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Final evaluation of Business Support Services in Wales

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1. Introduction and background

In March 2022 the Welsh Government commissioned Wavehill to undertake a final evaluation of the Business Support Services in Wales programme and the operations delivered under the Business Wales brand as well as the Superfast Broadband Exploitation operation. All operations commenced in 2016 and continued delivering support until 30th April 2023.

The operations have been delivered via the 2014 to 2020 European Structural Funds programme through the European Regional Development Fund (ERDF). The 2014 to 2020 ERDF is split into two Operational Programmes in Wales based on two geographical regions, namely West Wales and the Valleys (WWV) and East Wales (EW). The ERDF programme is structured using Priority Axes, and the operations have been funded through Priority Axis 2: Small and Medium-sized Enterprises (SME) Competitiveness.

A series of Specific Objectives (SO) are found under each Priority Axis. The SOs identify the socioeconomic need and the specific changes to be achieved through Structural Funds investment. Within Priority Axis 2 the Business Wales and Superfast Broadband Exploitation operations address the following SOs:

- SO2.2: To increase the number of SME start-ups through the provision of information, advice and guidance and support for entrepreneurship
- SO2.3: To increase the take-up and exploitation of next generation access (NGA) networks and ICT infrastructure by SMEs
- SO2.4: To increase the growth of those SMEs with growth potential, in particular through accessing new markets (both domestic and international)

The six operations funded under these SOs that fall within the scope of the evaluation are set below.

Specific Objective 2.2 – Operation

- Entrepreneurship Support – Business Wales (WWV)
- Entrepreneurship Support – Business Wales (EW)

Specific Objective 2.3 – Operation

- Superfast Broadband Exploitation (WWV)
- Superfast Broadband Exploitation (EW)

Specific Objective 2.4 – Operation

- SME Support – Business Wales (WWV)
- SME Support – Business Wales (EW)

The current services delivered under these operations are:

- Superfast Broadband Exploitation
- Business Wales Core and Growth (Levels 1 to 4) Service
- Business Wales Accelerated Growth (Level 5) Programme
- Business Wales Enterprise Hubs (WWV only)

An overview of each of these services is outlined below.

1.1. Superfast Broadband Exploitation (SFBE)

The Welsh Government (and the Welsh European Funding Office) had made substantial investments to extend next generation broadband infrastructure or 'superfast connectivity' through the Superfast Cymru operation as part of the 2007 to 2013 ERDF programme. Following investment in the infrastructure, the SFBE operations support businesses to take advantage of technology and broadband in order to improve business performance. They aim to support businesses to understand the business opportunities and efficiencies available through superfast broadband and how they can realise these benefits.

Three stages of support are offered:

- Stage 1: information, advice, and an initial telephone diagnostic which informs brokerage to other support
- Stage 2: online and face-to-face workshops of around four hours in relation to ICT exploitation

- Stage 3: one-to-one advice and guidance as well as associated action planning from a business advisor to identify tangible actions that the business can take to make better use of ICT opportunities with superfast broadband

1.2. Business Wales Core and Growth Service

The service supports Welsh entrepreneurs (individuals) and SMEs by offering access to information, workshops, online and face-to-face advice, specialist support, start-up support, and general business advice. Business Wales is a pan-Wales service with regional centres across Wales based in Bridgend, St Asaph, Newtown, and Carmarthen. A telephone helpline provides an initial business needs assessment and then refers beneficiaries to other business support services. Using a selection of business diagnostic tools and brokering relationships with their extensive networks, the Business Wales advisors and Relationship Managers will develop bespoke action plans to help businesses to start and/or grow.

Support for those starting in business includes:

- online training courses
- workshops
- events
- advisory support
- information provision
- signposting

For those already trading, support focuses more on:

- human resources
- tendering
- international trade
- skills
- mentoring
- ICT and digital
- resource efficiency
- marketing
- workshops

The level of support that beneficiaries receive differs depending on their growth potential. Support levels range from Level 1 to Level 4. The support levels apply to both existing businesses and those that have not yet started up. The levels are differentiated as follows:

- Level 1 – Self-employed
- Level 2 – Microbusinesses (organisations with fewer than five employees that have low growth potential)
- Level 3 – Small/medium-sized businesses with potential for growth
- Level 4 – Established SMEs with high growth potential.

Provision geared towards those designated as Level 1 or 2 is referred to as the 'Core' provision and the provision delivered to those designated as Level 3 or 4 the 'Growth' provision in the Business Wales Core and Growth Service. This provision is referred to as L1 to 4 Core & Growth throughout the remainder of the report.

1.3. Accelerated Growth Programme (Level 5)

The Business Wales Accelerated Growth Programme (BW AGP) offers bespoke support for rapidly growing high-growth pre-revenue and small and medium-sized businesses. It is delivered by a team of highly experienced and proven high-growth entrepreneurs. BW AGP support can be delivered over a period of up to three years, up to a maximum of 60 hours of support.

The programme helps businesses to achieve growth through the use of:

- one-to-one coaching and consulting
- internal specialist support on topics such as marketing, exporting, logistics, and sourcing a supply chain
- management development
- professional advisory services
- access to the full suite of Welsh Government support

1.4. Enterprise Hubs

Business Wales also established five Business Wales Enterprise Hubs throughout Wales. ERDF funding supports the running of the three Hubs based in WWV: Anglesey, Carmarthen, and Caerphilly (there are a further two non-ERDF-supported Hubs in EW).

The Hubs have been set up as 'physical' communal spaces for new-start and early-stage businesses. Hubs are encouraged to adapt their provision to local needs and to collaborate and work in partnership and respond as a network to national priorities. Entrepreneurs at the Hubs have access to the breadth of support available from Business Wales as well as from partners including colleges, universities, local authorities, and the Development Bank of Wales.

A specific review of the Enterprise Hubs was commissioned separately to this research. The key findings of that evaluation are referenced at relevant points within this research.

1.5. Cross-Cutting Themes

Operations supported by the Structural Funds are required to contribute to the attainment of WEFO Cross-Cutting Theme (CCT) indicators and targets. The CCTs for the 2014–2020 programme are:

- Equal Opportunities and Gender Mainstreaming
- Sustainable Development
- Tackling Poverty and Social Exclusion

The CCT indicators for Priority Axis 2 of the ERDF programmes are as follows:

- percentage of enterprises adopting or improving their equality strategies and monitoring systems
- percentage of enterprises adopting or improving their sustainable development strategies and monitoring systems

Developmental support provided by Business Wales leads to the claiming of these target indicators.

1.6. Evaluation

The core focus of this evaluation is on assessing the delivery and performance of the programmes against the key ERDF output indicators, CCT indicators (and their contribution to the result indicators), and the objectives set out in operation business plans.

Output indicators:

- number of enterprises receiving non-financial support
- employment increase in supported enterprises
- number of new enterprises supported
- increase in levels of exports
- number of enterprises supported to introduce new-to-the-firm products

CCT Indicators:

- number of enterprises adopting or improving their equality and diversity strategies (including monitoring systems)
- number of enterprises adopting or improving their sustainable development strategies (including monitoring systems)

Result indicators:

- SO2.2: Count of birth of new enterprises
- SO2.3: SME use of fibre and cable broadband
- SO2.4: Employment within small (10 to 49 employees) and medium-sized (50 to 249) enterprises

The evaluation also aims to assess the immediate economic and wider benefits resulting from the support. To fulfil this, aim the evaluation seeks to:

- evaluate whether the aims and objectives of the individual operation business plans have been met
- provide an assessment of the success of the programmes in meeting the objectives set for the CCTs
- examine the overall contribution of the programmes towards meeting the key Welsh Government, WEFO, regional, and local policies and strategic priorities
- provide an update on the effectiveness of programme management, delivery and monitoring processes and how implementation has adapted in order to meet the needs of customers in the current climate
- consider the counterfactual impact assessment (CIE) of the business support services
- explore any wider outcomes and impact delivered by the programmes

- make recommendations for future decision making as well as provision of business support services

2. Methodology

This is a final evaluation and builds on a mid-term evaluation completed in 2018. The final evaluation has been delivered over two phases (interim and final phases). The evaluation has involved the following approaches:

- a review of key documentation including project change requests, the mid-term evaluation, quarterly claims and progress reports for each operation, as well as key research associated with the operations [footnote 1]. The review provided a contextual understanding of the origin and design of the operations and provided a sense of performance against targets over time. Moreover, the review includes a reflection on the continued relevance of the logic models presented in the mid-term evaluation
- access to and analysis of management information contained on the Business Account System (BAS) for the period February 2015 to January 2023. The analysis provided insight into the scope of data captured and the comprehensiveness of that information. The analysis explored a range of variables including various firmographics (business location, industrial sector, scale (employees), year established) and performance indicators such as increased employment, hours of support, salaries of jobs created and levels of increased export (a full list of variables can be found in Annexe A). Furthermore, it enabled a data-matching process to be undertaken with WEFO data used in the beneficiary survey (see below) and provided further insight into the nature of business beneficiaries who responded to that survey. Matching was initially undertaken using Company Registration Numbers (CRNs) however both datasets had considerable gaps in the capture of these beyond those that engaged with the support prior to starting in business (44% of those supported through SO2.4 for example were missing CRNs within the WEFO dataset for example). Fuzzy matching [footnote 2] was therefore used to inform data matches and address the gaps in data matching. Fuzzy match was applied using company names, emails and telephone numbers. Collectively the data matching process led to the matching of 79% of survey records (718/909). The

[1] Including, for example, Welsh Economy Research Unit (2020) Digital maturity survey for Wales 2020, the customer satisfaction survey for the Business Wales services, and Munday, M. and Roche, N. (2021) Quantifying the economic impact of Business Wales report.
[2] Fuzzy matching is a technique used to compare two sets of data and determine how similar they are, even if the data are not an exact match. It is particularly useful when dealing with large datasets that may contain spelling variations, typos, or other small discrepancies.

matching exercise enabled the categorisation of respondent businesses as to whether they were in receipt of BW L1 to 4 Core & Growth or L5 BW AGP support.

