5.20 Level 1-2 businesses were particularly positive about the effectiveness of the online workshops. A few respondents stated that the quality and relevance of the workshops resulted in them then taking up the offer of one-to-one support.
- 5.21 Few of the beneficiaries we interviewed attended any of the face to face workshops, although some had sent their staff. However, those that did attend mostly found the support valuable and felt it provided a good opportunity to network with other similar businesses. As one stated, *"it was good to go and gave us a lot to think about"*. However, one business, felt the workshops were a little *'hit and miss'* as the content could be too generic to relate specifically to their business.
- 5.22 Business advisors reported that the workshops provided a good starting point for businesses that were not ready to commit to making changes to their organisation. It was felt that this allowed them to consider the benefits and dis-benefits of different approaches, and how it could be implemented in their organisation
- 5.23 The findings from the qualitative interviews were largely corroborated by the results from the Customer Satisfaction Survey. Here 89% of respondents agreed or strongly agreed that the help given was tailored to their circumstances; 95% were satisfied with the way advice was delivered or provided; and 89% were satisfied with the quality of the advice provided. This is high for short training courses, where ICF evaluations of other business training found they typically achieve satisfaction levels of 85-90%.
- 5.24 Some survey respondents, and individuals that participated in the qualitative interviews did however suggest that they would like there to be a follow up workshop which could build on what they learnt. One stated: *"It might be worth basing attendance on experience and tailoring it to those who are attending."*

One-to-one advisor support

- 5.25 In the qualitative interviews, most beneficiaries were pleased with the support they received. They believed the advisor took time to understand their businesses' needs, and the solutions they proposed were thought-out and geared to addressing their areas of improvement. As one business stated, *"I would give them ten out of ten, it is great to have them on board"*. This was consistent for both Level 3 and Level 4 support.
- 5.26 Most believed the business advisor has in depth relevant knowledge and experience on the subject they were advising on, and consequently were able to provide insightful, stretching solutions. As one business stated: *"The information that they give you can sometimes be harsh and isn't always what you want to hear, but it is always good information"*.
- 5.27 Most beneficiaries also reported that the communication between themselves and the business advisor was effective. They felt they could contact their business advisors if they had any problem and they tried to help. As one business stated, *"Sometimes we have to wait for them to call back, but they always do. Appreciate it is not easy as they have a packed diary with lots to do"*.
- 5.28 A few businesses reported a negative experience with an advisor. One said that the advisor has *'frequently sent us down the wrong path'* and was difficult to contact. Another business reported that the advisor *"didn't say anything memorable and I never heard from him again"*. However, importantly in most of these cases, beneficiaries reported that they were able to access an alternative advisor who was able to help them address their needs.

Delivery of support for cross-cutting themes

- 5.29 Contractors and business advisors reported that they offered businesses support on environmental sustainability and E&D as a matter of course. However, they stated that they packaged the support around wider themes to encourage take-up. For example:
- Advice on environmental sustainability was framed around *'advice to help you make savings on your operating costs'*. Here the advisors gave businesses

advice on energy saving measures and minimising waste, including how to re-use and recycle resources;

- Advice on E&D was framed around support for recruitment and HR. Here the advisors were able to provide advice about appropriate recruitment practice, encouraging a diverse range of individuals to apply for roles in their company, and in supporting workers from all backgrounds.

- 5.30 Most of the beneficiaries we interviewed stated they received help to draft equal opportunities or environmental sustainability plans and were also offered further support on these topics. However, less than half reported that they took up this offer. While they regarded it as important, they believed it would have less impact on their business than some of the other proposals in the action plan they developed with the business advisors.
- 5.31 With equality and diversity, the main support beneficiaries received was advice on developing effective recruitment plans to address skills gaps. This included advertising job opportunities in a way that encourages a broad range of applicants, such as using inclusive wording and advertising in local community venues. Beneficiaries that received this support said that they welcomed the advice on whether their approaches met legal requirements. One beneficiary reported that this was an essential requirement for them to bid for public tenders.
- 5.32 Beneficiaries whose businesses had received support on environmental sustainability reported that they were in the process of making changes in their organisation. Some were taking actions to cut energy consumption, such as introducing processes to ensure some equipment is switched off at night, and also started to recycle their business waste. One business also reported that they changed their approach to ordering supplies which significantly reduced the waste they produced. One beneficiary reported that they were *“changing our whole approach – made us do a lot of things differently”*. Another beneficiary stated: *“our plan contained lots of actions which we are working on”*.

Promotion of the use of Welsh Language in a business context

- 5.33 The study found few examples of the programme providing support on the benefits of exploiting the Welsh Language. Most of the advisors that were interviewed reported that they provided advice on using the Welsh language more extensively in business activities only when it was explicitly requested by the beneficiary. None of the advisors stated that they actively promoted greater use of the Welsh Language, although some stated that it was considered alongside the advice they provided businesses on equality and diversity.
- 5.34 This was corroborated in the beneficiary interviews. None of the beneficiaries reported that they had received advice that promoted the benefits of using the Welsh language, either from the telephone helpline, website or advisors, or specifically sought it.
- 5.35 However, some beneficiaries reported that, following advice from the Business Wales service, they implemented changes that increased use of the Welsh language. These included:
- One business developing a Welsh-language version of their website and another business that was establishing a website reported that they were advised to develop a bi-lingual website;
 - A few businesses reported changing the signage in their premises to include Welsh and English. This was particularly common for hospitality sector beneficiaries;
 - Two businesses reported that following the support they received they plan to develop products or labelling in Welsh as well as English. These businesses were in the manufacturing sector.
- 5.36 Most of the businesses reported making these changes because they felt it would attract new customers to their business. As one business in mid-Wales reported “*it was a no-brainer really*”. A few also stated that they made the changes to make their products or services more inclusive, particularly when they were in areas of North or Mid-Wales which had a high proportion of Welsh language speakers.

Perceptions of AGP support

- 5.37 Most beneficiaries were pleased with the AGP support they received. The main benefit they believed they derived from the service was access to a 'critical friend' who could provide constructive external advice. This was consistent among beneficiaries, irrespective of the level of support they received.

"It [AGP support] is almost a coaching thing for me. I've been in business for seven years, but I needed to learn how to be a managing director. Someone looking in and able to challenge you is great when you are in a leadership role"

Level 5 business

"What I am impressed with, is how enthused they get and that still compounds (sic) me now – they are so focused on your product that they give you extra energy and value – they are hungry for knowledge and they enthuse. I am passionate about what I do, but for them to take on that passionate role... they don't seem like they are fulfilling a role and they always are enthused and come up with more than requested - they are continually lighting sparks and igniting enthusiasm in what they do".

Level 5 business

- 5.38 Businesses mostly reported that the advice they received was *"very good. It helped us achieve what we wanted"*. The private sector support some received was felt to reflect their business needs, and as one beneficiary stated, *"helped us grow sustainably"*.
- 5.39 In the qualitative interviews there were however a few beneficiaries that were unhappy with the support they received. This was reflected in the Customer Satisfaction Survey, which found that 18% of respondents were dissatisfied with the service, which was far greater than for other strands of Business Wales.
- 5.40 A common reason that beneficiaries were dissatisfied with the service was because they did not believe the support was tailored to their circumstance (reported by 17% of survey respondents). This was also identified in the qualitative interviews. As one stated: *"It sounded much better than it ended up being... there was no introduction or welcome package to what they can offer... We didn't really have a say in it, we were just given stuff."*
- 5.41 In the survey, 18% of AGP supported individuals also felt they did not get the help they wanted quickly enough. This was also highlighted in the qualitative interviews, where a few beneficiaries reported having gaps in the support they received. It may be because a few of the business advisors we interviewed reported that they tried

to target their interventions at times when they felt the business they were supporting was going through a period of change and therefore gave intensive support then left the business alone while they bedded it in.

- 5.42 Several beneficiaries also reported in the survey that they would like more transparency and clarity on what the AGP service is/offers, and the extent to which it offers specialist and tailored support for businesses. This would enable them to have realistic expectations of what support they should expect.

Perceptions of the SFBE programme

Initial diagnostic and training workshops

- 5.43 In the qualitative interviews, most beneficiaries reported that the initial diagnostic was delivered well. The main benefits were reported to be that it can identify 'quick wins' – positive changes that can be made easily. For example, one beneficiary reported that the diagnostic support identified the need for a bilingual website. Other beneficiaries reported that, as a consequence of the diagnostic, they reviewed data on their website and improved the search terms.
- 5.44 The SFBE workshops also received positive feedback. The feedback forms that participants are expected to complete at the end of the session (see Figure 5.3 and Figure 5.4):show
- 89% of those attending a workshop thought the organisation and information provided was very good or good;
 - 95 per cent thought the value of the workshop to their organisation was good or very good.
- 5.45 This has stayed largely consistent over time, even as the number of people attending workshops has grown. In addition, for the last three quarters (Q3 2016, Q4 2017 and Q1 2018) the proportion of attendees who have found the service 'very good' has stayed consistent (76%).

Figure 5.3 Workshop organisation and information

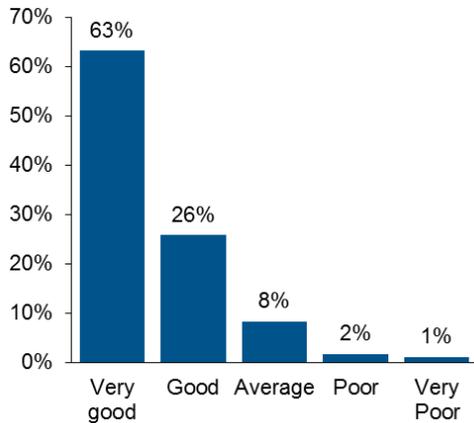
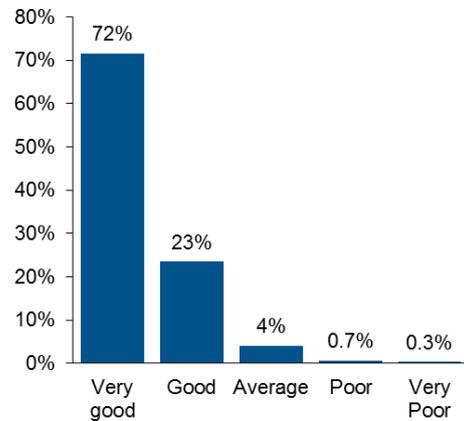


Figure 5.4 Value of workshop to the organisation



Source: SFBE workshop feedback forms, Apr 2016 to Mar 2018 (n = 2,835)

5.46 In the qualitative interviews, nearly all beneficiaries also reported that the advice they received in the workshops was of good quality and relevant to their needs. However, a few reported that they would like workshops at higher levels that build on what they learnt.

5.47 These beneficiaries typically accessed the programme early in its delivery. SFBE contractors and WG staff reported that they have introduced some programmes at a range of levels to differentiate between beneficiaries at different ‘starting points’.

One-to-one business support

5.48 Most of the beneficiaries we interviewed believed the intensive support was well-delivered. Most reported that the advisor was helpful and knowledgeable and the advice they received was of a high quality. As one beneficiary stated: “*They were delivered excellently, I have an IT background, so I could tell they knew what they were talking about*”.

5.49 Nearly all interviewees said that the service had met or exceeded their expectations, and it was felt that the detailed reports (following from diagnostic support) were particularly useful. Most beneficiaries also reported that the support was well-delivered and that they were given helpful, high-quality and relevant guidance.

5.50 Similar findings were identified from the Customer Satisfaction Survey, which found that over 90% of SFBE beneficiaries were satisfied with:

- The helpfulness of the person they were last in contact with (92%²⁷);
- Level of knowledge and expertise of the person they were last in contact with (94%);
- The response time of their last contact with the service (91%);
- The interest shown in their query during their last contact (91%); and
- The professionalism of the person they were last in contact with (99%)

5.51 In addition, 92% of respondents who accessed SFBE support agreed that the help given to them was tailored to their circumstances, and 88% were satisfied with the diagnosis of needs (how well their business needs were identified or understood).

5.52 Case studies published online illustrate the high quality of support perceived; for example:

“We also accessed support from Superfast Business Wales to help identify new opportunities and ideas. I had 1-2-1 session and a marketing report from Superfast Business Wales, which were exceptionally good and valuable. They opened my eyes to a lot of missed opportunities, as well as ideas for future tactics”.

McAlister & Co²⁸

“None of us here are IT experts; we needed somebody with broader expertise who could look at every aspect of our IT system and help us make the right choices. It is a big investment for us and we needed to think carefully about how we were going to do it. The help and advice has been invaluable, and the result is that we are now much slicker.”

Cambrian Alliance²⁹

Perceptions of the YE programme

Engage and Empower sessions

5.53 The school staff we interviewed were pleased with the Engage sessions delivered to 14-16 year olds. Most believed they provided a good overview of being self-employed and were engaging and stimulating. As one stated *“It’s gives them a*

²⁷ Based on 61 responses

²⁸ Case study available online: <https://businesswales.gov.wales/superfastbusinesswales/case-studies/insolvency-practitioners-approach-digital-keeps-it-ahead-government-changes>

²⁹ Case study available online: <https://businesswales.gov.wales/superfastbusinesswales/case-studies/providing-a-more-efficient-service-members>

flavour of the business world and makes them aware of the different types of business”.