- a series of six scoping interviews were undertaken in August/September 2022 via videoconference or telephone to capture further insight into the operations, the experiences of delivery, any adjustments to delivery models since the mid-term evaluation, and any priorities for the evaluation
- a beneficiary survey was undertaken as part of a separate evaluation which focused on four Specific Objectives: SO1.2, SO2.2, SO2.3 and SO2.4. An initial analysis of the 1,014 survey responses for the three SOs covered within this study was undertaken and presented at the interim findings stage. The analysis took place prior to the extraction of a subset of data from these SOs specifically for Business Wales and SFBE beneficiaries. Extraction of that subset of data resulted in 909 survey responses from participants of Business Wales operations. The analysis of these survey data was undertaken as part of the final phase of this evaluation and is presented within this report
- the ERDF ‘Support for Business’ evaluation also included a counterfactual impact evaluation (CIE) for the four SOs (further details on the approach to the CIE are set out below). The CIE for the ‘Support for Business’ evaluation was undertaken across the four SOs and then by SO. The initial analysis of the three SOs (SO2.2, 2.3 and 2.4) was presented at the interim findings stage. Subsequent refinements to that CIE have been undertaken; furthermore, an additional CIE assessment has been conducted as part of this evaluation using a subset of data specifically to analyse those participant businesses in receipt of support through the BW AGP
- additional programme data analysis has been undertaken using BAS data for each of the operations through to 31st January 2023. This enables an analysis of patterns of performance of the operations and is presented in section 5
- consultations with 19 stakeholders with a strategic perspective on the provision as well as nine stakeholders involved in the management and delivery of services were undertaken via telephone and videoconference during March–April 2023 (a list of external organisations engaged in the evaluation can be found in Annexe B). Strategic stakeholders have been engaged to provide an informed perspective on the progress and success of the operations. Consultations are also taking place with stakeholders involved in the delivery of services provided through the

operations to provide an update on the process review undertaken as part of the mid-term evaluation

2.1. Counterfactual impact evaluation

A counterfactual impact evaluation (CIE) was conducted to explore firm-level employment and turnover impacts amongst participant businesses registered with Companies House and for Value-Added Tax (VAT) or Pay As You Earn (PAYE). The CIE also explored the fundraising (the securing of external investment) of businesses (which provides an indication of business growth orientation as a proxy for innovation) and the average wages of participant businesses (as an indicator of the quality of employment).

In the CIE, as well as understanding the performance of supported businesses, evidence on what would have happened without support is compiled by examining comparable but unsupported businesses as a benchmark (the counterfactual or comparison group). The analysis uses the Office for National Statistics (ONS) Business Structure Database (BSD) and other firm-level data. The BSD draws a snapshot each year from the ONS Business Register. The Register has all businesses registered for VAT and/or PAYE income tax and, thus, includes all significant businesses operating in the UK. The annual updates mean that the BSD provides a wide range of economic variables consistently across businesses and over time. The variables include business age, turnover, employment, sector, and whether the business is still operating (survival). This means that comparable data can be found for businesses in Wales supported by the ERDF as well as other UK businesses (which are not) that can act as a counterfactual.

Propensity score matching (PSM) was used to identify a counterfactual. This can then form the basis for difference-in-differences analysis to understand whether the growth observed between supported businesses and the control group (the first difference) differs significantly before and after the support (the second difference). Any significant difference is an estimate of the additional effects of the support.

2.2. Methodological Limitations

Matching BAS data with data held by WEFO (with the WEFO data being the source contact data for the ERDF ‘Support for Business’ survey) was undermined by a combination of inaccurate and incomplete company registration numbers (CRNs) thereby necessitating the use of fuzzy matching, however it was not possible to match 22% of participant businesses.

The matching of data held on participant businesses that participated in the ERDF 'Support for Business' survey enabled an additional analysis of survey responses to identify what proportion of survey respondents participated in Business Wales (BW) L1 to 4 Core & Growth and what proportion participated in the L5 BW AGP [footnote 3]. The analysis identified that whilst 619 respondents participated in BW L4 Core & Growth, only 14 participated in the BW AGP (2% of the sample of Business Wales operations). This is despite, according to the BAS data to which we have access, BW AGP participants comprising 8% (886/11,470) of all Business Wales participants in SO2.2 or SO2.4 operations. [footnote 4]

The low response rate of the BW AGP relates to the sample frame adopted in the business survey. The decision was made to limit the sample frame to businesses that received support within the latter years of the programme (from March 2019 onwards). This approach was adopted with the understanding that it would strengthen the recall of support from businesses and provide more accurate responses to questions, while also giving exposure to and enabling comparison between the perceptions of support pre- and post-COVID-19. However, 78% of BW AGP clients had enrolled in the service prior to March 2019 (compared to 40% of BW L1 to 4 Core & Growth clients) and, therefore, were excluded from the sample frame. This information was unknown to the evaluators at the point of designing the survey sample frame and meant that the majority of BW AGP clients were inadvertently excluded from the survey.

On encountering the inadvertent exclusion of the majority of BW AGP clients from the survey, several options were proposed to Welsh Government. The options included a targeted survey of this cohort to ensure they were representative of the survey population. Concerns were raised by Welsh Government in relation to the relative value this would generate compared to the risk of consultation fatigue and ultimately the survey was not taken forward.

There were also several limitations associated with the business survey as outlined in the ERDF Support for Business evaluation [footnote 5]. During survey design, concerns were raised as to its length and the complexity of some question sets (the survey itself drew heavily

[3] Data submitted to WEFO Online provided as part of the ERDF Support for Business contracts do not include a breakdown of the type or duration of support received.
[4] This estimate does not account for duplicate records within the BAS data.
[5] Ibid.

upon a survey conducted as part of the mid-term evaluation). This was set against the background of decreasing response rates to surveys, partly attributed to consultation fatigue associated with extensive primary research of businesses during the COVID-19 pandemic and the increased prevalence of remote working. This led to a rationalisation (the removal of some questions).

The question set associated with attribution was one of the areas to be rationalised. With a reduced level of survey information on the self-attribution of impact, However, self-reported impacts are not considered to be robust methods of attribution and assessment. The approach does not register on the Maryland Scientific Methods Scale (which ranks policy evaluations from 1 (least robust) to 5 (most robust), whilst the CIE approach described previously within this section is rated at Level 3. [footnote 6]

The CIE approach also used CRNs as the unique identifier for matching data. Only 5.4% of those supported through the SO2.2 (entrepreneurship support) operations included CRNs limiting the extent to which they could be included in the CIE modelling. Therefore, the impact for participants of the entrepreneurship support operations is primarily derived from self-reported impacts and management information.

The remainder of the report is structured as follows:

- Section 2 provides an overview of the context and rationale as well as the progress of the Business Wales operations
- Section 3 provides details on how participant businesses and entrepreneurs engage with the support, and the profile of whom they are
- Section 4 explores the type of support that has been received and the perception of this support
- Section 5 analyses the results, outcomes, and next steps arising from the support
- Section 6 details the counterfactual impact evaluation for the service
- Section 7 summarises the findings along with a series of conclusions and recommendations

[6] See details on the various levels in the The Maryland Scientific Methods Scale (SMS) - What Works Growth

3. Operation context and rationale

3.1. Introduction

This section explores the rationale, origin and background of the Business Wales offer, providing insight as to the reasoning behind its design and delivery structure.

3.2. Rationale

In exploring the rationale behind the operations, the mid-term evaluation reported on the persistent gap in productivity between the Welsh economy and the economy of the UK as a whole. Moreover, it referenced the disparity in productivity between local authorities in WWV (with GVA per capita £9,200 below the UK average) and those in EW (which were £4,300 below the UK average) and described how entrepreneurial activity in Wales lagged behind the UK average.

To address these issues, ERDF funding in the 2007 to 2013 ERDF programme invested in two operations:

- the Customer Engagement (CE) programme, which provided business support services to existing SMEs through a Flexible Support for Business website, telephone support, and a face-to-face advisory service
- the New Business Start Up Support programme, which provided pre-start support to self-employed beneficiaries and pre- and post-support for start-ups with growth potential as well as graduate start-ups. The service provided taster sessions, workshops, one-to-one surgeries, and intensive one-to-one advice and mentoring.

One of the intentions of the evaluation of the Customer Engagement Project funded by the ERDF 2007 to 2013 was to review the Business Wales programme and set out a framework for the provision of future business support in Wales.

The evaluation of these services recommended that support for existing SMEs and entrepreneurs should be delivered under a single Business Wales brand. Within the evaluation it was also recommended that the overall aim of Business Wales going forward should be to "support the creation, competitiveness, productivity and growth of businesses in Wales". It set out that the specific aims of Business Wales going forward should be to:

- be the gateway for potential businesses and existing businesses in Wales to access easily a range of publicly funded support services

- be the coordinated, proactive mechanism for delivering a range of information, advice, guidance, training, and some financial support services to businesses in Wales under one cohesive brand
- incentivise and increase the involvement of the private sector in supporting Welsh businesses
- work in a coordinated way with other public and third sector co-production partners to meet the support needs of Welsh businesses

Furthermore, a Micro-Business Task and Finish Group set up by the Welsh Government to provide advice and guidance on a strategy for supporting microbusinesses in Wales recommended that the Welsh Government:

- streamline and reduce the number of public sector deliverers of business support
- proactively promote access to and awareness of business support services
- create a single well-recognised brand for access to business support (public/private)
- develop a network of 'one-stop shops' for microbusinesses to receive direct/indirect support across Wales
- expand and redirect the current Regional Centre Service to deliver a one-stop shop concept for microbusinesses in Wales

These recommendations informed the design of the Business Wales Core and Growth Service. Within the business plan for the operations, the importance was identified of Business Wales ensuring that "in terms of its outward face, it is as consistent, simple and clear as possible in the way it is presented to SME and entrepreneur customers. This means that while there will inevitably be layers of complexity 'sitting behind' what the customer sees, the way in which the 'offer' is taken to market and the customer's route into the service are as consistent and uncomplicated as possible." [footnote 7]

The Business Wales (BW) Entrepreneurship Support project together with the BW SME Support project formed part of the business support backbone activities detailed in the Economic Prioritisation Framework. The creation of an initial group of strategic backbone projects was a recommendation within the Guilford Review for those projects that could

[7] Welsh Government (2016) Business Wales – SME Support West Wales & the Valleys April 2015-March 2020 Full Business Case, Welsh Government.

demonstrate clear potential for early delivery of key objectives in the Economic Prioritisation Framework.

3.3. Superfast Broadband

In 2013, access to next generation broadband (NGB) and the availability of superfast broadband (actual downstream speed of 30Mbit/s or above) were lowest in Wales of all UK regions (48% in comparison to the UK average of 73%, although this was up from 37% one year earlier). The UK Partnership Agreement, which provided evidence on the justification and need for support provision, recognised that the challenges of introducing ICT infrastructure to the geographically peripheral and more challenging areas (typically those that are sparsely populated with challenging terrain) would not be met by the market, thereby warranting significant ERDF investment. Thus, the Superfast Cymru Programme of 2007 to 2013, which sought to ensure next generation broadband, was delivered to 96% of the 1.4m premises in Wales by summer 2016.

For the 2014 to 2020 programme, SFBE was designed on the basis that broadband availability would be universal (on the assumption that Superfast Cymru would be largely successful in its delivery). At the programme design stage, where broadband infrastructure had been completed, there was recognition that many businesses were unaware of its availability or were unfamiliar with its potential benefit to their organisation. The SFBE operation was therefore informed by an assumption of broadband availability and an emphasis on the exploitation of that (for many) newly available infrastructure.

3.4. Business Wales provision

In addition to the BW L1 to 4 Core & Growth Service, the BW AGP, and SFBE, further elements of support are delivered under the Business Wales brand. The Business Wales helpline is the key starting point for most businesses needing support. They are the gateway to business support, with the helpline signposting businesses to the most relevant areas to secure their support. A further suite of Business Wales-branded support received ERDF funding through to December 2019 and it continued through core Welsh Government funding only. This included:

- Business Wales Digital (including Sell2Wales and Business Online Support Service)
- Business Wales Marketing

- Business Wales Youth Entrepreneurship, which aims to inspire the next generation of Welsh entrepreneurs by providing support and guidance to young people aged between 16 and 24 who are interested in starting their own business. The programme provides a range of resources including advice and training, mentoring, networking opportunities, and access to funding
- Entrepreneurial Eco-System (REAP), which aims to mobilise stakeholders to take steps towards creating a more entrepreneurial landscape in Wales. This included the Be the Spark campaign to market the initiative to stakeholders
- Business Wales Strategy and Planning, which funds research and evaluative activities

These additional elements, whilst initially funded by the ERDF, did not contribute to the delivery of ERDF target indicators. It was therefore felt that they should be removed from the suite of ERDF-funded Business Wales (which took place in 2018) to allow a greater focus on those activities that would deliver against those indicators.

All operations outlined in Table 2.1 commenced in early 2016 but with retrospective expenditure approved from early 2015. The original end date for all operations was 31st March 2020, and subsequent extensions were secured that ultimately saw all operations run until 30th April 2023. The justification for extensions related to the need to ensure the continuity of services for businesses through a significant period of economic, political and social change as a culmination of the COVID-19 pandemic, the EU transition, and political uncertainty. Furthermore, the extensions reflected the fact that, as a result of COVID-19, there was insufficient staffing capacity to commence and complete the procurement of the replacement Business Wales service by the programme end date. It was hoped that the additional time requested would be sufficient to allow capacity levels within the relevant department to return to normal [footnote 8].

[8] Adapted from (unpublished) Business Case Addendum V3 (to October 2022) and Business Case Addendum V7 (to March 2023).

Table 2.1: Business Wales financial allocation by operation

Operation	Project Cost (orig.)	Project Cost (ext.)	Change in Cost	
			£	%
Entrepreneurship Support (EW)	£10,333,119	£9,363,009	-£970,110	-9.4
SME Support (EW)	£11,123,245	£17,173,059	£6,049,814	54.4
Entrepreneurship Support (WWV)	£30,999,787	£39,374,710	£8,374,923	27.0
SME Support (WWV)	£33,328,037	£45,699,803	£12,371,766	37.1
SFBE (WWV)	£8,575,153	£10,871,721	£2,296,568	26.8
SFBE (EW)	£3,534,847	£4,077,419	£542,572	15.3
Total Funding	**£97,894,188**	**£126,559,721**	**£28,665,533**	**29.3**

Source: WEFO Offer of Grant Letters and Welsh Government Business Plan Addendum V7

3.5. Operation Targets

3.5.1. SFBE

Table 2.2 below presents two sets of targets for the SFBE operation. The original targets are those set out in the offer letter of September 2015 (and accepted in October 2015), and the most recent targets are those agreed in October 2021 as part of the extension to the operation's timetable.

In addition to the reprofile in October 2021, reprofiles of SFBE took place in September 2018 and December 2020 to reflect extensions to the timeframe for project delivery. These extensions led to revisions to target indicators and funding allocations. Table 2.2 below shows a 15 to 16% increase in target indicators in WWV and an 18.5% increase in EW when compared to the respective original target indicators.

Table 2.2: Key target indicators for Superfast Broadband Exploitation

	Original	Extension	Adjustment
WWV			
Number of enterprises receiving non-financial support	3,823	4,384	14.7%
Number of enterprises supported to introduce new-to-the-firm products	1,480	1,709	15.5%
EW			
Number of enterprises receiving non-financial support	1,094	1,296	18.5%
Number of enterprises supported to introduce new-to-the-firm products	400	474	18.5%

3.5.2. SME Support and Entrepreneurship Support

Table 2.3 and Table 2.4 below present the key target indicators for the SME Support and Entrepreneurship Support operations. The target indicators within the tables represent the original targets for the operations presented in the February 2016 offer letter (and accepted in July 2016), and the latest target indicators following reprofiles and extensions of the operations through to 30th April 2023.

A series of adjustments have been made to target indicators and expenditure over the period of the programme. The Welsh Government's Business Wales Programme Management team who manage the Entrepreneurship Support and SME Support operations were asked by the WEFO in April 2018 to review expenditure to date and reprofile expenditure based on future support requirements up until March 2020.

In December 2018 a further request was made by the WEFO to review expenditure and KPI performance to date in the programme. The corresponding Addendum to the Business Plan [footnote 9] identifies the need to review several target indicators. As for an employment increase in supported enterprises, at broadly the midpoint of the programme, SME Support was performing well at around two thirds of the contractual target for SME Support. With regard to Entrepreneurship Support, however, the operations were performing at around 20% of the contractual target, prompting a review. Furthermore, the indicator for new enterprises supported was operating at around 15% of the contractual target across the two entrepreneurship operations. The shortfall related to several issues:

[9] Welsh Government (2019) Business Wales Business Case Addendum (Version 3.4) January 2019-December 2023 (unpublished).

- macroeconomic conditions in Wales and the UK. Targets for the operations were stretching and informed by historical performance. Higher rates of employment and lower rates of unemployment, however, had led to less necessity-driven entrepreneurial activity. Moreover, the DWP's New Enterprise Allowance scheme [footnote 10] provided a compelling offer to necessity-based entrepreneurs [footnote 11] and likely drew potential participants to that provision
- inability to record all new enterprises and all enterprises supported (an issue that affected both Entrepreneurship Support and SME Support operations). Although approval was granted for the retrospective collection of performance indicators against historic contracts, no outputs were recorded against the four operations in the first nine months, despite indicators being delivered and achieved. Changes in the ERDF eligibility criteria (when compared to the previous round of Structural Funds) resulted in Business Wales being unable to provide sufficient evidence in relation to the achieved indicators to satisfy EU requirements. Furthermore, it is understood that the original target figures for enterprises receiving non-financial support were calculated on the premise that repeat support could be counted twice; however, they could, in fact, only be counted once

The Business Wales programme team reported that they raised with the WEFO that the targets associated with the key performance indicators were challenging and, in hindsight, overambitious. They were based on performance in the previous programme and were reportedly considered to be stretching targets at the outset in order to strengthen the prospect of securing funding. At the point of launching the programme, the defined eligibility criteria for start-up support had not been published by the WEFO. Once published it was felt that the requirements were more stringent than anticipated when compiling the figures, influencing the scale of target indicators that could be delivered as well as the retrospective collection of indicators.

A further area within the 2019 Business Plan Addendum [footnote 12] in which a shortfall in performance against target indicators was identified related to delivery against CCT performance indicators. These are described in the Addendum as proving to be extremely challenging, with less than 10% of the contractual target achieved across all SME Support

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[10] Note that the scheme closed on 1st January 2022.
[11] Welsh Government (2019) Business Wales Business Case Addendum (Version 3.4) January 2019-December 2023 (unpublished).
[12] Ibid.

and Entrepreneurship Support operations. The shortfall in delivery led to an adjustment in approach to CCTs (which is explored later within this section). The reprofile of the various indicators was agreed in July 2019.

A further business case for the Entrepreneurship Support and SME Support operations was put forward in December 2019 [footnote 13] for additional funding on 'the basis of strong evidence of impact' as well as a planned extension of programme support through to 30th September 2021 (the extension was actioned in December 2020). The extension reflected the uncertainty at the time of successor arrangements to the EU Structural Funds and that the original contracts may expire prior to future funding arrangements being confirmed. Alongside additional funding, adjustments to targets were made, with a reduction in the target for enterprises assisted in SME Support operations offset by increases in that target for Entrepreneurship Support operations. A reprofile of target indicators was agreed in January 2020, with a further reprofile (alongside the extension) approved in December 2020.

A further reprofile was approved in December 2021 to reflect an additional six-month extension to the delivery period for the Entrepreneurship Support and SME Support operations from October 2022 through to April 2023. The extension led to adjustments to outcome indicators that reflected recent (and forecast) performance). For CCT indicators the final reprofile saw considerable adjustments. Outcome indicators in the final reprofile doubled in scale for the Entrepreneurship Support operations (and represented a reversal of the downward adjustment in SME Support operations). The uplift in outcome indicators reflects, according to the business case for the extension, to several factors. The narrative associated with the business case refers to considerable progress in strengthening the delivery of support that fulfils the requirements of the CCT indicators (including better alignment with the Equality Pledge and the Green Growth Pledge as well as the requirements associated with the Economic Contract (Business Wales) [footnote 14]. Moreover, it reflects on approval from the monitoring and evaluation team in the WEFO that pre-business start and post-business start support hours could be combined to achieve the six

[13] Welsh Government (2019) Business Wales – SME Support West Wales & the Valleys / East Wales – Request for Additional Funding – December 2019 (unpublished).

[14] The Economic Contract is an agreement between the Welsh Government and the businesses that it supports on how they will work together in partnership to create resilient businesses that offer an attractive place in which to work. The Contract is a commitment to providing public investment that prioritises the social and environmental needs of Wales whilst building a more resilient and more prosperous well-being economy. See The Economic Contract for further details.

hours of support to enable the project to claim CCT indicators and the indicator for the increase in employment [footnote 15].

Table 2.3 illustrates the implications of the various reprofiles for the SME Support operations. Adjustments to most target indicators are broadly consistent across both programme areas and illustrate the scale of reduction against the enterprises receiving non-financial support and the CCT outcome indicators. The indicator for the increase in the level of exports, however, shows a marked difference in WWV, where the target indicator has increased by almost 150%, whilst the EW operation has experienced a minor downward adjustment.

In Table 2.4 the reprofiles of the Entrepreneurship Support operations show downward adjustments across all indicators, with the downward adjustments more severe in EW than in WWV.

[15] (Unpublished) Business Case Addendum V3 (to October 2022) and Business Case Addendum V7 (to March 2023).