- 5.54 Role models also reported that the sessions worked well. In most cases the school or college was prepared for the session, the pupils/students were also aware of what would be covered, and the classes were well-behaved and engaged. However, a few reported examples of isolated incidents when they dealt with challenging pupil/student behaviours or where the way they delivered the session did not meet the requirements of the group. The contractor reported that when issues have arisen in a school then they sent a different role model the next year.
- 5.55 This is corroborated by the feedback forms from the sessions. The analysis undertaken by Beaufort Research found that 96% of young people reported that the programme improved their knowledge of what it is like to run a business and 66% of pupils aged under 16 and 75% of FE students believed the session had a ‘huge’ or ‘a lot’ of impact. A further 49% of pupils and 56% of FE students stated it had a huge/lot of influence on making them think about business ideas.
- 5.56 The schools and colleges also provided positive feedback on the Empower competitions. They reported that they helped stimulate and motivate young people to think about entrepreneurship, and were professionally run and delivered. The schools also reported that their students also appreciated the sessions, including those that do not tend to participate in extra-curricular activities.
- 5.57 Contractors believed there was a gap in provision for pupils in Year 7-9 in school (11-13 year olds). At present, competitions are delivered to primary school children and sessions are provided to those that are near to leaving school or college. The contractors felt that engaging the Year 7-9 group would maintain young people’s interest in starting a business throughout their education. They also believed that support at this stage could help inform their decisions on what subjects to focus on at GCSE.

Equip

- 5.58 In the qualitative interviews, most young people were pleased with the quality of support provided in the Boot Camps. They reported that it was well-structured and organised and took place at an appropriate pace. The content was also felt to be valuable. As one young person stated, *“I found it inspiring, it got me thinking”*. The

feedback was consistent regardless of whether the young person had already started a business or was planning to do so.

- 5.59 One interviewee reported that they would have preferred more in-depth support on the different sections of a business plan. Another suggested that they would like a session in the Boot Camp where young people could receive more personalised support for their business. However, the general consensus was that these were minor points for improvement on what is an effective programme.
- 5.60 Only two of the young people we interviewed had received one-to-one business support, although the remainder stated that they understood the resource was available and may access it in future. Those that received one-to-one support found it very useful. One stated: *“We developed a bond. I am able to use him as a sounding board as he understands me at a deeper level”*. Another reported that *“their help made the process feel less daunting, as I knew I had someone who could help me”*.

Planning and management

Management by the contractors

- 5.61 The Welsh Government contract managers reported they were satisfied with the way the contracts had been delivered by contractors. In the main, they felt that the contractors kept accurate information to manage the programme and were also easily contactable should they need to discuss any issues.
- 5.62 In most cases, contractors were also reported to have made changes to their offer to increase the take-up of services. In SFBE this included delivering an increasing number of workshops to help address initial underperformance, and for Core and Growth programme it included delivering additional face-to-face workshops tailored to particular local areas.
- 5.63 The only commonly reported issue was that the lack of preparation in some contractors to develop the data collection and management systems to implement the programme. This development largely commenced when the contracts started in April 2016. However, contract managers believed it took longer than expected and some preparation work could have been undertaken when the Welsh Government notified the contractors of their intention to offer them the contract. Similarly, the contractors reported that they would have benefited from more upfront

guidance on the evidence they required for each output as in some cases this was agreed a few months after the contract start.

Management by the Welsh Government

- 5.64 Across all the programmes the contractors believed the programme was managed well by the Welsh Government. All cited regular monthly catch-up discussions to examine progress, where issues and challenges could be identified early. The contractors also reported that they believed the contract manager was easily contactable should they experience any issues.
- 5.65 Contractors reported that a key strength of the Welsh Government approach was that the client was willing to explore changes to improve the delivery and data/reporting requirements for the programme. This included exploring opportunities for digital signatures, examining the opportunity to offer shorter sessions for entrepreneurs, changing the suite of workshops to be delivered and in making changes to website and helpline functions (which are managed by the Welsh Government) to direct traffic to the programme.
- 5.66 A key challenge that contractors reported was the time it took to implement changes. This in part reflects that as the programme is funded through EU structural funds, some changes commonly need to be approved by WEFO and then signed off by the European Commission. However, it has meant some changes, such as the changes to delivery plans that were agreed in July 2017, and the use of wet signatures have still not been approved by the end of June 2018, despite being agreed in principle.
- 5.67 However, contractors also reported examples of the Business Wales team in Welsh Government and WEFO rapidly making changes that would improve the delivery of the programme. This includes the changes to delivery of the cross-cutting themes to increase take up. It also includes changes to the website, including introducing a specific SFBE webpage that can be maintained by the contractor.

Coordination and referrals with other business support activities

Coordination with other stakeholders

Business support

- 5.68 The private sector stakeholders we interviewed generally reported that they worked with Business Wales business advisors for over three years. They reported that they frequently signpost their customers to Business Wales support, mostly when the customer requests specific support, such as help in online marketing, or when it is apparent that they need help to improve the quality of their business plans and financial forecasts.
- 5.69 The level of engagement was however based on individual relationships. The high-street banks and business associations that were interviewed reported that they did not have any specific organisational procedures to facilitate referrals to Business Wales and its contractors, other than some promotional materials that they were given by the contractor. They understand therefore that some staff in their organisation extensively referred customers to Business Wales while others did not.
- 5.70 Public sector stakeholders in the main reported little engagement with Business Wales contractors in the first year and a half of the programme (2016-2017). This was reported to have had a negative effect on referrals as stakeholders did not have in-depth knowledge of what support was available in the new programme. Some stakeholders also reported that they were referred clients from Business Wales that had unrealistic expectations of the grants and support they could provide them.
- 5.71 However, in late 2017 some of the stakeholders that we interviewed reported that they had worked more closely with Business Wales staff to improve coordination between the services. In particular:
- Some LAs and the Development Bank of Wales reported that they ran internal sessions where Business Wales contractors provided their economic development teams with more information on the service. These stakeholders reported that they in turn had visited the Business Wales contractor premises to inform business advisors on the support they provide businesses and the eligibility criteria for this support;

- Some LAs also reported that they worked with Business Wales contractors to deliver joint workshops in the local area. The local authorities recruited and promoted the events to local businesses and entrepreneurs while the Business Wales team delivered tailored training sessions that reflected the interests of local businesses and was contextualised for the local area.

- 5.72 The Development Bank of Wales reported that as a result of this they have a process to inform all their clients that apply for funding that they can access additional support from Business Wales, and if they consent then they forward their details to Business Wales.
- 5.73 The Development Bank of Wales reported that they received few referrals from Business Wales. However, this is perhaps unsurprising as the bank, is a lender of last resort and Business Wales offers an impartial service.
- 5.74 None of the stakeholders that were interviewed reported any specific engagement with the contractors delivering AGP. It was particularly surprising that there was no referral system in place for customers in the Development Bank of Wales that received equity investments as their businesses are deemed to have high growth potential. This is not to say that AGP is not supporting these businesses however, as they may have been recruited through other routes.
- 5.75 The AGP contractor reported that growth requirements for accessing AGP meant that very few businesses that access other forms of public or private sector business support would meet their eligibility criteria. Therefore, rather than developing formal referral systems they worked closely with particular individuals working in local areas to identify businesses that are undertaking actions that could lead to high growth (such as expanding their manufacturing operations, or introducing a new product or service).

Youth Entrepreneurship activities

- 5.76 In addition to the provision delivered in schools, the contractor also worked with local third sector organisations and business associations to deliver Empower sessions. This includes working in partnership with organisations such as the Prince's Trust and Young Farmers. The YE contractor delivered tailored programmes for young people participating in their activities.

- 5.77 The contractor reported a desire to work with a wider range of organisations to deliver YE sessions. They felt this would allow them to target support at individuals that may already have concrete plans to eventually start a business (as in the case of Young Farmers) or to provide tailored support to young people that are disadvantaged in the labour market.
- 5.78 The partners we interviewed believed the support they received through the YE programme was well-organised. They believed that YE staff took time to identify their needs, and the session they delivered was suitable and tailored for their members.

Coordination between Business Wales programmes

- 5.79 Contractor and programme team interviewees identified some established referral systems among contractors, most notably:
- Referrals between the AGP and Business Wales Core and Growth Teams, with Level 4 beneficiaries with high growth potential generally referred to AGP and Level 5 beneficiaries that did not meet the growth expectations of the programme being transitioned to the Business Wales Core and Growth programme;
 - Referrals from YE to Business Wales. The YE programme has exceeded its targets for referrals to Business Wales, which was attributed to some YE providers (Business in Focus and Antur Teifi) also delivering the Business Wales Core and Growth programme, which means their advisors have a good understanding of the services that Business Wales provide and have working relationships with Business Wales business advisors.
 - Referrals from the Core and Growth programme and SFBE appear to be less systematic and routine. Some SFBE and Business Wales business advisors reported that they regularly referred beneficiaries to the other programme. However, the contractor believes that overall few (around 10%) of Business Wales beneficiaries are referred to SFBE, which they believe should be higher. SFBE business advisors felt that this may be due to some business advisors in the Core and Growth service believing SFBE is mostly focused on broadband exploitation, when in reality its remit is much broader, as it covers marketing and introducing business management systems using broadband.

- Similarly, there was also reported to be few referrals between the helpline and SFBE with this being identified by the contractor as an area for improvement through enhanced understanding of the SFBE offer within the helpline team.

6. Emerging outcomes, impacts and added value

6.1 This chapter presents the emerging outcomes and impacts of the programmes and explores their added value. It specifically presents:

- The reasons why individuals accessed Business Wales programmes, in terms of their support needs and the reasons why they chose Business Wales over other sources of support;
- What changes beneficiaries had made as a result of the support they received, and the impact this had on their business;
- The extent to which the programmes had achieved their objectives of supporting business growth, stimulating business start-ups and creating a more entrepreneurial landscape;
- To what extent the programme model is aligned to current Welsh Government economic policies and programmes, and reflects labour market needs.

6.2 The chapter draws on qualitative interviews with beneficiaries and secondary analysis of the Business Wales Customer Satisfaction Survey, YE Evaluation Form analysis, the 2018 Digital Maturity report and SFBE case studies. It also draws on analysis of policy developments in Wales and on analysis of economic and labour market data and BAS.

Key findings

Reasons for business access and their outcomes

- Many Core and Growth business respondents to the Customer Satisfaction Survey said they have received support around starting up a business and general business management with higher proportions of Level 3 and Level 4 businesses obtaining advice and support on specific topics. Interviewees indicated that this covers a wide range of subjects and that these become more specialised for Level 3 and 4 businesses. AGP respondents were more often supported on trading internationally.
- The majority of survey respondents felt that the advice and support had a positive effect on their business (78%) with 47% saying it was very positive.

Most Level 1 and 2 business beneficiaries reported that the support had increased their confidence in surviving and growing their business and enabling them to compete effectively (around two thirds or better). This was broadly the same for Level 3 and 4, AGP and SFBE businesses.

- Businesses and entrepreneurs supported at all levels reported that they had made improvements to their business activities as result of the advice and support they received. Most could point to positive effects on their efficiency or turnover. For Level 3 and 4 businesses, this included changes to their financial and HR systems, marketing and compliance. In AGP the intensity of support provided to businesses depended on the scale of change they were making to their organisation. Those making major changes (such as relocating their manufacturing operations in Wales, or launching a new product) reported higher impacts from the support they received. SFBE businesses have had increases in efficiency and grown their customer base after receiving support.
- YE Engage activities have raised young people’s awareness and knowledge about starting a business by increasing their motivation and confidence. YE Equip activities are believed by the delivery contractor and stakeholders to have helped young people who have participated to make progress towards starting a business. A few participants have reported that the Boot Camps have assisted them to start up a business though this was not the catalyst.

Impacts

- The programmes have enabled most businesses to access advice and support they would not otherwise have used. Only 16% of Level 1 businesses and half of AGP businesses responding to the survey had accessed private support, suggesting the programme is addressing a market failure. Businesses interviewed explained that was because the programmes were impartial, trusted and free as well as being accessible/providing the advice they needed.
- The programmes have created business growth. Level 4 and especially AGP businesses have increased exports by £66 million (£183,000 per business supported) and created over 8,200 jobs (ranging from an average of 0.6 FTE for Level 1 businesses to 2.8 FTE for Level 4 and 8.4 FTE for AGP).
- The programmes have made a positive contribution to creating a more

entrepreneurial landscape and supporting start-ups. The Core and Growth programme has already engaged over 4,000 entrepreneurs with around a third going on to start a business. The YE programme has improved young people's aspirations, with two-thirds stating it helped them realise what they could achieve and 40% stating it made them think about starting a business.

Complementarity and added value

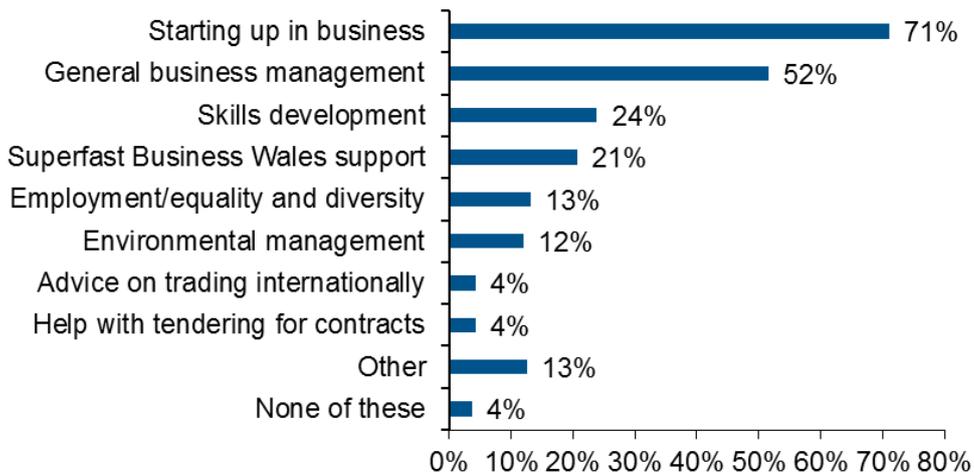
- There is a general agreement among business support providers that Business Wales's programmes complements other business support offered and fills a large gap in what is available for most of the entrepreneurs and businesses. They corroborate businesses that reported the Core and Growth and AGP programmes have provided advice and support that enabled them to successfully access finance. They have acknowledged that without the support applications would be less likely to have been successful.
- Schools and young people reported that YE sessions were helpful. Over two-thirds of young people reported that it had a considerable impact on their knowledge of starting a business. In the qualitative interviews the business advice and Boot Camps also received positive feedback.
- YE has enabled schools and colleges to meet the needs of young people to learn about entrepreneurship though these are expected as part of the curriculum. YE has complemented the work of groups supporting young people to help their transition to employment.
- Since the programmes were established, Growth Value Added (GVA) per capita in Wales has risen and the gap between Wales and the rest of the UK has declined (by 1.4 percentage points). Start-ups have continued to increase (though at a slower pace than elsewhere in the UK). Considerably fewer people in Wales than elsewhere in the UK (GEM, 2017) believe there are good opportunities for start-ups.
- The programmes continue to fit Government policy priorities in the Economic Action Plan for Wales, including action on exports, trade, entrepreneurship and responsible business practice as outlined in the Welsh Government contract with businesses.

Reasons businesses accessed Business Wales

Support needs for Level 1-2 beneficiaries

- 6.3 The Customer Satisfaction Survey shows that among Level 1-2 businesses there was particularly strong demand for **start-up support** (see Figure 6.1). Nearly three-quarters (71%) of survey respondents stated that this was the main reason why they accessed the programme³⁰. Over three-quarters (76%) of Level 1 businesses wanted support with starting up in business compared to exactly half of Level 2 businesses.
- 6.4 This was followed by support on **general business management**. Fifty-two per cent of survey respondents reported that this was the main reason why they accessed the programme. In the open text response to the survey, respondents mostly reported that they wanted support for business planning, market research or marketing, and financial planning.

Figure 6.1 Types of advice or support Business Wales L1-2 beneficiaries received



Source: Wave 3 customer satisfaction survey (n=159)

- 6.5 The qualitative interviewees said that there were many similarities in the needs of Level 1 and 2 businesses but that the Level 1s were more likely to request support for specific issues (e.g. tendering, data protection and GDPR), while Level 2s were more likely to want support on broader business processes and external ideas on business plans or development

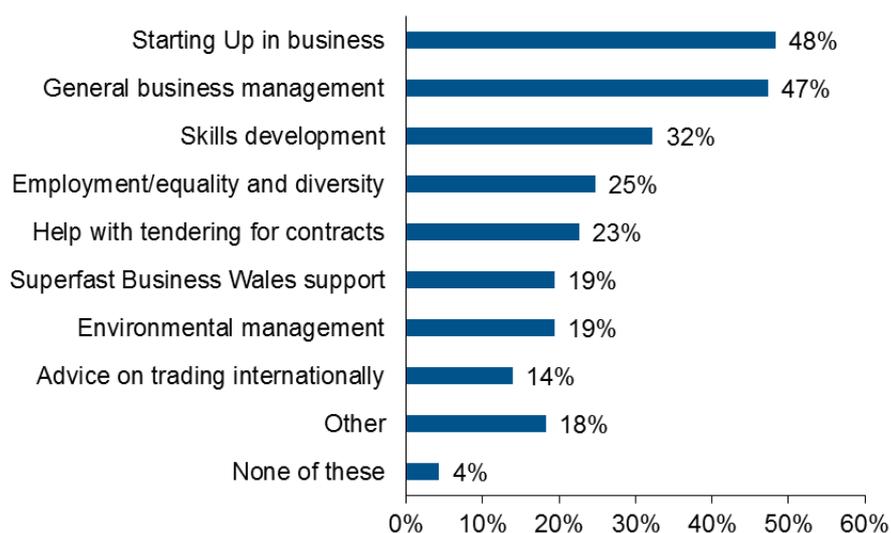
³⁰ However, this may be skewed because 127 of the respondents were Level 1 businesses (i.e. start-ups/sole traders) and only 32 were Level 2 businesses in the sample.

opportunities. Beneficiaries and delivery partners also identified a high demand for support for accessing finance, such as information on grants and financial incentives available to businesses or entrepreneurs.

Support needs for Level 3-4 beneficiaries

- 6.6 As shown in Figure 6.2, a high proportion of Level 3-4 respondents also accessed Business Wales to receive start-up (48%) and general business management support (47%), although to a lesser extent than Level 1-2 beneficiaries. Level 3-4 beneficiaries were more likely to request support in areas that would result in growth, such as tendering for contracts, trading internationally and skills development.
- 6.7 This was corroborated in the qualitative interviews with Level 3-4 businesses. They most commonly wanted support for issues such as marketing, using social media, and advice in e-commerce. Fewer wanted support for accessing finance or in support for building a ‘business case’ for investment.

Figure 6.2 Types of advice or support Business Wales L3-4 beneficiaries received



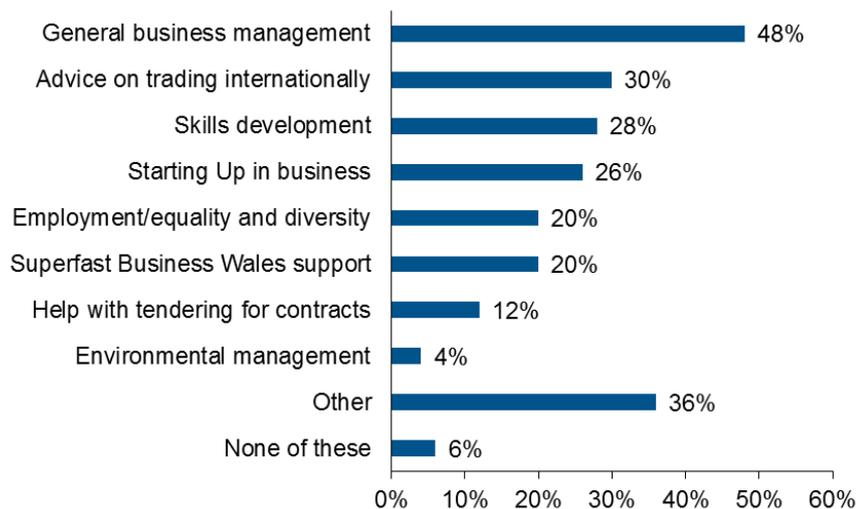
Source: Wave 3 customer satisfaction survey (n=93)

Support needs of AGP beneficiaries

- 6.8 As shown in Figure 6.3, most accelerated growth beneficiaries wanted general business management advice. From those respondents who accessed or received general start up advice, this tended to be advice on digital aspects (IT/website/social media); reviewing their business/market

place (making business plans); sales or marketing; and accessing finance, grants or funding. This did not differ greatly from the needs of Level 3-4 beneficiaries. However, AGP beneficiaries were more likely to require support in trading internationally and want 'other' support, with fewer needing help with contracting.

Figure 6.3 Types of advice or support AGP beneficiaries received



Source: Wave 3 customer satisfaction survey (n=50)

6.9 AGP beneficiaries who were interviewed accessed the service for a range of reasons. This included:

- Wanting advice and support on moving their manufacturing base from overseas to Wales;
- Wanting advice on manufacturing and marketing a new product;
- Wanting support to move their manufacturing function to larger premises;
- Wanting to create a retail outlet in a new area.

6.10 This typically required support from business advisors as well as external organisations such as property managers, solicitors and experts in logistics and outsourcing.

Outcomes of the support on beneficiaries

6.11 Overall, over three-quarters (78%) of respondents to the customer satisfaction survey felt that the advice and support they received from the service had a positive impact on their business, with 47% stating it was a

'very' positive impact. In particular, those who attended the workshops or who had accessed Level 4 business support felt that the service had positive impacts. Examples of business impacts given by respondents to the survey included:

- Setting up or expanding their business (e.g. by acquiring finance for office space) or establishing processes to start a business (e.g. data protection);
- Changing business plans, strategies or direction following advice received;
- Finding new opportunities for business growth (e.g. entering a new market or new partnerships); and
- Improving finances, including cash flow and securing financial backing.

6.12 The remainder of this section considers the outcomes and impacts by the type of business support accessed.

Level 1-2 beneficiaries

6.13 Among Level 1-2 beneficiaries the most common impact of the programme was in improving their strategies and plans. In the Customer Satisfaction Survey and qualitative interviews, the most common benefits that beneficiaries made from the support were:

- Making improvements to business plans and funding forecasts. This was common for existing businesses as well as start-ups;
- Support and advice on recruiting new staff members, by helping gather information to develop job descriptions and in advertising vacancies;
- Improving the quality of the tenders that they submit;
- Improving their business documentation, such as consent forms and data protection statements;
- Supporting them to implement new systems, such as accounting packages and Client Relationship Management (CRM) systems.

6.14 Some of these businesses reported that these changes had already enabled them to win new work, and to generate some efficiencies to their business that had boosted profitability. Most were also confident that the support would have longer term impacts on their business, as shown in Figure 6.4.

Figure 6.4 Businesses reporting increased confidence following support

Business Wales support had a very or fairly positive impact on:	Level 1	Level 2	Level 3	Level 4	Level 5
Confidence that the business will survive	70% (85/121)	83% (24/29)	74% (36/49)	72% (30/42)	70% (34/49)
Confidence that the business will grow	71% (87/122)	75% (24/32)	63% (31/49)	83% (33/41)	75% (36/48)
Confidence that the business will be able to compete more effectively in the marketplace	66% (49/74)	85% (17/20)	75% (26/35)	84% (32/38)	66% (29/44)

Source: Customer Satisfaction Survey, Wave 3

- 6.15 The Customer Satisfaction Survey also found that 86% of Level 1-2 beneficiaries reported that they developed a better knowledge of sources of training to address their learning needs, which is in line with the benefits reported from L3, L4 and L5 beneficiaries, which received more intensive support.
- 6.16 In the qualitative interviews some beneficiaries similarly reported that perhaps the most significant impact of the programme for them was in improving their confidence and providing some security as *'we know support is available if we need it'*.

"I think they provide good support, especially for people who are technical and have no managerial experience, experience in marketing and things like that and they help people develop their strategy with a bit of coaching and a bit of assistance, I think that's where they really come into their own - someone who has management experience in running businesses like a professional person it's really good because, professional managers probably don't need it, but most people who run small to medium enterprises may have come off the tours themselves and I think they provide a really good service to raise awareness".

Level 2 Business

Level 3-4 beneficiaries

- 6.17 In the qualitative interviews the most common outcome reported by beneficiaries was gaining access to additional funding. Nearly a third of interviewees reported that they had applied for funding following advice from

Business Wales. In most cases this was largely due to business advisors signposting the individual to other forms of investment or financial support. However, in a few cases the beneficiary also reported that the business advisor had helped them to complete the application form.

- 6.18 The funding was used for a range of activities to improve productivity, including investing in new equipment and taking on staff that could specialise in a particular area (for example, one company reported taking on a web-designer to develop an online sales platform). In a couple of cases, beneficiaries also reported accessing funding to undertake an acquisition of another business, which helped increase turnover. Although most beneficiaries stated they might have accessed funding without Business Wales support, some reported that it would have probably taken longer, or it would have been on a smaller scale or unsuccessful.
- 6.19 Most businesses reported making changes to their business as a result of receiving Business Wales support. These changes were mostly to monitoring and management systems, for example:
- Some beneficiaries made changes to their financial systems. This included using new bookkeeping software or Excel templates to monitor expenditure. As one stated: *“This helped bring us up to the 21st Century”*.
 - A few beneficiaries made changes to their marketing. They included using new channels (mostly social media) or approaches (such as introducing loyalty cards). They also included making changes to the key messages they use to promote their business. For example, one stated *“the advisor helped us... focus on the specifics, such as first contact... they talked to us about how to formulate our work programme”*. Another stated that *“we used social media before, but in an unplanned way. The advisor helped us develop a strategy for how we should be using it”*.
 - A couple of beneficiaries reported making changes to their HR processes. One stated that they were recommended recruitment agencies for their sector as they had experienced challenges in recruiting staff. Another beneficiary reported updating their staff handbook following advice from a

business advisor. They stated that this *“made staff feel they were valued and that we were supporting them”*.

6.20 For entrepreneurs, the main changes that they made were:

- Developing more realistic financial forecasting. A few entrepreneurs revised their financial projections for their business plan after receiving advice from a business advisor. In most cases, they identified that the original forecasts were based on assumptions that were overly optimistic and unrealistic;
- Considering contingencies and risks. One beneficiary developed a back-up plan, which they had not previously considered. The back-up plan contained approaches to access alternative forms of finance in the event of a downturn in work and future staffing arrangements. Another developed a risk register for their business;
- Better compliance with legal requirements. A few received advice on insurance and health and safety requirements for their sector, and another received advice on developing employment contracts which had not been in place.

6.21 The Customer Satisfaction Survey shows that the programmes had a considerable impact on improving Level 3-4 beneficiaries' confidence in their business. Overall, 74% of Level 3 businesses and 84% of Level 4 businesses felt that after receiving support they were more confident their business could compete more effectively in their marketplace. This was similar to Level 2 beneficiaries (85%) and higher than Level 1 businesses (66%).

6.22 Most (73% of Level 3 and 81% of Level 4) beneficiaries reported that after receiving support they were more confident they would survive and 63% of Level 3 and 83% of Level 4 businesses were confident their business would grow. However, Level 3 beneficiaries were less confident in their business surviving or growing than their Level 2 counterparts, despite being larger in size. This is illustrated by the survey showing that 31% of Level 1-2 beneficiaries reported that the service had no positive impact on their confidence their business would grow compared to 37% of Level 3 beneficiaries.

AGP beneficiaries

- 6.23 Businesses said that they primarily received intensive support when they were making a major change to their organisation. For example:
- A couple of businesses received support for moving their manufacturing operation to Wales. Here they received advice and support in purchasing and fitting premises, recruitment, and in dealing with planning permission. This created new jobs in Wales;
 - One business owner reported that they were assisted to become a manufacturer after previously being an importer. The benefit of this approach was that it increased their margins and jobs in the local area;
 - Another beneficiary reported that they received advice to support the acquisition of another business.