Table 2.3: Target indicators for SME Support

EU Project	Original (2016) Contractual Target	Final Contractual Target Following Reviews	Adjustment	Proportional Change in Target
SME Support (WWV)				
Employment increase in supported enterprises	6,800	9,982	3,182	46.8%
Increase in level of exports	£130m	£312.6m	£182.6m	140.5%
Enterprises receiving non-financial support	12,000	5,833	-6,167	-51.4%
Enterprises adopting equality and diversity	4,800	1,709	-3,091	-64.4%
Enterprises adopting sustainable development	4,800	1,559	-3,241	-67.5%
SME Support (EW)				
Employment increase in supported enterprises	4,500	6,292	1,792	39.8%
Increase in level of exports	£85m	£84.8m	-£0.2m	-0.2%
Enterprises receiving non-financial support	8,070	3,056	-5,014	-62.1%
Enterprises adopting equality and diversity	3,250	802	-2,448	-75.3%
Enterprises adopting sustainable development	3,250	710	-2,540	-78.2%

Table 2.4: Target indicators for Entrepreneurship Support

EU Project	Original (2016) Contractual Target	Final Contractual Target Following Reviews	Adjustment	Proportional Change in Target
Entrepreneurship Support (WWV)				
Employment increase in supported enterprises	10,250	7,701	-2,549	-24.9%
Enterprises receiving non-financial support	850 [16]	937	-21	-2.2%
New enterprises supported	6,000	3,938	-2,062	-34.4%
Enterprises adopting equality and diversity	1,500	1,060	-440	-29.3%
Enterprises adopting sustainable development	1,500	1,210	-290	-19.3%
Entrepreneurship Support (EW)				
Employment increase in supported enterprises	6,750	3,149	-3,601	-53.3%
Enterprises receiving non-financial support	400 [17]	554	102	22.6%
New enterprises supported	4,000	1,835	-2,165	-54.1%
Enterprises adopting equality and diversity	1,000	581	-419	-41.9%
Enterprises adopting sustainable development	1,000	673	-327	-32.7%

[16] Set in 2020 as part of a reprofile. It is worth noting that in the original offer letter, targets were identified for the indicator ‘Individuals receiving support’. This indicator was subsequently removed from the Priority Axis (and was therefore not a decision specific to the operation) and was replaced by the ‘Enterprises receiving non-financial support’ indicator).

[17] Ibid.

The final table on target indicators (2.5) provides a summary of targets for both Entrepreneurship Support and SME Support operations across both operational programmes.

Table 2.5: Total target indicators across Entrepreneurship Support and SME Support operations

Target Indicator	Original Contractual Target	Contractual Target Following Extension	Adjustment	Proportional Change
Employment increase in supported enterprises	28,300	27,124	-1,176	-4.2%
Increase in level of exports	£215m	£397.4m	+£182.4m	84.8%
Enterprises receiving non-financial support	21,320 [18]	10,380	-10,940	-51.3%
New enterprises supported	10,000	5,773	-4,227	-42.3%
Enterprises adopting equality and diversity	10,550	4,152	-6,398	-60.6%
Enterprises adopting sustainable development	10,550	4,152	-6,398	-60.6%

Initial adjustments to target indicators were reviewed independently of adjustments to funding for the programme. However, when the scale of change in target indicators is compared to the increase in financial spend, it shows lower cost-efficiency and cost-effectiveness (cost per output and cost per outcome) in service delivery in comparison to that envisaged at the business planning stage. This is illustrative of the fact that, on reflection, the outcomes agreed in 2016 were thought to be overambitious and their reduction led to an increased cost per outcome. Furthermore, the inability to record some of the support provision delivered, either as a result of it being captured in the previous programme or due to the lack of required evidence being gathered to reflect the support received, would also have inflated costs per outcome.

[18] This includes indicators for the entrepreneurship support operations that were introduced in 2020 (across both entrepreneurship support operations which equated to an increase in the target by 1,250). Without the inclusion of that entrepreneurship support target for new enterprises supported the original contractual target would read 20,070.

3.5.3. Governance and Delivery Structures

Overall project management of the operations sits within the Welsh Government. The services are then delivered through a mixture of in-house and third party delivery. Each external contract is assigned a dedicated Senior Contract Manager who is responsible for ensuring effective contractual delivery and maintains open lines of communication with the contractors.

The Business Wales Core and Growth Programme is delivered by Growth Partnership Wales (which comprises three organisations: Business in Focus, Antur Teifi, and Serco). The lead contractor is Business in Focus.

The Business Wales Accelerated Growth Programme is delivered by the Excelerator Consortium (which comprises Winning Pitch (which were acquired by Newable in 2021) and Impact Innovation). The lead contractor is Winning Pitch.

The Superfast Broadband Exploitation Programme is contracted to Serco for delivery. Cardiff University has also provided research to inform and assist with the programme.

Amongst the Enterprise Hubs, Wrexham Enterprise Hub was initially commissioned as a pilot exercise as part of the Core and Growth Programme. The Hub is contracted via Growth Partnership Wales and delivered via a subcontract with Town Square.

The four additional Enterprise Hubs have been delivered via individual contracts:

- Lot 1 M-Sparc (delivered by Menter Môn)
- Lot 2 Newtown Enterprise Hub (delivered by Business in Focus)
- Lot 3 Carmarthen Enterprise Hub (delivered by Business in Focus)
- Lot 4 Caerphilly Enterprise Hub (delivered by Welsh Ice)

3.5.4. Stakeholder perspectives

Stakeholders generally felt that the Business Wales programme had successfully engaged capable and experienced providers that have been able to offer substantial value to companies, although there are some concerns surrounding the quality assurance and consistency of the programme delivered (as explored in section 4). Furthermore, consultees regarded the leadership of the Business Wales programme team as being approachable, regardless of grade, creating a positive and supportive environment for both staff and businesses.

3.5.5. Promotional Activities

An extensive marketing campaign has been undertaken to support the promotion of Business Wales as the ‘go-to’ destination for those wanting to start or grow their business in Wales. The operation has been promoted through a host of media outlets including television and the press, social media, on buses, at petrol stations, and within key partner brochures (including the Federation of Small Businesses (FSB) Awards).

On social media the marketing has been reported within quarterly progress reports as proving to be extremely effective in both generating awareness and securing ‘conversions’ (where businesses enquire and then engage in support). The strongest-performing social media channel for securing conversions has been Facebook, with promotion via Google and Bing performing successfully too.

The national promotional activities have been supplemented by promotion, consistent with the BW marketing campaign, at the local level. Promotion via the Enterprise Hubs, Relationship Managers, the Development Bank of Wales (DBW), and partner networks has also been undertaken.

Following the outbreak of COVID-19, the media campaign shifted its orientation, with messaging geared towards being supportive and reassuring (with the core message that ‘we are here for you, for your business and for your future’).

3.5.6. Progress against Target

3.5.6.1. Progress: 1st January 2019 to March 2020

The Business Wales operations performed well between January 2019 and March 2020 (prior to the outbreak of the COVID-19 pandemic) against target indicators, with momentum building as the operations became further established and issues surrounding key target indicators, as outlined earlier within this section, had been addressed. The volume of new enterprises supported per month had, for example, increased by around 35% during the April to June 2019 period in comparison to the same quarter in the previous year.

Over this period the contractor on the Entrepreneurship Support operation had implemented a new real-time enquiry transfer process, reducing waiting times and improving the customer journey. What is more, the programme delivered 60 ‘taking the plunge’ workshops per month on the back of a start-up marketing campaign which reportedly saw an increase in demand for services.

The SME Support operations were overachieving against the target indicators for the value of exports, with other target indicators operating close to the profiled target.

The CCT target indicators were also showing considerable improvement on the challenges faced in the early stages of the operation. Almost a doubling in the volume of participant enterprises adopting equality and diversity or sustainable development strategies was evident when comparing performance in the latter half of 2019 to that at the beginning of 2018. The team reported how linking support work closely with the Welsh Government declaration of a climate emergency and integrating HR and sustainability policies into tendering workshops were having a positive impact on the rate of adoption of CCT policies.

Within the BW AGP, the operation had been reviewing participant businesses, transferring those that would not now reach their forecast milestones to BW L1 to 4 Core & Growth to ensure that the businesses are receiving support reflective of their growth orientation. The recruitment of a Programme Operations Manager for the BW AGP operation was cited in quarterly progress reports as leading to process improvements.

3.5.6.2. COVID-19 outbreak

On 23rd March 2020, in response to the COVID-19 pandemic, the British public were instructed by the Prime Minister to stay at home other than for a limited set of specific purposes. Over the subsequent 15-month period, lockdowns and social distancing requirements were implemented, although the regulations differed in different periods.

Following the initial implementation of restrictions, Business Wales contractors shifted from delivering face-to-face provision to working remotely within 48 hours. Sessions (including workshops) were subsequently delivered ‘virtually’ (online), with staff working on a one-to-one basis with clients via videoconference or telephone.

The nature of support that businesses demanded shifted markedly following the outbreak of COVID-19. Business Wales was described (in quarterly progress reports) as being inundated with calls from businesses for grant support and to manage the cash flow of their business to help them to survive. Provision then pivoted towards ‘economic rescue’, focused on short and sharp interventions with clients.

Progress and performance against KPIs reduced considerably following governmental lockdowns. The demand for one-to-one advice decreased and the desire for short, sharp interventions made the achievement of the 6- and 12-hour thresholds of support associated with achieving target indicators challenging to deliver.

A further issue related to obtaining signatures to verify the support received. Prior to the pandemic, ‘wet’ signatures on paperwork were required; however, the pandemic prompted a shift towards allowing the capture of digital signatures. Whilst this adjustment in approach was widely welcomed, obtaining a digital signature for Business Wales support remained challenging when support was no longer face-to-face, as clients were being prompted remotely for this information (typically via email), which gained less traction than requesting a signature as part of in-person delivery of support. Conversely, however, SFBE reported no challenges of this nature. Indeed, they had been lobbying for electronic signatures for some time. This may be a reflection of the nature and focus of that support (with electronic signatures perhaps being well aligned in supporting provision that targeted the exploitation of online infrastructure).

Despite the challenges encountered as a result of the pandemic, some target indicators continue to perform strongly, with the increase in exports doing particularly well despite the challenges of Brexit (with the export performance sustained throughout the programme, particularly through strong performance amongst BW AGP clients). Conversely, the CCT target indicators were significantly affected by the pandemic as business shifted to survivability.

Amongst BW AGP clients the pandemic prompted a shift in approach, with the risk log used for each client adjusted with the use of gradings associated with Fail/Survive/Thrive. This enabled the service to be proactive in provision and tailored towards the client’s situation following the outbreak of COVID-19. To gauge the situation of BW AGP clients following the outbreak, a business barometer survey was sent out to BW AGP clients in June 2020. Of the 240 responses received, 17% as struggling (with just under half of these seven percent of the total sample) either “mothballed” or having “ceased trading”), just over half (51%) described their business as “surviving — despite the challenges”, and the remainder as “thriving” (18%) or with “no change” (14%).