“We get a lot of support – and growing a small business is very hard, and you have to make key decisions... it’s a bit of a hand holding process for us, and I am the only one on the board to make decisions, so if we think there is anything we need help or support with, we call them in... Everyone brings something to the table, they all have their skills and knowledge base, and their own personal network”.

Level 5 Business

- 6.24 Businesses that were not undertaking major structural changes received less intensive support, and these beneficiaries reported less impact from the support. However, one of these businesses, for example, stated they improved their profitability as a result of advice on costing their bids more effectively, and another stated they made savings from the advice they received on buying a new workshop.
- 6.25 After receiving support, 66% of Level 5 beneficiaries felt more confident their business could compete more effectively in their marketplace. This was lower than for Level 1-2 and Level 3-4 businesses. However, a relatively high proportion believed that the support gave them more confidence their business will grow (75%) and survive (69%).
- 6.26 Nearly all accelerated growth businesses (11 out of 13 interviewees) felt the advice and support received also had a very or fairly positive impact on their ability to identify training provision and address skills needs.

Superfast Broadband Exploitation beneficiaries

6.27 Case studies produced as part of the SFBE Economic Impact Report 2017³¹ and [published online](#), as well as the qualitative interviews conducted with SBFE beneficiaries for this report, highlight the types of improvement made by businesses to help them compete in the market:

- **Increased efficiencies which result in cost and time savings:** A range of businesses used digital technologies to replace traditional technologies, which resulted in cost savings. For example, one business moved to an internet-based phone system (VoIP) which led to a 70% cost saving on calls and line rental³². In the qualitative interviews, there were also examples of businesses introducing a CRM system to help manage their customer data, which was found to save the team a day a week, and in using cloud computing which meant that employees were able to work more flexibly.
- **Growing customer base:** One case study showed that a business receiving SFBE support was better able to understand how to grow sales by creating an interactive phone application for their business which was targeted at a younger customer base³³. Another case study highlights that as a result of a workshops on social media and digital marketing they modelled the 'entire customer journey' to improve their services. This resulted in higher customer satisfaction, which in turn led to an increase in sales³⁴. In the qualitative interviews beneficiaries also reported undertaking search engine optimisation and more effective and targeted approaches to using social media or selling through eBay, which similarly improved sales.
- **Increased innovation:** The Digital Maturity Survey 2017 reveals a positive relationship between the adoption of superfast broadband, increased digital maturity and the frequency of business innovation activity³⁵. In the case studies there were examples of businesses doing

³¹ Cardiff Business School, 2017 (op. cit)

³² [Case study](#) available online.

³³ [Case study](#) available online.

³⁴ [Case study](#) available online.

³⁵ Henderson et al., 2018 (op. cit)

this through, for example, using cloud-enabled software to automate the preparation of legal documents. In the qualitative interviews there were also examples of businesses establishing a website or selling their products online for the first time.

- **Reducing risks of data loss/breach:** In the qualitative interviews some beneficiaries reported that a main benefit from using technologies such as cloud computing and CRM was that it improved the security of customer details. The use of cloud computing instead of physical servers also reduced the risk of data loss in case of damage.

6.28 In the Customer Satisfaction Survey, two-thirds (66%) of beneficiaries reported the support made them more confident they could compete in their marketplace. In addition, 59% reported being more confident that their business would survive and 77% reported being more confident their business would grow. The latter is in line with users of the Business Wales Core and Growth programme.

6.29 A relatively high proportion (30%) reported that the programme did not make them more confident their business would survive. This may however be because they did not previously envisage that there were many risks to their businesses' survival.

YE programme

6.30 Contractor delivery staff and role models generally believe the Engage and Equip programmes have been effective in raising young people's awareness of starting a business. They reported that in primary schools for example only young people with parents that are self-employed or own a business have any aspirations for doing so themselves, so this can change aspirations. Similarly, in secondary schools, most young people, particularly those that have aspirations of going to university, have only considered working in a salaried role.

6.31 Delivery staff and role models believe the programme has engaged young people from all backgrounds and with varying vocational aspirations from hospitality and motor vehicle maintenance to tech start-ups and computer game design.

- 6.32 Interviewees could not speculate how Engage and Empower activities had impacted on business starts in Wales, as there is little tracking data on young people once they have attended sessions due to an unwillingness of schools and colleges to share student data or obtain consent.
- 6.33 The programme has undertaken a range of activities to address this and maintain communication with young people with some interest in starting a business. This includes: electronic customer satisfaction surveys following engagement events to transfer them to the Big Ideas Wales site; an online registration portal to receive a new start-up guide, newsletters and social media and online support; and use of the Simply Do web app to track young people. However, the response rate for these activities has been low.
- 6.34 In the qualitative interviews role models also reported that they did not have information on the number of young people that progressed from the Equip programme to start a business. Most role models were not aware of these mechanisms to track learners and were not promoting them to the attendees of the workshops.
- 6.35 However, one experienced role model stated that on a couple of occasions she had met young people who had started a business and said they had been inspired by the Engage session. Most role models also reported that typically one or two participants in a session had advanced ideas and plans which indicated they were likely to start a business. Other young people in the session may start a business but would only be likely to be in a position to do so several years after the session.
- 6.36 The Boot Camps were also felt by delivery staff to have a positive impact on helping entrepreneurs start a business. In our interviews with Boot Camp participants, most stated they had started a business after attending the Boot Camps. The Boot Camps were regarded as having “*made the process painless*”, although most stated they would have probably started a business without the YE support.

6.37 Similar findings were identified in Beaufort Research's analysis of programme evaluation forms. This identified that the Engage programme had a considerable impact on improving young people's motivations and confidence. It found:

- 66% of pre-16 respondents and 73% of FE respondents reported that the programme *'helped me realise what I can achieve'*;
- 55% of pre-16 respondents and 61% of FE respondents reported that the programme had *'inspired me'*;
- 40% of pre-16 beneficiaries and 46% FE beneficiaries believed the session *'made me think about starting my own business'*.

6.38 The analysis completed by Beaufort also found the impacts were higher when the young person had another family member that was self-employed. Role models also reported that these young people are more likely to realise the benefits of being self-employed before they attend the session.

6.39 The research also found that overall, 2% of survey respondents had started a business and 6% stated that they planned to in the next three years. Nearly three-quarters (73%) stated they may start a business in the future. A higher proportion of FE respondents reported starting a business (4% compared to 2% overall). Young people aged 20-24 were considerably more likely to report starting a business (12% did so, compared to 2% overall) or planning to do so in the next three years (40%, compared to 6%).

Impact of the programme

Increasing access to business support

6.40 The programme has increased businesses' access to business support. In the Customer Satisfaction Survey, less than a quarter (21%) of beneficiaries reported they had accessed other business support. The organisations that were least likely to have previously accessed other forms of support were Level 1 beneficiaries (reported by 16%) and start-ups (12%). Only half of Level 5 beneficiaries accessed private business support, even though they are expecting to achieve a high rate of growth.

6.41 Stakeholders reported that the programme was most likely to encourage start-ups to access business support. They and the contractors believe that individuals that are starting a business are less likely to have the wherewithal to identify and invest in private sector support, particularly those that plan to be self-employed.

6.42 The qualitative interviews also identified a range of reasons why individuals accessed Business Wales rather than private sector business support. This included:

- **The impartiality of the service.** This was a particularly commonly reported reason why beneficiaries seeking finance would access Business Wales. Many beneficiaries were concerned that private sector service providers or lenders would heavily promote their own services, even when they were not necessary or uncompetitively priced. Here the beneficiaries felt that accessing Business Wales would allow them to get competitive rates for external support and signpost them to the support they believed would add most value to their business.
- **Because it is a free service.** In the qualitative interviews this was a particularly important factor for most beneficiaries that did not have a clear sense of what they needed, and consequently wanted to have a more exploratory discussion to firstly identify their needs and then discuss how they could be addressed. Here the potential value of the support was not clear from the onset, so beneficiaries stated they would have been reluctant to invest in private business support, or Business Wales support if it requires a fee.
- **The quality of the Welsh Government 'brand'.** Some beneficiaries reported that because the programme is delivered by the Welsh Government they associated this with high quality. Consequently, they stated they had more confidence that the support they received would be of value to their organisation.
- **As a route to find more information about financial support for businesses.** A few beneficiaries reported that accessing a Government-funded programme would help them identify sources of grants and other

support that was available by their local authority and other business groups. These beneficiaries were not aware of other organisations to contact to receive this information.

- 6.43 In terms of public sector support, the stakeholders reported that there was little provision available that would duplicate the work undertaken by Business Wales. Economic development teams reported receiving enquiries for grants they had to offer and some beneficiaries stated they were aware of support provided by employer associations or peer learning through business networks. However, this was generally on a small scale or in a few LA areas and not felt to be as comprehensive as the support available through Business Wales.

Creating business growth

- 6.44 The data shows that the programme has had a considerable effect on increasing exports, investment in business and creating jobs. For all these outputs the programme is performing well against its outputs. The level and type of impacts do however vary by types of business/start-ups. This is analysed further in the following paragraphs.

Increasing exports

- 6.45 The data shows that most (87%) of the growth in exports was achieved by Level 5 businesses receiving AGP support. On average, a beneficiary receiving AGP support creates nearly £200,000 in increased exports per beneficiary engaged in the programme, which is a much higher average than Level 4 (£10,511) or Level 3 (£376) beneficiaries.
- 6.46 The data also shows that a very small proportion of Level 1-4 businesses have increased exports (less than 1%). In contrast, 43% of Level 5 businesses increased exports after accessing AGP support.

Table 6.1 Increased exports by level of beneficiaries (excludes start-ups)

Level	No of beneficiaries (excluding start-ups)	No of businesses increasing exports	Increase in exports (£)	Average per business (£)
Level 1	571	0	0	0
Level 2	339	0	0	0
Level 3	797	<5	300,041	376
Level 4	785	8	8,251,053	10,511
Level 5	319	136	58,273,036	182,677
Total	2,811³⁶	145	66,825,130	23,773

Source: BAS data for Apr 2016 to Mar 2018 (n=2,811)

6.47 In terms of exports, 46% of the total exports were achieved by manufacturing businesses, although they only comprised 19% of beneficiaries. ICT and professional services beneficiaries also contributed 12% of all increased exports. As shown in Table 6.2, the retail sector has the highest average value of exports (£88,659 per sector business engaged), followed by wholesale (£78,326), manufacturing (£52,374) and professional, scientific and technical (£42,873). The latter two are the most common sectors accessing Business Wales support.³⁷

³⁶ In the BAS data 11 employers were not classified against a level.

³⁷ These averages should be viewed with caution for sectors with fewer than 10 businesses increasing exports because one or more achieving an unusually high increase in exports could skew the average.

Table 6.2 Increased exports by sector (excludes start-ups)

Sector	No of businesses increasing exports	Total value of exports (£)	Average per sector (£)
Accommodation and food services	1	120,000	433
Arts, entertainment, recreation & other services	5	124,239	547
Business administration & support services	2	254,320	1,167
Construction	2	158,387	677
Education	4	409,606	4,267
Finance and insurance	1	189,495	5,121
Health	1	1,494	9
Information and communication	17	1,298,001	7,333
Manufacturing	67	26,606,268	52,374
Professional, scientific and technical	17	13,076,376	42,873
Retail	9	16,933,830	88,659
Transportation and storage	2	129,838	1,564
Wholesale	16	7,519,276	78,326
Total	145	66,825,130	23,773

Source: BAS data for Apr 2016 to Mar 2018 (n=145)

Increasing jobs

- 6.48 The data shows that beneficiaries at all levels created new jobs. Level 1-2 beneficiaries created a FTE job for every two beneficiaries engaged. Level 3-4 beneficiaries created 1.5-3 FTE jobs for every beneficiary engaged and Level 5 businesses created over 8 FTE jobs per beneficiary engaged.
- 6.49 The sectors where jobs are created largely reflect the composition of Business Wales beneficiaries, with most jobs created in manufacturing (19%), hospitality (11%) and professional services (11%).

Table 6.3 Increase in jobs by level of beneficiary

	No of businesses	No of beneficiaries reporting increase in jobs	Total FTE jobs created (n)	Average per business increasing jobs	Average jobs created per business engaged
Level 1	1093	561	616.63	1.09	0.56
Level 2	463	154	281	1.82	0.61
Level 3	1093	489	1,631	3.33	1.49
Level 4	905	486	2,564	5.28	2.83
Level 5	371	700	3,131	4.47	8.44
TOTAL	3,925	2,390	8,223	2.91	2.10

Source: BAS data for Apr 2016 to Mar 2018 (n=3,925)

Longer-term impacts

- 6.50 In the qualitative interviews, beneficiaries reported that they were at an early stage of realising the benefits of these changes. Some businesses that have made changes to improve efficiency were able to identify financial savings. For example, one Level 5 beneficiary said they had saved £65,000 through introducing waste management protocols. Other changes included moving to cloud computing and improving data collection, storage and usage – this has helped businesses reduce overheads. However, these changes have not yet translated into increasing turnover, although many expected it would do in future.
- 6.51 Similarly, businesses that made changes to their business strategy and introduced new marketing products also reported that this had only had a small effect so far on their business turnover (around 2-5%). However, they reported that they expected this to increase as they became more established in social media and got more positive reviews and recommendations.

Creating a more entrepreneurial landscape

- 6.52 Analysis of the YE Evaluation Forms shows that the Engage and Empower elements of the YE programme has some impact on raising young people's awareness of starting a business or becoming self-employed. However, at the time the form was completed only 2% had started a business and 6%

planned to start a business in the next three years. This is perhaps unsurprising given that the provision is commonly delivered to school groups where many will have already decided to progress to upper secondary education, FE and university before entering the labour market.