The downturn in performance for the operations, however, was reportedly relatively short-lived, with initial signs of an upturn in the demand for support towards the end of summer 2020. Subsequent waves of the pandemic and the associated restrictions did affect ongoing progress but to less of an extent than the initial wave. Through to spring 2021, however, the nature of demand remained geared towards short, sharp interventions, which meant that the challenges in delivering the threshold hours of support remained.

In the first quarter of 2021, further improvements in progress against indicators were evidenced, although the employment increase rate in supported enterprises remained 50% down on pre-pandemic performance. The delivery of CCT target indicators has continued to improve and at the beginning of 2021, above-profile delivery for the quarter was achieved.

In the latter half of 2021 the operations were reported to be performing strongly, with considerable improvements in the indicator for the increase in employment as well as continued success with CCT indicators helping to reduce the shortfall to contractual targets. In response to the COVID-19 pandemic, Business Wales reported an increased focus on the individuals who had been impacted the most by COVID-19, such as those of black, Asian and minority ethnic origins as well as disabled people. This is reported to have resulted in a higher level of outreach support to different groups.

The change in performance over time against target indicators is illustrated in Table 2.6 below. The table shows the average number of achievements against a selection of target indicators per month over time. The data are based on an analysis of quarterly claims for each operation where that data is available [footnote 19]. Whilst the table shows a relatively steady rate of engagement in support (particularly for EW), it shows the substantial reduction in the delivery of CCT indicators during the initial COVID-19 wave (spring–autumn 2020). For the CCT indicators the data illustrate a strong recovery in performance against these, with the operations delivering, on average, twice the number of CCT indicators per month in comparison to those achieved pre-pandemic.

Interestingly, the table shows a sharp decline in the employment increase rate in EW, whilst WWV seems, based on the target indicators, to have a limited impact on the rate. Moreover, the table suggests that in EW the operations have struggled to replicate the employment increase rate obtained pre-pandemic.

[19] Performance indicator data for some quarterly claims were missing hence only those periods where performance data have been included within quarterly claims are present within table 2.6

Table 2.6: Performance over time (monthly average): SME Support

SME Support (EW)	Autumn ’19–Spring ’20	Spring ’20–Autumn ’20	Autumn ’20–Summer ’21	Autumn ’21–Winter ’22
No. of enterprises receiving non-financial support	36	32	48	35
Enterprises adopting or improving equality and diversity strategies	10	1	18	20
Enterprises adopting or improving sustainable development strategies	9	3	15	18
Employment increase in supported enterprises	136	40	72	79
SME Support (WWV)				
No. of enterprises receiving non-financial support	57	41	68	61
Enterprises adopting or improving equality and diversity strategies	17	5	27	34
Enterprises adopting or improving sustainable development strategies	21	2	25	31
Employment increase in supported enterprises	110	124	130	133

Source: Analysis of SME Support Quarterly Claims

Table 2.7 below presents the same performance data over time for the Entrepreneurship Support operations, where data were available in the quarterly claims [footnote 20]. The table shows a considerable reduction in the number of new enterprises receiving support that would contribute to CCT indicators (in a similar manner to that of SME Support). Furthermore, whilst there are indications of a reduction in the number of new enterprises receiving support, the data are unclear as to whether this is a pattern linked to the pandemic (as there is not a marked increase in performance against this target indicator in more recent months).

[20] Performance indicator data for some quarterly claims were missing hence only those periods where performance data have been included within quarterly claims are present within table 2.7

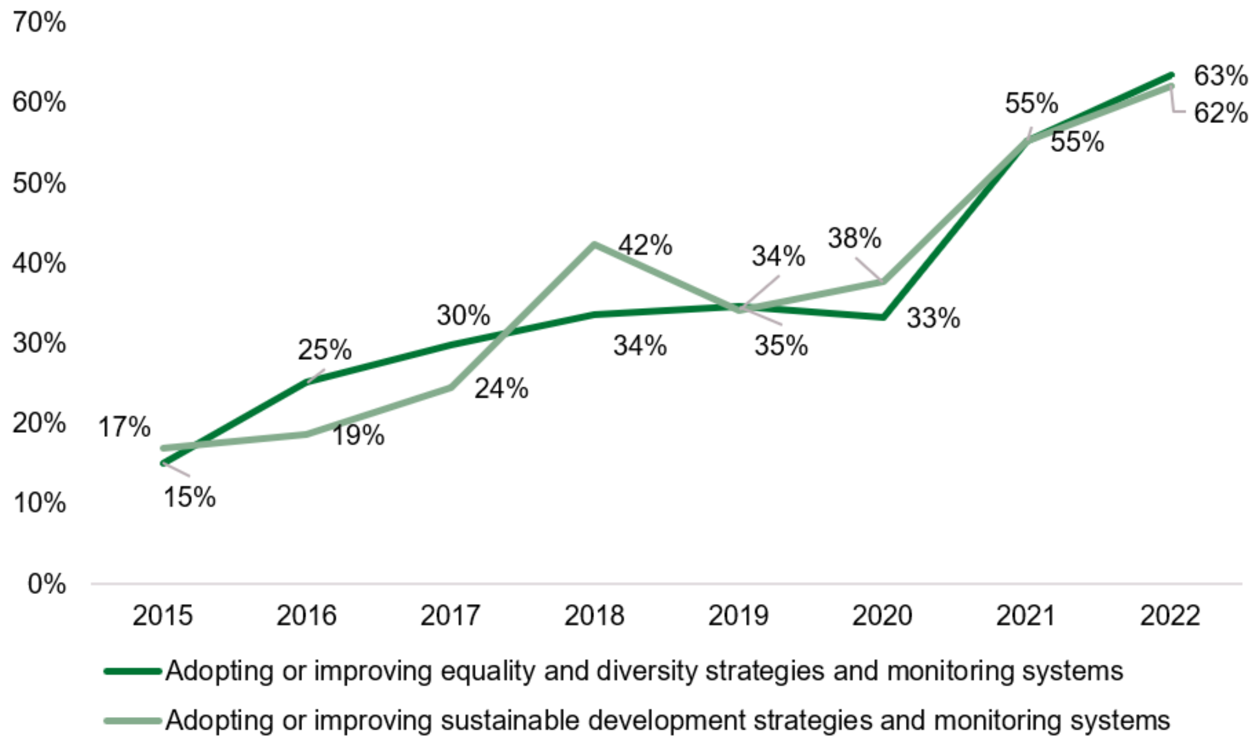
Table 2.7: Performance over time: Entrepreneurship Support

Entrepreneurship Support (WWV)	**Autumn '19–Spring '20**	**Spring '20–Autumn '20**	**Autumn '20–Summer '21**	**Autumn '21–Winter '22**
No. of new enterprises receiving support	125	54	57	65
Enterprises adopting or improving equality and diversity strategies	13	7	27	32
Enterprises adopting or improving sustainable development strategies	22	8	29	33
Employment increase in supported enterprises	127	105	137	106
Entrepreneurship Support (EW)				
No. of new enterprises receiving support		22	25	32
Enterprises adopting or improving equality and diversity strategies		3	18	19
Enterprises adopting or improving sustainable development strategies		5	17	19
Employment increase in supported enterprises		34	52	58

Source: Analysis of Entrepreneurship Support Quarterly Claims

The strong performance in relation to CCTs reflects adjustments in the service model, which led to Business Wales building CCTs more centrally into delivery processes. The performance was also considered to relate to an increased demand for support of this nature, which is explored further in the following section. Figure 2.1 below provides an analysis of BAS data on the proportion of businesses adopting or improving equality and diversity or sustainable development strategies by year of enrolment. The data show steady improvements in the proportions adopting these, with a marginal reduction associated with the COVID-19 pandemic. However, the proportion of participant businesses contributing to CCT indicators increases considerably and at the latest data point, almost two thirds of participant businesses enrolled in 2022 contributed to these indicators, four times the proportion who enrolled in 2015.

Figure 2.1: Proportion of participant enterprises in SME or Entrepreneurship Support fulfilling CCT target indicators by year of engagement



Source: BAS Data (n=11,470)

3.5.6.3. Superfast Broadband Exploitation (SFBE)

For SFBE the programme has secured strong lead generation through a mixture of marketing and collaborative activity. Typically, 90% of activity delivered through SFBE is reported as being scheduled, with the remaining 10% responsive, thereby ensuring that fluctuations in regional and local demands can be accommodated.

The events delivered as part of the operation were, prior to the pandemic, suffering from lower rates of occupancy than expected, leading to additional workshops being held.

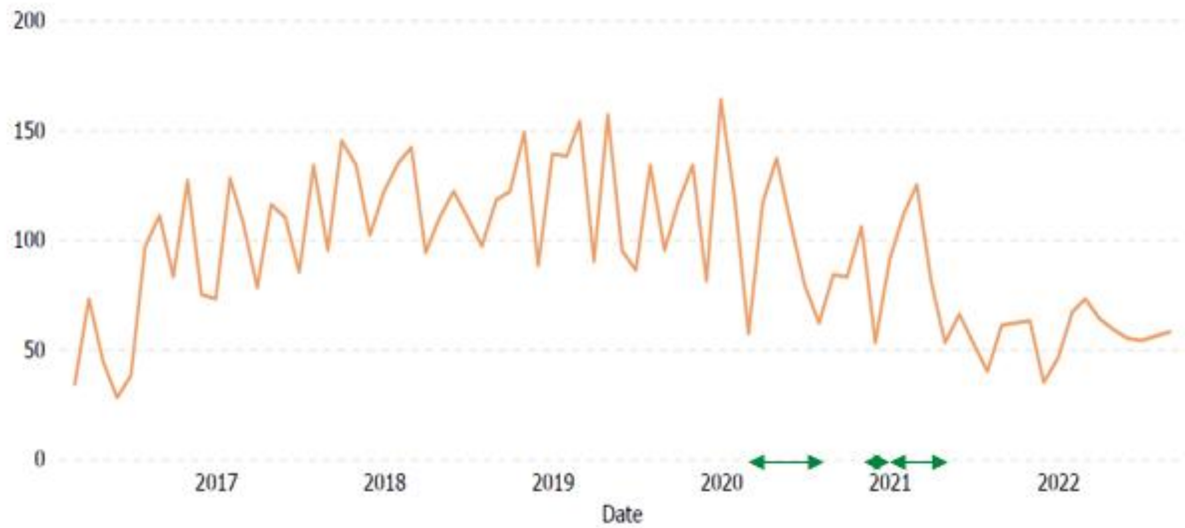
Performance throughout the operation remained relatively steady, with any impact associated with COVID-19 from a target and engagement perspective being short-lived. Progress over time is presented in Figure 2.2 below, which shows the monthly volume of enquiries. Whilst there is evidence of a slight decline in the number of enquiries, the volumes have remained relatively consistent throughout the operation.

Figure 2.2: SFBE enquiries: January 2016 to September 20

Source: SERCO Monitoring Information of SFBE lockdown periods are indicated by the green horizontal arrows above

The events (Figure 2.3) and the number of sessions delivered on a one-to-one basis present a similar pattern over time.

Figure 2.3: Engagement of SFBE events over time



Source: SERCO Monitoring Information of SFBE lockdown periods are indicated by the green horizontal arrows above

Figure 2.4: Provision of one-to-one support sessions of SFBE over time

Source: SERCO Monitoring Information of SFBE lockdown periods are indicated by the green horizontal arrows above

3.5.6.4. New to the firm products

In relation to supporting enterprises to introduce new to the firm products, the programme team have undertaken detailed analysis of data to assess the distribution (by industrial sector) and nature (high, medium or low technology [footnote 21]) of new to the firm products introduced as a result of SFBE support.

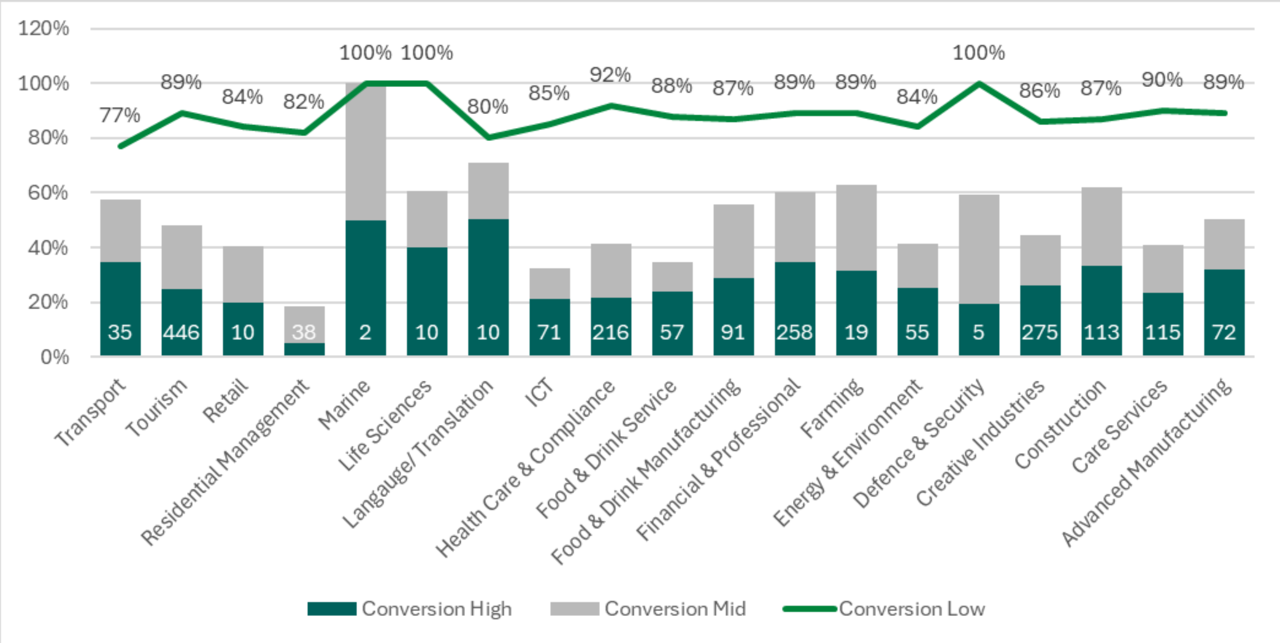
The latest analysis, based on management information in June 2023 identifies that for each business reporting the introduction of new to the firm products, they on average adopted 2.3 new to the firm products. For ERDF target indicators however, each enterprise can only be recorded once for new to the firm products regardless of how many new to the firm products they introduce. This should be taken into account when reflecting on the value for money assessment (where it is undertaken on a cost per outcome basis) for SFBE operations.

A Power BI Dashboard was established to present the additional evidence gathered. Of the new to the firm products introduced, 19% (646/3,378) were considered high technology products, 16% (526/3,378) medium technology products and 65% (2,206/3,378) low technology products. [footnote 22]

[21] High technology products include cloud technologies, customer relationship management, IT Security/Anti-Malware, Specialist Hardware or Software (bespoke) and Unified communications. Medium technology includes online booking solutions, document management/file sharing software, electronic/card payment, server infrastructure. Low technology includes email marketing/management, social media platform/management software, GDPR compliance and video conferencing software.
[22] Superfast Business Wales New to the Firm Technology Adoptions Analysis 27th June 2023 (unpublished)

Figure 2.5 presents the likelihood that a participant business adopts a high medium or low technology product by sector. The chart shows that high and medium technology solutions are particularly likely amongst businesses from the marine and language/translation sectors. Furthermore, in the majority of sectors over 50% of those adopting a technology, adopted a high or medium technology solution.

Figure 2.5: Likelihood a participant business will adopt high, medium and low technology solutions by sector



Source: SFBE Power BI Performance Dashboard

3.5.6.5. Achievements to Date

The final tables in this section present the latest performance data against targets for each operation. The SFBE operations have surpassed the revised targets across both programmes, particularly so in East Wales.

Table 2.8: Performance against target indicators for SFBE up to 31st March 2023

	Target	Achieved	Variance against Target
WWV			
Number of enterprises receiving non-financial support	4,384	4,402	+0.4%
Number of enterprises supported to introduce new-to-the-firm products	1,709	1,965	+15%
EW			
Number of enterprises receiving non-financial support	1,296	2,135	+65%
Number of enterprises supported to introduce new-to-the-firm products	474	557	+18%

Table 2.9 shows that SME Support has met or exceeded all of its key target indicators, with the level of exports surpassed by a considerable margin.

A similar pattern of overperformance against targets is presented in Table 2.10 for Entrepreneurship Support, with the employment increase in supported enterprises surpassing its target by the greatest margin.

Table 2.9: Performance against quarterly monitoring – SME Support to 16th May 2023

EU Project	Target	Achieved	Variance against Target
SME Support (WWV)			
Employment increase in supported enterprises	9,982	11,103.8	+11%
Increase in level of exports	£312.6m	£444.1m	+42%
Enterprises receiving non-financial support	5,833	6,113	+5%
Enterprises adopting equality and diversity	1,709	1,781	+4%
Enterprises adopting sustainable development	1,559	1,673	+7%
SME Support (EW)			
Employment increase in supported enterprises	6,292	6,829.1	+9%
Increase in level of exports	£84.8m	£123.1m	+45%
Enterprises receiving non-financial support	3,056	3,406	+11%
Enterprises adopting equality and diversity	802	935	+17%
Enterprises adopting sustainable development	710	907	+28%

Source: Welsh Government Quarterly Claims

Table 2.10: Performance against quarterly monitoring – Entrepreneurship Support to 15th May 2023

EU Project	Target	Achieved	Variance against Target
Entrepreneurship Support (WWV)			
Employment increase in supported enterprises	7,701	9,073.2	+18%
Enterprises receiving non-financial support	937	1,089	+16%
New enterprises supported	3,938	4,583	+16%
Enterprises adopting equality and diversity	1,060	1,308	+23%
Enterprises adopting sustainable development	1,210	1,459	+21%
Entrepreneurship Support (EW)			
Employment increase in supported enterprises	3,149	4,082.1	+30%
Enterprises receiving non-financial support	554	683	+23%
New enterprises supported	1,835	2,210	+20%
Enterprises adopting equality and diversity	581	710	+22%
Enterprises adopting sustainable development	673	814	+21%

Source: Welsh Government Quarterly Claims

3.5.6.6. Value for Money

Table 2.11 below provides an overview of the cost per delivery against key target indicators for each operation. The table shows how costs per target indicator for SME Support in WWV were more than double those in EW. WWV is designated as part of the ESIF as a less developed region and, as such, secures much greater levels of ERDF investment per capita than does EW. The increased investment is in response to the greater level of barriers to growth that are faced by those based in WWV, and reflects the overarching aim of Structural Funds associated with reducing regional socioeconomic disparities.

Moreover, the table illustrates how the upward revisions in programme costs were broadly proportional to the targets associated with an employment increase in supported enterprises; as a result, the target cost per job created changed little throughout the operation. The target cost per enterprise supported has increased considerably across both operations, however, as a result of the reduction in the target indicator whilst total costs increased.

The end-of-programme achievements (16th May 2023) exhibit strong performance in terms of the cost per job created (employment increase), with the WWV operation gaining a 20 % improvement in cost-effectiveness (~£4,100 per job created in comparison to an expected ~£4,900 per job created) on that set out within the business plan. For the East Wales operation, the cost per job created remained much less than that within the WWV operation and closely aligned with the original target within the business plan. Against the number of enterprises supported, in surpassing the revised profile targets, the operations were more cost-effective against this indicator than the reprofile had suggested. They do, however, remain considerably higher than the original target cost per enterprise supported due to the issues associated with recording against that target indicator.

Table 2.11: Forecast and achieved cost per indicator – SME Support [footnote 23]

Operation	Original Project Cost	Employment Increase in Supported Enterprises	Enterprises Receiving Non-Financial Support	Cost per Employment Increase	Cost per Enterprise Supported
SME Support – Original Contractual Targets					
WWV	£33,328,037	6,800	12,000	£4,901	£2,777
EW	£11,123,245	4,500	8,070	£2,472	£1,378
SME Support – Revised Profile Targets					
WWV	£45,699,803	9,982	5,833	£4,578	£7,835
EW	£17,173,059	6,292	3,056	£2,729	£5,619
SME Support – Achievements to 16th May 2023					
WWV	£45,699,803	11,103.8	6,113	£4,116	£7,476
EW	£17,160,643	6,829.1	3,406	£2,513	£5,038

The subsequent table (2.12) shows that the original contractual targets for the cost per employment increase were very low at only £1,531 per job created in the East Wales operation. It is notable that this cost per job created is lower than that of any business support scheme with a published evaluation delivered across the 2014–2020 ERDF programme in England, illustrating how challenging a target this would have been. The various reprofiles, however, led to a higher cost per employment increase (job created) and a higher cost per enterprise supported and, ultimately, targets were more closely aligned with those associated with the operations delivering SME Support.

[23] Based on an analysis of monitoring information associated with SME Support operations.

Despite the increases in the cost per job created following the various reprofiles, the targets across both SME Support and Entrepreneurship Support for job creation remained very challenging, demanding particularly high levels of cost-effectiveness (indeed higher than the vast majority of ERDF-funded support operations across England). Ultimately, the operations surpassed the reprofiled cost-effectiveness targets, particularly against the employment increase indicator. Again, similar to the SME Support operations, the Entrepreneurship Support operations present good value for money from a cost-effectiveness perspective, particularly in relation to the employment increase indicator.