6.53 It is not possible to measure the extent to which other young people that receive support have subsequently gone on to start a business, as there is limited beneficiary tracking in place. At present, the programme is only able to track post-16 young people that have signed up for one-to one advice and Boot Camps. Moreover, there is no data available to show how extensively schools or colleges are delivering Engage sessions to their students, and whether this activity is taking place each year and covers whole year groups.

6.54 The REAP programme has taken steps to create an entrepreneurship landscape, particularly in mobilising and engaging stakeholders, and particularly local government and enterprise, to support efforts to encourage entrepreneurship. The next step for the programme is to address the two key barriers to entrepreneurship that were identified in the MIT workshop (access to finance and high administrative requirements). This is essential for the programme to achieve its ambitious objectives.

Supporting business start-ups

6.55 The Business Wales Core and Growth programme has engaged a high proportion of entrepreneurs (82% or 2,834) of its target, although the programme is behind on its targets for enterprises created. A relatively small proportion (less than a third) of entrepreneurs that receive support subsequently go on to start a business.

6.56 The YE Boot Camps and one-to-one business advice (Equip) have been effective in creating new business starts, with the programme overachieving on this target. This was corroborated in the qualitative research. Most attendees in the Boot Camps that we interviewed stated they had subsequently started a business. Role models we interviewed believed that several attendees in each Equip session would be likely to start a business soon and a few more may start later.

6.57 The qualitative interviews also found that most entrepreneurs that started a business felt the support they received *“helped make the process go smoothly”* and *“help make sure we started on a sure footing”*. This in turn, they recognised, is likely to improve business survival and help ensure their businesses are better-placed to achieve sustainable growth in the short-term.

Complementarity and added value

Complementarity with other public and private business support

6.58 Local authority and other business support providers generally believed Business Wales complemented the provision that was available in their local area. Local authorities reported that they did not provide business support outside grants targeted at particular sectors. They regarded Business Wales as a core component of their local business support offer, and a key part of their plans for improving the growth, performance and survival of local businesses.

6.59 Financial institutions also reported that Business Wales played a key role in helping businesses and start ups to access their services. They reported it was common for individuals to apply for funding without a comprehensive business plan or realistic financial forecasts, which meant their bids, were unsuccessful. Business Wales was regarded as a key service for helping businesses develop effective business plans. As one finance institution stated: *“I can always tell when a client has been Business Wales-ed”*.

6.60 Development Bank of Wales also reported that Business Wales plays a key role in supporting their work. They said that the programmes helped support businesses and start-ups to access finance and also protected their investment by supporting businesses to achieve their financial targets. As a lender of last resort, the Development Bank of Wales recognises that some businesses would experience difficulties in meeting their obligations without external support.

6.61 The YE programme was also considered by schools and colleges as being a key part of the landscape for enterprise education. They reported that they provided little other interactive enterprise education within the curriculum, due to limited time and resources. Additionally, organisations such as the Prince’s

Trust and Young Farmers also reported that YE provided a valuable service to the young people they worked with, by providing information on alternative employment routes and equipping young people with the tools to manage a new business.

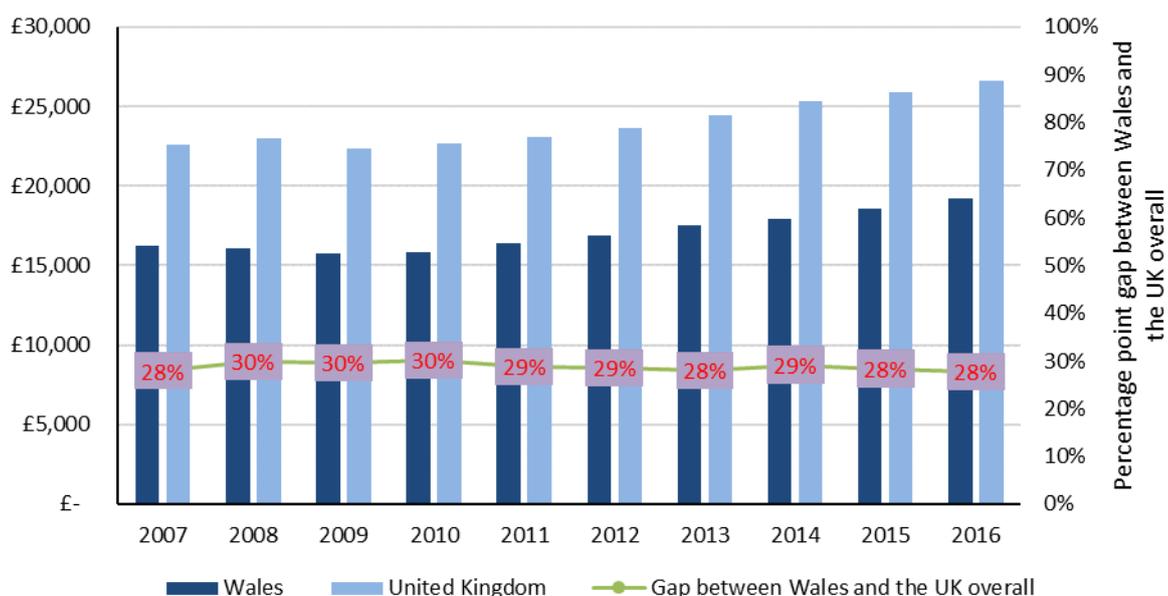
Economic situation and alignment with economic priorities

Productivity changes since 2007

6.62 As shown in Figure 6.5, there continues to be a productivity gap between Wales and the UK. In 2016, Growth Value Added (GVA) per capita was £19,200 in Wales, compared to £26,584 in the UK. This gives a gap of £7,384, or 27.8%.

6.63 GVA per capita in Wales has however increased steadily since the CE and NBSS programme commenced in 2007, rising from £16,272 in 2007 to £19,200 in 2016. Additionally, since the start of the new Business Wales programme in 2015, the gap in productivity between Wales and the UK has declined by 1.4 percentage points. However, these changes are likely to be significantly affected by macro-economic conditions and therefore cannot solely be attributed to the programmes.

Figure 6.5 GVA per head of population (income approach) at current basic prices, 2007-2016



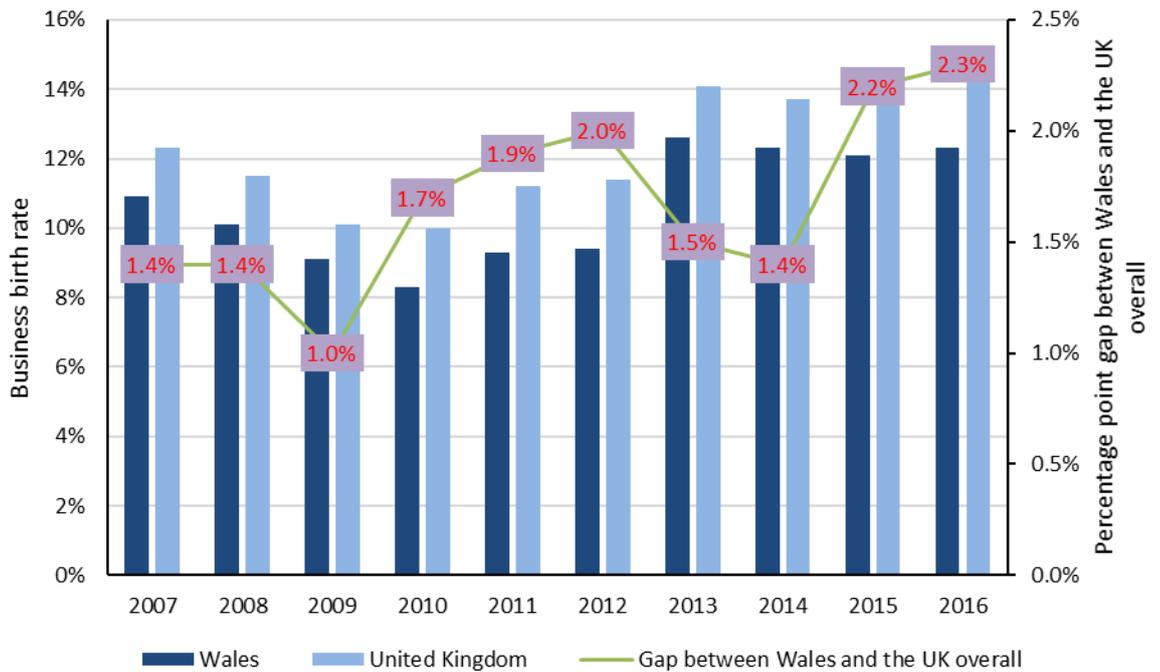
Source: ONS GVA data, Apr 2007 to December 2016

Entrepreneurship changes since 2007

- 6.64 As shown in Figure 6.6, the number of business start-ups in Wales has increased steadily since the 2009-10 recession, from 8.3% of the business stock in 2010 to 12.3% in 2016. This has been in line with increases across the UK. The gap between business birth rates in Wales and the UK has however increased over the same period, from 1.7 percentage points in 2010 to 2.3 percentage points in 2016.
- 6.65 At the same time there continues to be a considerable disparity in the rate of business births between regions in Wales. South East Wales has a relatively high business birth rate of over 14%, compared to 8% in Mid-Wales and 10-12% in South West and North Wales. This gap has increased since 2007, when the gap between the areas was less than 2 percentage points.
- 6.66 Additionally, there has been little change in the business death rates³⁸ in Wales; though the death rate has decreased slightly since 2009 (11%), it has nevertheless also remained above 9.2% and increased to 10.5% in 2016. This mirrors the business death rate trends across the UK. However, in 2016, the gap between business death in Wales and the UK widened considerably more than before, with 2.3% fewer deaths in Wales compared to the rest of the UK – prior to this, the gap had remained steady at 0.5%.

³⁸ A death is defined as a business that was on the active file in year t but no longer present on the active file for year t+1 or t+2 (Stats Wales)

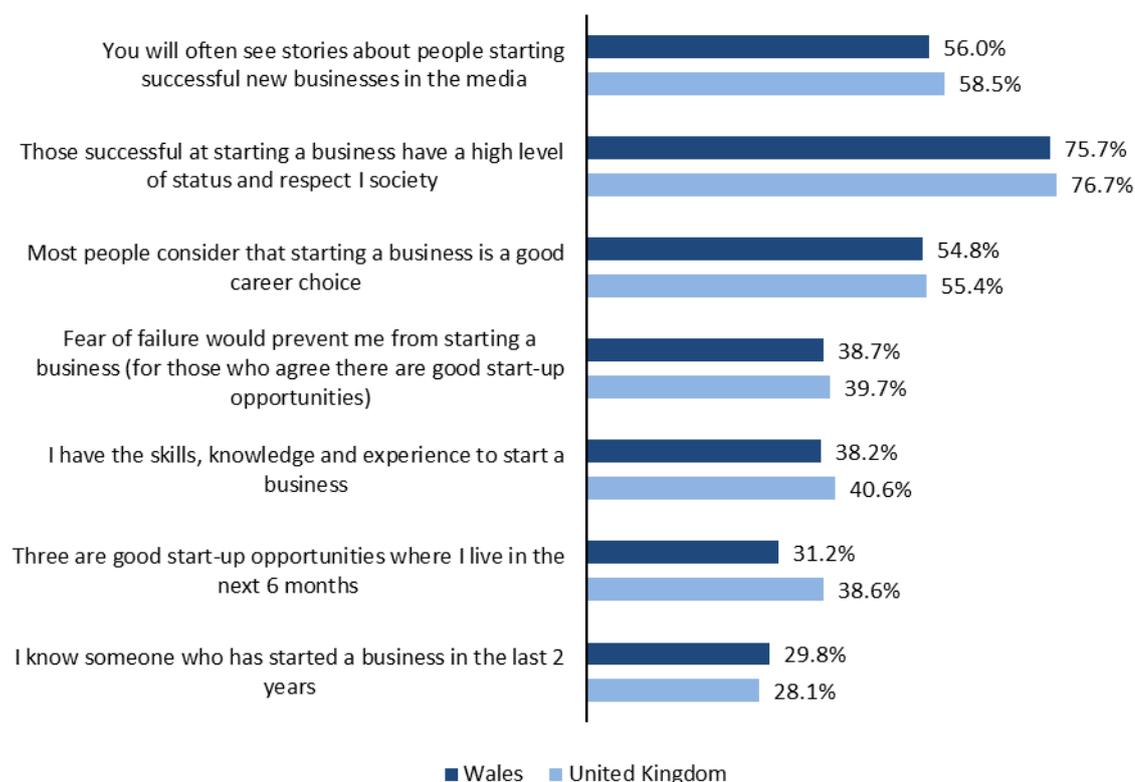
Figure 6.6 Business birth rates in Wales and UK, 2007-2016



Source: ONS business growth and starts data, Jan 2007 to December 2016

6.67 The Entrepreneurship Monitor report for 2017 also shows a considerable gap (7.4 percentage points) in the proportion of people in Wales that feel there are good start-up opportunities where they live, compared to the rest of the UK. This has remained relatively constant since 2014.

Figure 6.7 Perceptions of entrepreneurship among non-entrepreneurially active individuals in the UK Home Nations, 2017



Source: GEM UK APS 2017

What does this mean in terms of demand for Business Wales programmes?

6.68 The number of active³⁹ businesses (per 10,000) has grown over time (from 457 in 2010 to 512 in 2016) and the business birth rate in Wales has increased by over two percentage points between 2012 and 2013, before remaining relatively constant between 2013 and 2016. This suggests that there should be a growing demand for business support going forward.

6.69 At the same time there continues to be a need to increase productivity though this has improved, as have the rates of business survival.

Alignment with policy priorities

6.70 The universal availability of Business Wales support helps meet the Welsh Government's recent Prosperity for All strategy (2017) objective to 'spread opportunity and tackle inequality, delivering individual and national prosperity'. Business Wales provides support to enable individuals to start a

³⁹ Active businesses are defined as those that are generating turnover.

business, while the jobs created by businesses accessing the programme also helps create secure and sustainable employment.