Table 2.12: Forecast and achieved cost per indicator – Entrepreneurship Support [footnote 24]

Op.	Project Cost	Employment Increase in Supported Enterprises	New Enterprises Supported	Cost per Employment Increase	Cost per New Enterprise Supported
Entrepreneurship Support – Contractual (2016) Targets					
WWV	£30,999,787	10,250	6,000	£3,024	£5,167
EW	£10,333,119	6,750	3,149	£1,531	£3,281
Entrepreneurship Support – Revised Profile Targets					
WWV	£39,374,710	7,701	3,938	£5,113	£9,999
EW	£9,363,009	3,149	1,835	£2,973	£5,102
Entrepreneurship Support – Achievements to 16th May 2023					
WWV	£39,291,497	9,073.2	4,583	£4,331	£8,573
EW	£9,363,009	4,082.1	2,210	£2,294	£4,237

Table 2.13 below considers the cost per target for SFBE. The table shows how across all target indicators, SFBE has been more cost effective than anticipated when compared to the original and revised contractual targets. The table shows how the pattern associated with the cost per indicator based on contractual targets is higher in EW than in WWV, contrary to the other operations. It is unclear as to why this is the case. The table also illustrates that the increased costs and target indicators have had little influence on the cost-effectiveness of the service.

An analysis of achieved indicators shows that against the cost per enterprise supported, the delivery model was more cost-effective in EW than in WWV, which is contrary to that profiled in the business plans but a pattern that is more in alignment with the other Business Wales operations. Conversely, against the cost per introduction of new-to-the-

[24] Based on an analysis of monitoring information associated with Entrepreneurship Support operations.

firm products, whilst, once again, both operations were more cost-effective than profiled, a reverse of the performance by operation is evident (with WWV more cost-effective than EW).

The analysis associated with the cost per introduction of new-to-the-firm products also does not account for the introduction of multiple products per firm. Were the analysis to be based on the cost per new-to-the-firm product introduced (rather than the number of firms where new-to-the-firm products have been introduced) the cost per introduction of a new-to-the-firm product would be £2,124 (EW) and £2,733 (WWV).

Table 2.13: Forecast and achieved cost per indicator – SFBE

Op.	Project Cost	No. of Enterprises Receiving Non-Financial Support	No. of Enterprises Supported to Introduce New-to-the-Firm Products	Cost per Enterprise Supported	Cost per Introduction of New-to-the-Firm Products
Superfast Broadband Exploitation – Contractual Targets					
WWV	£8,575,153	3,823	1,480	£2,243	£5,794
EW	£3,534,847	1,094	400	£3,231	£8,837
Superfast Broadband Exploitation – Revised Profile Targets					
WWV	£10,871,721	4,384	1,709	£2,479	£6,361
EW	£4,077,419	1,296	474	£3,146	£8,602
Superfast Broadband Exploitation – Achievements to 31st May 2023					
WWV	£9,600,000 [25]	4,402	2,135	£2,181	£4,885
EW	£3,500,000 [26]	1,965	557	£1,639	£6,284

[25] Expenditure excludes costs delivered outside of the GPW contract, including research associated with the annual Digital Maturity Survey and economic impact assessment reports, board facilitation, and external evaluations.
[26] Ibid.

3.6. Summary

- Business Wales was established to be the gateway for potential and existing businesses in Wales to easily access a range of public services. It would deliver a range of information, advice and guidance to businesses in Wales under one cohesive brand.
- SFBE was designed with the assumption that broadband availability would, following the successful delivery of Superfast Cymru, be universally available in Wales. The programme would then seek to exploit that newly established infrastructure.
- Adjustments were made to several target indicators for SME Support and Entrepreneurship Support as a result of several challenges encountered in the early stages of delivery, including: the gathering of evidence necessary for certain indicators, integrating CCT provision within support, and a strengthening labour market leading to lower demand associated with necessity-based entrepreneurial activity.
- Programme delivery gained momentum in 2019; however, the COVID-19 pandemic led to a rapid adjustment in the nature of support on offer (away from growth and towards resilience and pastoral support) and in how that support was delivered. Momentum in Business Wales provision associated with the progress in the delivery of target indicators was re-established around six months after the initial lockdown in March 2020.
- SFBE remained largely immune to the effects of the pandemic and maintained a relatively consistent profile of delivery throughout the programme.

4. Engagement of participant businesses and entrepreneurs

4.1. Introduction

This section reflects on the processes associated with raising awareness of and engaging businesses and entrepreneurs with the various operations. It draws on evidence gathered through stakeholder consultations and the ERDF Support for Business survey.

Across Business Wales operations, service providers deployed a variety of promotional and engagement methods to recruit participants with varying success.

Most consultees agreed that the Business Wales (BW) brand is widely recognised and trusted, which gives credibility to the services and serves as one of its key strengths. Marketing and promotional efforts of Business Wales were highly regarded, which contributed to its strong brand awareness and penetration in the business community. The review of Welsh Government-funded Business Wales Enterprise Hubs (where they existed) also identified the important role that the Hubs play in engaging entrepreneurs in local communities that would not have necessarily engaged with mainstream provision. Strategic stakeholders highlighted the availability of a one-stop shop for business support as being of high value to employers, as it provided them with a single point of contact for accessing a wide range of support services. However, strategic consultees were keen to stress the importance of continuing efforts, including leveraging local intelligence and drawing more extensively on community groups, to increase their capacity. This was particularly important when engaging underrepresented groups including participants from harder-to-reach geographies and/or demographics (such as gender, ethnicity, neurodivergence and disabilities).

Across all Business Wales services, there is shared recognition of the critical role played by leveraging diverse networks, targeted advertising, and strategic collaborations in maximising referrals, raising awareness, and effectively engaging with the target businesses. Overall, there were positive indications of alignment, such as the close relationship and collaboration between Business Wales and the Development Bank. The skills provision was reported to be well aligned, offering strong signposting and seamless coordination. Efforts to link entrepreneurship, the Young Person Guarantee, and employability were also highlighted. As mentioned above, continued improvement with respect to clearer signposting and enhanced collaboration with key organisations, particularly those serving diverse communities, was emphasised. In addition, in a post-pandemic world, consultees stressed the importance of face-to-face interactions as well as office visits in maintaining and strengthening these strategic relationships.

4.1.1. L1 to 4 Core & Growth

Business Wales' L1 to 4 Core & Growth Service is promoted through strategic marketing initiatives including self-promotion, television, word of mouth, and referrals contributing to the promotion of Business Wales.

- Internal versus external referrals**:** referrals that came via Growth Partnership Wales' marketing team were considered to be of higher quality and had a higher conversion rate than did those that came via Business Wales' website (web-based form), although this is perhaps expected, as it is more difficult to vet online enquiries. Furthermore, during consultations with the delivery team, it was highlighted that referrals from stakeholders who directly engage and influence businesses, such as solicitors and accountants, had been highly valuable, especially for growth-oriented businesses. The team suggests that improving this aspect, particularly by addressing concerns surrounding competition and expanding awareness, would be beneficial.
- Word of mouth: this is considered to be highly influential, given the strong awareness of the Business Wales brand; however, consultees noted that there remains room for improvement in terms of increasing its visibility and reputation.
- Social media platforms: these have provided a high level of engagement, but the conversion rate of enquiries generated through social media has been low. Although it takes a significant amount of time, the actual conversion of leads from social media has been less successful.
- Radio advertising: this has been effective in reaching rural areas of Wales, particularly among commuters (who tend to listen to the radio). This method has reportedly (from stakeholders) exhibited positive results in terms of raising awareness.

During the programme's implementation, Growth Partnership Wales (GPW) has fostered a close working relationship with the Welsh Government, collaborating on marketing activities while ensuring compliance with regulations. One stakeholder noted that there are limitations as to what can and cannot be done in relation to marketing, indicating strict adherence to guidelines. The relationship between Growth Partnership Wales and the Welsh Government has strengthened over time, leading to more effective promotional efforts. For instance, one advisor mentioned increased communication between Welsh Government representatives and GPW's marketing team, resulting in an improved shared understanding of goals, coordinated marketing strategies, and enhanced information exchange. This exchange of experiences and market intelligence has contributed to informed decision making and improved marketing initiatives.

As the EU funding period approaches its conclusion, one of the notable challenges encountered by GPW has been that of effectively engaging and recruiting businesses while navigating the landscape of other concurrent business support programmes, including those stemming from the Community Renewal Fund (CRF). To address this challenge, Business in Focus has responded by fostering greater collaboration with other service providers. They have also taken steps towards aligning their promotional and marketing narrative with the complementary nature of these services. By emphasising the synergies between different support programmes, GPW has aimed to streamline communication and effectively manage engagement with businesses.

4.1.2. Business Wales Accelerated Growth Programme (BW AGP)

The BW AGP is selective and focused on businesses with specific characteristics. Broad-ranging marketing approaches are considered to be counterproductive, as they may attract businesses that do not meet the growth criteria. Instead, Relationship Managers play a crucial role in recruiting businesses to the BW AGP. Relationship Managers can carefully select suitable businesses with growth potential from their portfolio and network.

The effectiveness of referrals from other departments within the Welsh Government as well as strategic partners, as observed from consultations, yielded mixed opinions. The general consensus is that such referrals have been limited in their impact. However, it was noted by some strategic stakeholders that concerns exist regarding the eligibility criteria for levels of provision and the distinction between Level 4 within BW Core & Growth and the BW AGP. One stakeholder recommended greater clarity and improved awareness and understanding among stakeholders to ensure that businesses are appropriately assigned to the most suitable programme.

One of the challenges in promoting and engaging target businesses has been participants' initial awareness and understanding. One consultee noted confusion among businesses regarding the connection between the BW L1 to 4 Core & Growth Service and the BW AGP.

4.1.3. Superfast Broadband Exploitation

Serco's designated marketing team is responsible for promoting the broadband and digital support strand. The internal marketing team utilises various channels for targeting, including social media, case studies, and cross-referrals with the other Business Wales support services. When promoting, the team have focused more on leveraging the brand and recognition of the Welsh Government and Business Wales.

In addition, the team have collaborated with various stakeholders (local authorities, networking groups, and Visit Wales) to raise awareness and provide targeted online marketing. Local authorities have been supportive in sharing information from the broadband and digital support strand through their social media channels, which helps in reaching a wider audience.