6.71 The more resource intensive support provided by Business Wales also explicitly meets two of the four criteria that businesses must meet to access Welsh Government support, as stated in the Wales Economic Action Plan (2018):

- Demonstrate growth potential (in terms of jobs created, productivity and multipliers) through the supply chain; and
- Progress to reducing the carbon footprint, through the sustainable development cross-cutting theme.

6.72 The programme does not specifically require businesses to create Fair Work (as defined by the Fair Work Board) or to promote health, including a special emphasis on mental health, skills and learning in the workplace. However, business advisors do provide some support for recruitment and HR in meeting the E&D cross-cutting theme, which includes consideration of ethical issues.

6.73 Elements of Business Wales also support some of the Wales Economic Action Plan's five calls for action for businesses receiving financial government support. In particular:

- The AGP largely supports the call for action of export and trade, as most of the Business Wales export targets are achieved by the AGP programme. The requirement for two-thirds of jobs to be over the Wales average wage helps meet the call for action on high quality employment, skills development and fair work.
- The SFBE partially contributes to the call for action on R&D, automation and digitalisation. Here the programme supports businesses to utilise technology, and the Cardiff University research on digital maturity shows it can stimulate innovation. However, there is little explicit support for encouraging R&D and automation.
- The Core and Growth programme is expected to contribute to decarbonisation through the work undertaken to meet the sustainable

development cross-cutting theme. However, the low take-up of this support and the short length of the engagement would need to be strengthened in order to meet the aspirations of this call for action.

- The support provided to entrepreneurship through the REAP, YE and Core and Growth programmes also contributes to the call for action on innovation, entrepreneurship and headquarters. However, there is little explicit focus of the programme on innovation. The programme is currently targeted in part at job growth (Core and Growth, AGP) and turnover (AGP eligibility) which may not encourage engaging business advisors in early stage innovation. There is little activity undertaken in the Core and Growth and AGP programmes to engage HEI students to fund and commercialise new innovative products or services, but this is done through other Welsh Government programmes such as the SMART Innovation ERDF programme. Business Wales does promote and refer entrepreneurs to these programmes.

6.74 The Business Wales Core and Growth and AGP programmes support provided to businesses and entrepreneurs does not currently contribute to the Economic Action Plan objective of brokering businesses to develop public/private sector and HE collaboration. However, Business Wales does undertake strategic initiatives to foster greater collaboration through its membership of the MIT's Industrial Liaison Programme.

6.75 Business Wales Core and Growth and AGP advisors also do not actively promote apprenticeships, which consequently means it is not contributing the Government's annual 20,000 apprenticeships target. While this service is provided by the Skills Gateway, which specifically aims to support businesses address skills needs, there is scope for more active promotion of apprenticeships through Core and Growth and AGP.

7. Conclusions and recommendations

7.1 This chapter draws on the findings presented in this report in order to assess the performance and impact of the Business Wales programmes to date.

This in turn provides some recommendations to inform the final two years of Business Wales programme delivery under the ERDF 2014-2020 programme, and the future direction of Welsh Government business support.

How well are the Business Wales programmes doing?

Progress and prospects

7.2 Based on the current ERDF output targets and those specified by the Welsh Government in the programme contracts.

- Although the number of enterprises receiving non-financial support will need to increase by a considerable amount to meet targets, the **Core and Growth Programme** is on track to achieve most outcome targets – the projects already meet their targets for jobs created and have met their quarterly targets for increased levels of exports since April 2017. An improved recruitment/engagement strategy for Level 1-2 businesses, and improved relationships with referral sources, such as LAs and the Development Bank of Wales, may narrow the shortfall on quarterly input targets. Although it is highly unlikely that the programme will achieve its contracted targets for the cross-cutting themes, the introduction of sustainable development and equal opportunity pledges should considerably increase outputs in line with the Welsh Government's aims.
- **AGP** has performed well against its contracted targets, especially for new enterprises supported and increased exports and jobs. The programme should overachieve on these and has taken steps to support businesses where they can increase the number of new jobs above the average wage in Wales.
- The **SFBE** programme should achieve most of its targets, including engaging individuals and providing individuals with intensive support. Increasing the number of workshops has helped to boost the number of enterprises receiving non-financial support. After struggling to gather

evidence on beneficiaries introducing new to the firm products or services which is a key outcome target of the business support, this is being rectified.

- The **YE** programme has achieved or overachieved its targets for nearly all its performance outputs, and is performing in line with all expectations. Steps have been taken already to address a few shortcomings, for example, working more closely with enterprise champions to identify more suitable young people who would have more interest in setting up businesses and attending workshops. With extra sessions being planned for 2018 and beyond, it is anticipated that the target for Boot Camp completions will be achievable.
- **REAP** has met its targets to recruit stakeholders and develop a mechanism for improving the entrepreneurial landscape, with a clear action plan. However, at this early stage it is difficult to make a clear judgement on whether this programme will achieve its objectives.

Business support in **the Welsh Language** is not often sought even from business owners who are Welsh speakers. This reflects choice. Advisors have found that businesses do not identify promoting the Welsh Language as a business need but, for example, are advised that in order to improve sales and marketing to use the Welsh language more extensively in their materials and products.

Having an impact

7.3 While it is not possible to accurately measure or isolate the influence of Business Wales support on national progress (e.g. against economic indicators) because other external factors (e.g. broader economic climate or changes in policy since 2015) may also have an influence on inhibiting or facilitating business improvements, we can see that the programmes are making some difference by:

- **Increasing access to business support:** by providing services that are not available across Wales for enterprises and entrepreneurs as well as young people interested in entrepreneurship. Also by providing support to

a large number of businesses which have not previously used support: five out of six L1 and L2 businesses in the last user survey.

- **Creating business growth:** with the business support provided increasing exports, investment in business and creating jobs. This is largely, but not wholly, related to the provision of more specialist and intensive support to Level 4-5 businesses, with particularly high growth achieved in retail, wholesale, manufacturing and professional and scientific services. In some cases, the support offered by Business Wales has also steered businesses away from things which were not likely to work – which ultimately may help to sustain business performance even if this does not generate growth.
- **Creating a more entrepreneurial landscape:** almost all stakeholders perceive the YE programmes to be influential in helping to create an entrepreneurial landscape by broadening young people’s aspirations and engaging them in motivating classes and Boot Camps.
- **Supporting business start-ups:** by providing support to potential entrepreneurs which is not widely available across Wales, the Core and Growth programme is working to increase the proportions who go on to start a business.

Continuing to meet business needs and Welsh Government priorities

- 7.4 The Business Wales programmes continue to possess a strong rationale for government funding. There remains a strong fit with the Welsh Government’s economic ambitions: to increase GVA and exports with sustainable development, and increase successful entrepreneurship – and with more support for business activities with growth potential. There is some fit with the ambitions for higher quality employment, though not with apprenticeships.

How well are the Business Wales programmes working?

What works?

- 7.5 Fundamentally, **The Business Wales service was conceived as a ‘one-stop shop’ for business and start-ups to access support** and this is on the way to being achieved. Positive steps have been taken by the programme to promote the Business Wales brand and website/helpline

services and its links to other services. Alignment of the Core and Growth and AGP programme to other business support already available in Wales is also taking place, for example business advisors appear to be building personal contacts to develop referrals to other providers of support. This in turn reduces duplication in service, but also reinforces the role of Business Wales as a key broker. Linked to this, the Business Wales brand has built a strong reputation among beneficiaries who believe that the support and advice offered is impartial, trusted and accessible. This may have encouraged more businesses to access advice and support they would not otherwise have used.

- 7.6 **The service model is operating well.** The Business Wales programmes are delivered to a high standard by contractors and experiences have been positive. For example, it was commonly expressed that any issues on timeliness/advisor expertise appear to be resolved quickly and 40% of customer survey respondents said they would be willing to pay for aspects of the business support. An overall focus on improving partner engagement over the last two years has helped to improve the integration of Business Wales with other support. This is demonstrated by the development of information sharing approaches with Development Bank of Wales and some local authorities and the positive feedback from lenders that Business Wales's provision improved the success rates of businesses seeking finance. The relationship between the Development Bank of Wales and Business Wales could however be built on further to streamline referrals between the two organisations.

What could be working better?

- 7.7 It is evident that the lengthy delays in contracting and then establishing the new programmes' service providers account for most of the underperformance in terms of engagement with enterprises and individuals. This also meant it took longer than anticipated to get a full complement of business advisors with appropriate skillsets to provide one-to-one support sessions.

- 7.8 The other operational issues that have arisen are not on such a significant scale in terms of impact. Some aspects of the Business Wales service could be more responsive to beneficiary need/demand. For example:
- Though referrals between each of the programmes are taking place, these have taken more time than expected to become well-established;
 - There are delays reported by some service users between seeking advice and advisors providing support;
 - Some users of the website felt it could be better tailored to their needs;
 - In a few cases, demand has not materialised, such as for the sustainable development plans and the SFBE workshops, though both are being addressed.

7.9 Conducting the mid-term-evaluation, has also highlighted that the programmes have had various issues with gathering information from employers to evidence that outputs have been achieved. The solution proposed in the SFBE programme to collect the information from employers to evidence that they have introduced new to firm products or services needs to be closely monitored to see if it is sustainable. Aside from this, there is some concern about the quality of the programme data being collected and how this can be better streamlined.

What should be learnt from the evaluation?

What could be done to improve the current programme?

- 7.10 The Business Wales programmes have shown they can adapt to changing needs and improve their delivery. It is important that they continue to work closely together and jointly promote all the services available. They should especially continue to build referrals between the Core and Growth programme and SFBE and between the Development Bank of Wales and AGP. They should also implement plans to sign up beneficiary businesses to the environmental sustainability and E&D pledges.
- 7.11 There appear to be some further changes to the way the programmes are delivered which could improve the quality of the service and their performance:

- Continuing to develop positive relationships with the whole network of referral organisations to the Core and Growth programme as this is proven to be an effective route for recruiting new businesses, particularly Level 1 and 2 businesses (who are currently under-engaged) through building relationships between key individuals and business advisors. This should include:
 - Building on existing good practice by business support advisors using their personal networks to ensure more consistent engagement with all local authorities and enterprise zones;
 - Covering banks/lenders, sectors enterprise groups etc. across Wales;
 - Ensuring the contractors build this into their requirements for business support advisors.
- Aligning programme application forms (for the Core and Growth, AGP and SFBE programmes) with Development Bank of Wales forms to ensure sufficient data is captured for each programme – including permission to contact. This will aid recruitment and referrals, so that all businesses that receive a development bank equity investment are referred to AGP, and most other businesses/start-ups are referred to the L1-4 service.
- Introducing systems and permissions to allow Big Ideas Wales contractors to follow up and track young people that express a strong interest in starting a business (but do not plan to do so immediately).
- Taking on board concerns about the availability of data for the mid-term evaluation to enable the analysis needed in the final evaluation to assess whether the programmes have achieved all their expected outcomes.

What could be considered for future business support programmes?

- 7.12 There appear to be some gaps in the support provided and some changes in the way the support is provided which could be taken into account when developing and designing a future Government-funded Business Wales service. These include:

- **Expanding entrepreneurship support:** There is potential for Big Ideas Wales to focus more on learners in higher and further education that already have business ideas with higher growth potential (e.g. innovative products and services). Within the current programme, there is little evidence that this is done at present as FE colleges and HEI's undertake the learner recruitment to sessions. Build stronger relationships with the institutions to ensure a smooth transition for students and graduates with growth potential from FE and HEI's to Big Ideas Wales and Business Wales services.
- **Mainstreaming entrepreneurship engagement:** the programme provides role models to provide sessions in schools which cannot be expected to reach all schools or meet all needs for entrepreneurship education at different stages of the curriculum. It may be more appropriate to focus on raising the ability of schools/teachers to do this independently (capacity building) and to provide opportunities as at present for pupils with ambitions around self-employment and enterprise start-up to be signposted and mentored.
- **Supporting start-ups and business growth:** There are key areas in which support to start-ups and businesses could be improved in the future:
 - Providing more 1-2-1 support for Level 2 businesses, as these may have a more stable financial base to grow;
 - Increasing Business Wales brand awareness among start-ups to improve engagement;
 - Providing more on-going proactive engagement with Level 3-5 businesses, including re-visiting businesses to identify further potential development and support needs once action has been taken on support and advice provided;
 - Continuing to invest in support for businesses to implement ICT solutions with wider business benefits (CRM systems, accounting software, cloud computing and remote working and use of social media);

- Retraining SFBE staff to be technical specialists within the Core and Growth programme; this may help to facilitate more one-to-one advisor visits.
- **Performance management - indicators:** Some programme output measures and targets are unsuitable for measuring programme implementation and impact. Having an output measure of an amount of support (six hours) can drive attention to inputs from outcomes. A better approach could be satisfaction targets for services (helpline, contractors' advisors) and outcome targets disaggregated by service levels/channels. For new jobs, for example, average earnings matching the Wales average would be a more appropriate benchmark since this would require more new jobs to be paid above the minimum wage.
- **Performance management - targets:** Some programme targets have not been based on strong evidence. Outcome targets for example were set too low in comparison to the output targets. In the short term, the data being collected on beneficiaries in the current programmes ought to be mined to understand better the relationship between support (amounts/timing of advice inputs) and outcomes (jobs, exports, other business benefits) to inform both service delivery and returns on such investment. In the future and more generally:
 - Targets should not necessarily be based solely on historic performance as the economic context and changes to the service ought to be taken into account;
 - Assumptions about the split of L1-4 beneficiaries that access the service or are passported to another service need to be based on actual data from previous or comparable services;
 - Assumptions about profiles need to take account of transitions when services are changed;
 - Targets should be introduced to encourage contractors to support businesses efficiency savings, which would provide a long-term boost to competitiveness and exports. This could include measures based on more sophisticated approaches which do not assume continued levels

of demand for all businesses (e.g. for self-employment start-ups) and which include measures on productivity improvements (i.e. turnover divided by the number of employees) and the introduction of new to firm business systems/software.

- **Collecting and using management information:** challenges to provide information for internal monitoring and review (and independent evaluation) and to provide information to enhance the business support services delivered ought to be overcome. This ought to include:
 - Training role models on the tracking mechanisms in place and encourage them to sign up young people attending the sessions and particularly those with interest/intentions to start a business from the age of 16. This should help to actively and independently promote support earmarked for young entrepreneurs and boost the number of young people who go on to access support for starting a business.
 - Following up with businesses that have not yet accessed six hours of support to encourage them to access workshops and events.
 - Analysis of the throughput of individuals from particular metrics – e.g. the individuals receiving support that are subsequently planning to start a business, the proportion of individuals being referred from the Business Wales to SFBE services - and take actions when this falls below expectation.

Recommendations for the Business Wales programmes

The current programme

7.13 In managing the current programme, the Welsh Government should consider:

- Ensuring the Core and Growth contract consortium has more consistent engagement with local authorities, high street banks and other business lenders. This includes engagement at a senior level with banks and establishing protocols for referring individuals to the helpline and website or specific advisors. For local authorities, there should be a continuation of the meetings between the Business Wales contractor and LA economic

development staff to share information on the Business Wales service and other business support available in local areas.

- Aligning programme application forms (for the Core and Growth, AGP and SFBE programmes) with Development Bank of Wales forms to ensure sufficient data is captured for each programme – including permission to contact. This is to aim to create a seamless referral system where Development Bank of Wales applicants can access appropriate support to access finance and use it effectively.
- Ensuring YE role models are aware of, and promote, the systems in place to follow up and track young people that express a strong interest in starting a business (but do not plan to do so immediately) and aim to strengthen referral arrangements with higher education institutions and colleges to ensure learners have a product with business potential can receive targeted advice and Boot Camp support.
- Incorporating in the Business Wales programmes follow-ups of beneficiaries within three months of initial engagement. This is to monitor progress against the actions agreed, promote training opportunities if the beneficiary has not yet received six hours of support, and collect evidence of ERDF outcomes.
- Maintaining a face-to-face and online training offer to beneficiaries for SFBE and the Business Wales Core and Growth programme, with face-to-face sessions delivered in conjunction with LAs and local business groups to delivery sessions tailored to local needs. LAs and local business groups should also be expected to utilise their existing business contacts to ensure a good attendance at the events.
- Requiring Business Wales and SFBE business advisors to promote the benefits of apprenticeships to beneficiaries, and provide information on local apprenticeship providers. This will support Economic Action Plan priorities for increasing the take-up of apprenticeships.
- Introduce a requirement for business advisors to encourage beneficiaries to sign a 'pledge' for promoting the Welsh Language (similar to the pledges for environmental sustainability and equality and diversity). This

should be supported by the production of guidance for business advisors on how they can support businesses to promote the Welsh Language.

Future programmes

7.14 The evaluation identifies a strong rationale for continuing the Business Wales programmes, not least because they continue to meet gaps in provision of business support and enterprise education delivered by other sector stakeholders (schools, LAs, finance institutions).

7.15 In shaping the future of business support and the development of Business Wales, the Welsh Government should consider:

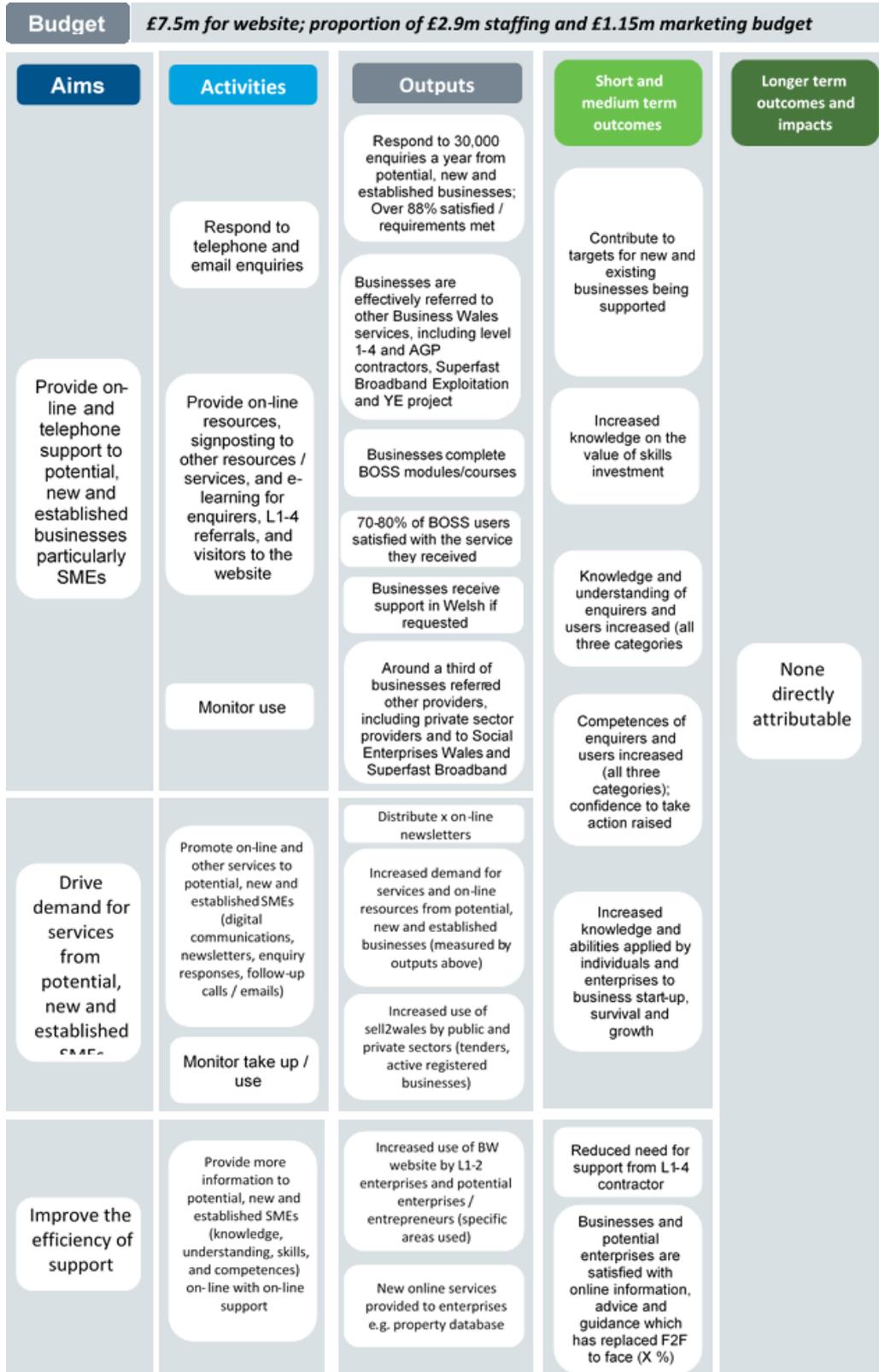
- **Expanding entrepreneurship support to young people in higher and further education that have business ideas with growth potential (e.g. innovative products and services).**
- **Mainstreaming entrepreneurship engagement in the school curriculum by focusing on capacity building.** This could include sharing resources and contacts to allow schools to organise their own sessions and arrange follow-on activities that encourage entrepreneurship.
- **Supporting start-ups and business growth by:**
 - Providing more one-to-one support for Level 2 businesses.
 - Increasing Business Wales brand awareness among self-employed and sole-traders, through working with intermediaries (such as the Federation of Master Builders) and targeted advertising using contact details available through Chambers of Commerce and Companies House.
 - Providing more on-going proactive engagement with Level 3-5 businesses, including re-visiting businesses to identify further potential development and support needs once support and advice has been acted upon.
 - Continue to invest in support for businesses to implement ICT solutions.
 - Having technical specialists in ICT solutions within the Core and Growth contractor service to provide one-to-one support and advice.

- **Requiring contractors to undertake Sustainable Development and E&D 'audits'** as an integrated part of the business support they are provided. These audits should identify improvements that individuals have made to improve E&D and sustainable development, with targets set for those that make changes. Beneficiaries should not have the option to opt out of receiving this support, as it contributes to wider Wales priorities, as articulated in the Economic Action Plan.
- **Identifying business support services which businesses might be prepared to pay for** if funding for the service is reduced since many businesses may be prepared to pay for some of them.
- **Setting programme performance targets to** encourage contractors to support businesses to generate efficiency savings, which provide a long-term boost to competitiveness and exports such as measures on productivity improvements (i.e. turnover divided by the number of employees) and the introduction of new to firm business systems/software.

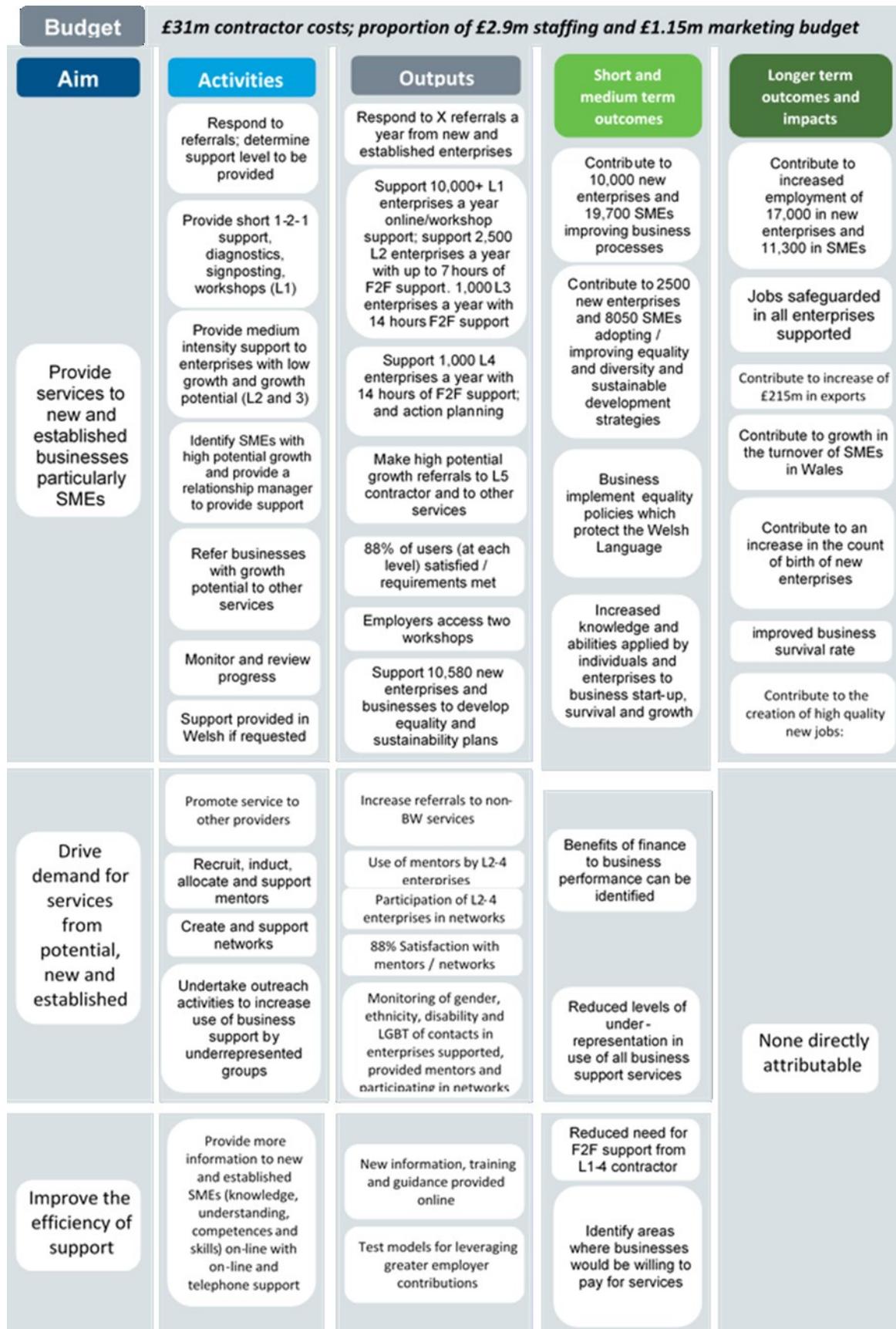
ANNEXES

Annex 1: Programme logic models

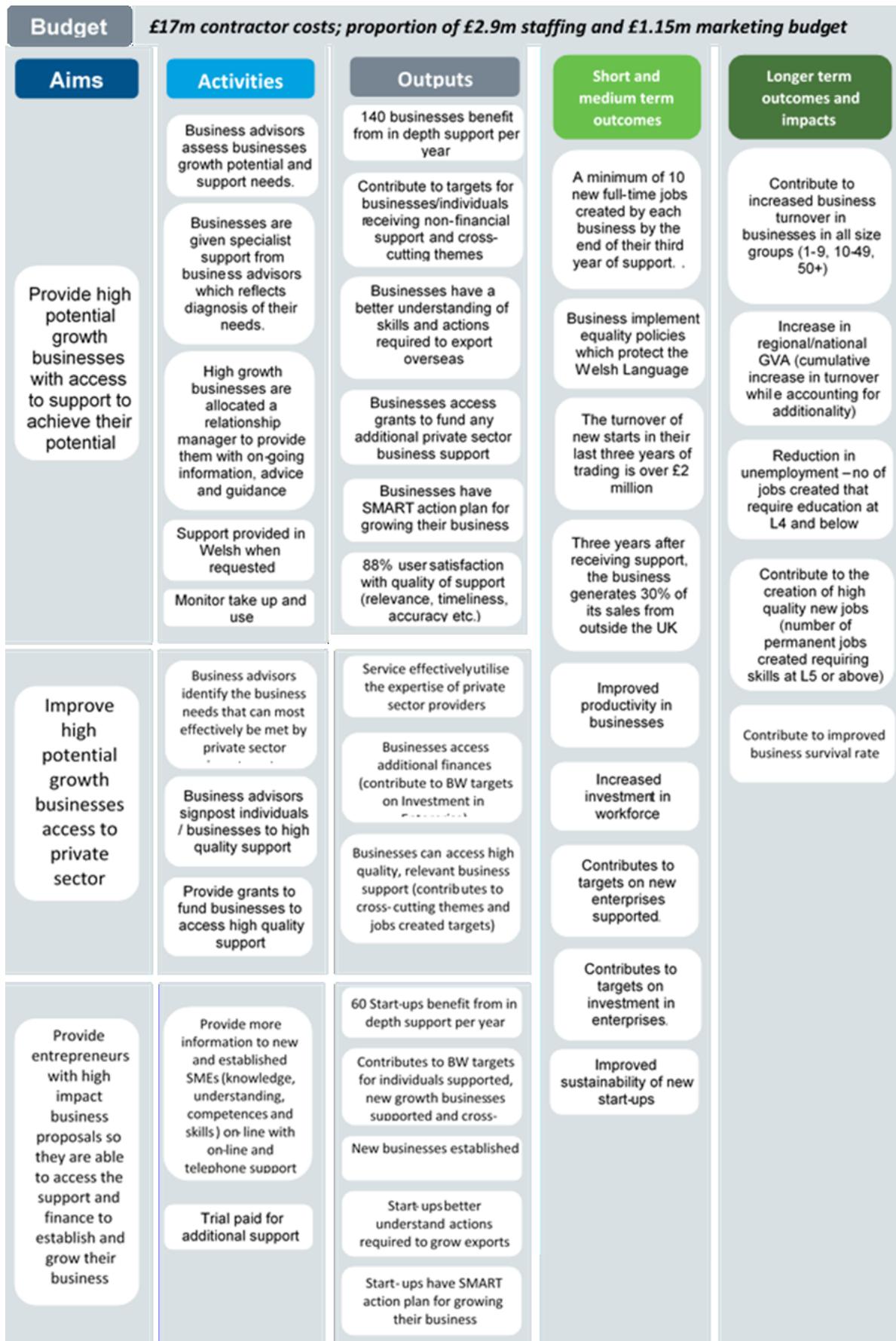
Online and telephone support services logic model



Level 1-4 SME support logic model



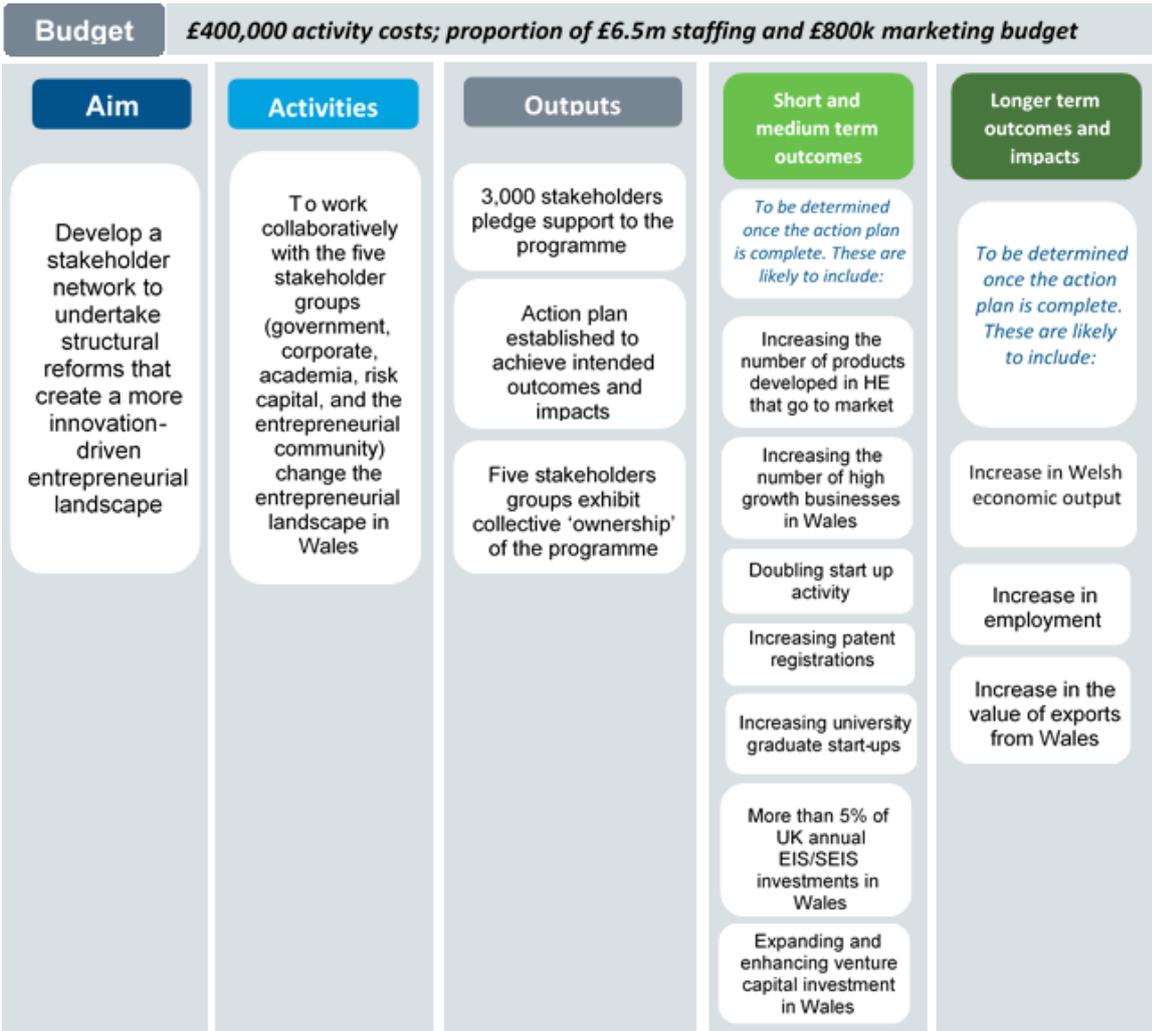
AGP logic model



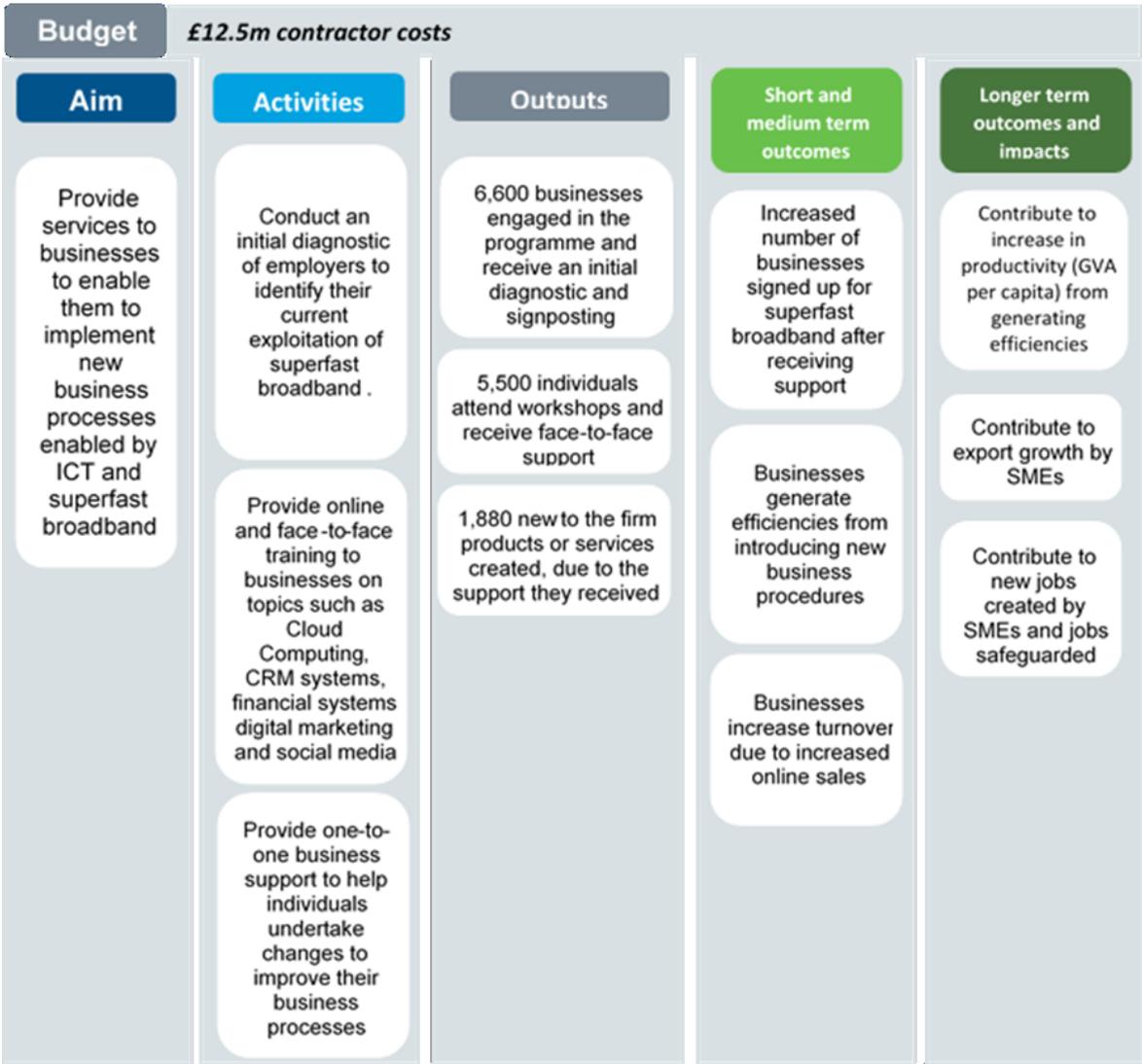
Youth Entrepreneurship logic

Budget <i>£7m activity costs; proportion of £6.5m staffing budget</i>				
Aim	Activities	Outputs	Short and medium term outcomes	Longer term outcomes and impacts
<p>Raise aspirations for entrepreneurship and provide information to encourage young people to start a business</p>	<p>Undertake the Big Ideas Marketing campaign every year</p>	<p>Marketing campaign achieves 231,688 web hits</p> <p>55,000 young people participate in awareness raising sessions</p>	<p>Participants understand the benefits and dis-benefits of starting a business</p> <p>4,200 young people consequently express an interest in starting a business</p>	<p>Increased rate of Total Early-stage entrepreneurship in Wales amongst 16-24 year olds</p>
	<p>Role models deliver awareness raising sessions in schools, colleges and universities</p>	<p>4,610 workshops take place for pre-16 young people</p> <p>1,125 workshops take place for post-16 young people</p>	<p>Post 16 participants have a good understanding of the process for starting a business</p>	
<p>Support young people to start a business</p>	<p>Network of Business advisors provide 1-2-1 support to budding entrepreneurs</p>	<p>422 individuals complete boot camp</p> <p>6,218 young people participate in awareness raising sessions on starting a business</p>	<p>Participants have developed skills to develop business plans to start a business</p>	<p>Increase in graduate start-ups</p> <p>Improved start-up survival rates by enterprises led by young people</p>
	<p>Role models provide coaching sessions for young people wishing to start a business</p>	<p>1,967 young people receive 1-2-1 support</p> <p>561 individuals progress to other Business Wales services</p>	<p>Participants develop professional networks to support them start their business</p>	
	<p>Provide three-day boot camps offering training on how to start a business</p>	<p>408 young people are supported to start a business</p>	<p>Participants are aware of other sources of support (e.g. finances) for their business</p>	
			<p>150 new business starts by young entrepreneurs</p>	

REAP Logic model



Superfast Broadband Exploitation programme logic model



Annex 2: Customer Satisfaction Survey Background

In 2016, ORS were appointed to conduct a bilingual telephone satisfaction survey for Business Wales (BW). The overall programme of research will consist of 4 waves, with the final wave due to be conducted and reported in summer 2018. To date Welsh Government has received 3 wave reports, each consisting of 300 interviews per wave.

The research aims are to:

- Establish levels of customer satisfaction;
- Provide customer insight – particularly service quality and individual's requirements;
- Identify outcomes and impact of the BW services;
- Provide recommendations for improving the BW service;
- Analysis of customer satisfaction across the various business work-streams;
- Understand the willingness, and abilities, of clients to make a financial contribution towards support; and
- Provide comparisons across the various service groups (e.g. BW, Accelerated Growth Programme, etc.)

ORS worked with Welsh Government to devise a questionnaire which seeks to identify insight into customer perceptions of the service with a particular focus on service quality and whether the service was tailored to the client requirements. Following fieldwork, ORS analyse the data and report findings and conclusions in a report for each wave.

Before the start of each wave, Welsh Government provide a database of individuals to ORS who have accessed the service over the preceding six-months and ORS then stratify the sample to include those who have received level 1-4 and level 5 support. All clients had engaged with the service during the previous six months before the start of the interviewing.

A further 15 customers per wave are then re-contacted to provide a further in-depth interview to form part of the qualitative report. For the follow-up interviews, ORS

review the feedback from respondents to the main telephone survey, and contact those who have “polarised views” (i.e. very satisfied or dissatisfied) as well as those who have specific experience that can be explored further. Again, they aim to ensure a broad cross-section from level 1 – 4 and 5.