Similar to the L4 Core & Growth Service, marketing constraints have been described as restraining. Clients are encouraged to approach Business Wales first and are then directed to specialist help from SFBE if needed. Whilst Serco had their own web presence and marketing campaign for SFBE, the request for clients to approach Business Wales has reportedly limited Serco's ability to directly engage with the target audience.

While SFBE has been active throughout programme delivery, consultees noted that there remain businesses that have not heard of the support service. Were similar schemes considered for the future, efforts may need to be made to improve awareness and ensure that the programme's benefits reach a wider audience.

4.1.4. COVID-19 outbreak

The COVID-19 pandemic accelerated the transition to online engagement methods. Face-to-face events and company visits were replaced by online events and remote support. Social media marketing and online platforms became key engagement routes during the pandemic. The use of social media was expanded, and digital channels became more prominent in reaching businesses and providing support.

In addition, the pandemic brought changes to priorities and messaging. The pandemic highlighted the importance of digitalisation and broadband rollout, creating interest and opportunities for businesses to adapt and go online.

However, COVID-19 restrictions limited the ability to build new networks and relationships. While established relationships remained strong, the lack of in-person interactions posed challenges in developing connections with new businesses. The digital approach to engagement has remained prominent even after the pandemic.

This shift allowed for continued engagement and reduced the need for physical travel. Remote work was seen to be a positive aspect, leading to increased efficiency, reduced travel and running costs, and the accessibility of online resources. Webinars and online networking groups became more prevalent and allowed for greater flexibility in working patterns.

4.2. Profile of Participant Enterprises

The BAS data show that as of 31st January 2023, there have been 11,470 enrolments of participant businesses and entrepreneurs in the Business Wales Core and Growth Programme (which commenced in 2016) and the BW AGP (which commenced in 2015). Not all participant businesses received sufficient post-start support to qualify as being in receipt of non-financial support, and some participant businesses benefitted from more than one operation (participating in both Entrepreneurship Support and SME Support, for example). The breakdown of participants by nature of provision received is presented in Table 3.1 below.

Table 3.1: Number of participant enterprises and entrepreneurs

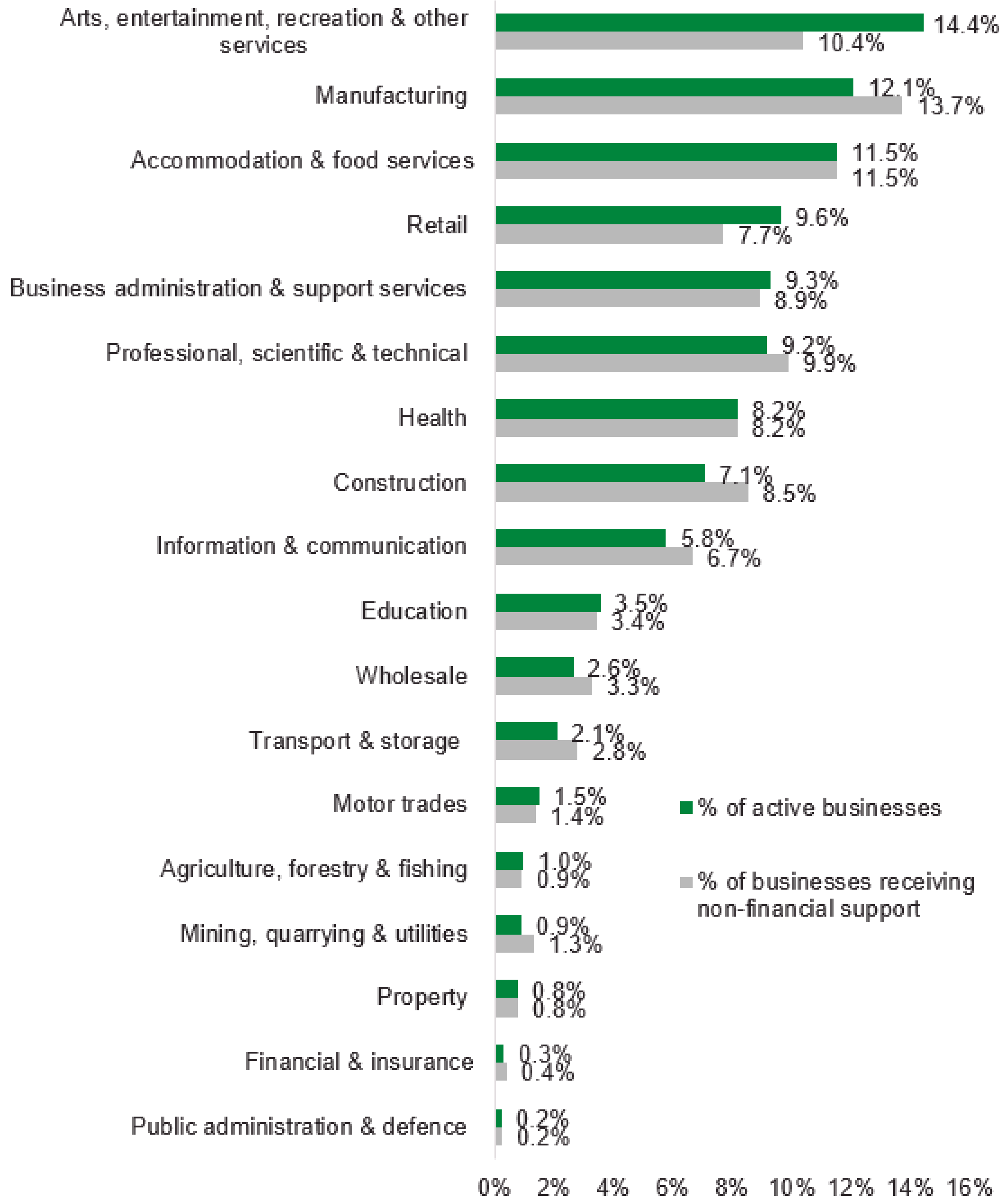
Level	SME Support (EW)		SME Support (WWV)		Entrepreneurship (EW)		Entrepreneurship (WWV)		Total	
	N	%	N	%	N	%	N	%	N	%
AGP	220	13%	367	12%	116	5%	183	4%	886	8%
1–4	1,458	87%	2,665	88%	2,086	95%	4,375	96%	10,584	92%
Total	**1,678**	**100%**	**3,032**	**100%**	**2,202**	**100%**	**4,558**	**100%**	**11,470**	**100%**

Source: BAS Data

BW AGP participants are more likely to be from existing SMEs than are individuals in the midst of starting up a business, with BW AGP clients representing one in eight (12.4%) in receipt of support in the SME Support operations and one in 20 (five percent) in receipt of support in the Entrepreneurship Support operations.

The sectoral profile of participant enterprises is presented in Figure 3.1 below. The data are broken down as a percentage of all those in receipt of support where a four-digit Standard Industrial Classification (SIC) is recorded and for those in receipt of sufficient hours to be recorded as having received non-financial support. The figure shows that the most popular sector for accessing support was the arts, entertainment and recreation sector; however, the highest proportion of participant businesses classed as being in receipt of non-financial support were operating in the manufacturing sector.

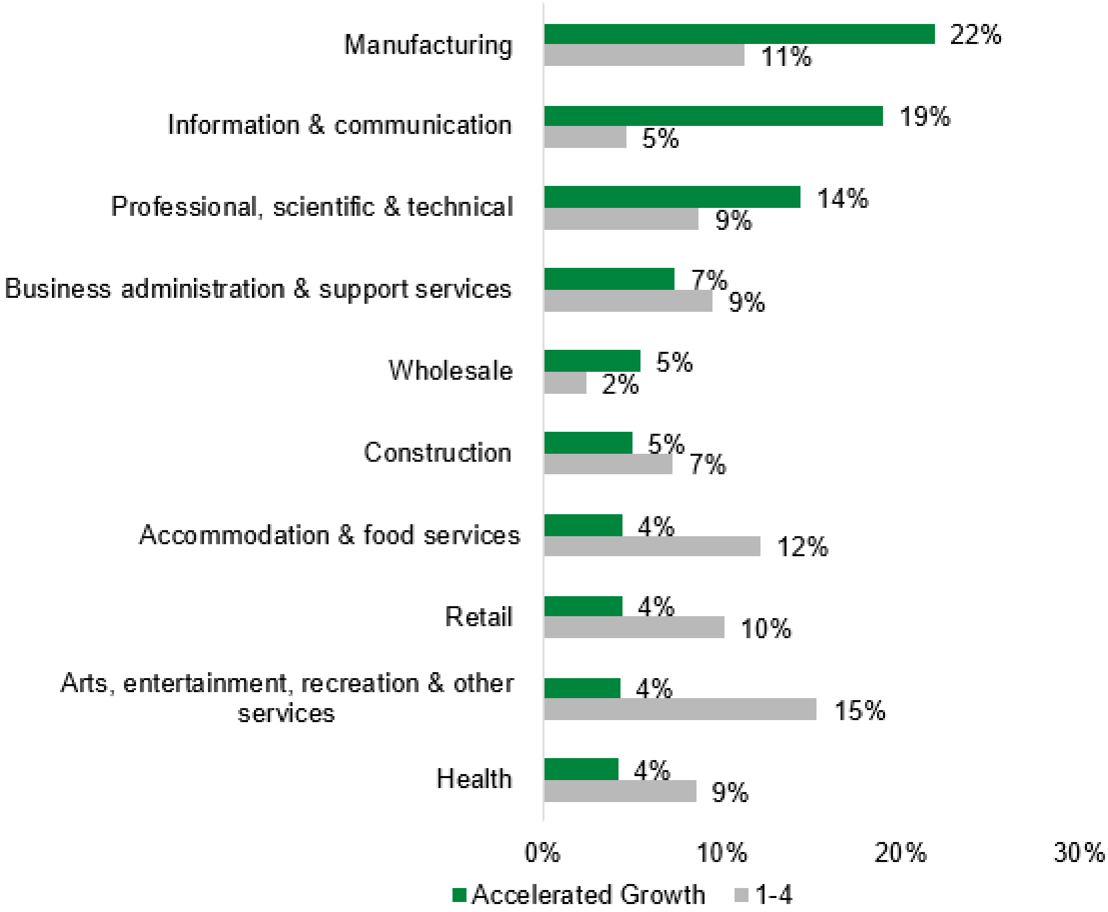
Figure 3.1: Participant enterprises receiving non-financial support by broad industrial sector



Source: BAS Data for April 2016 to January 2023 (n=10,763 Total Businesses and n=5,960 Receiving Non-Financial Support)

The sectoral profile of survey respondents by provision type (BW L1 to 4 Core & Growth or BW AGP L5) is presented in Figure 3.2 below. The chart shows that the BW AGP is popular for businesses operating in the manufacturing and information and communication sectors. When compared to participant business in BW L1 to 4 Core & Growth provision, those in the BW AGP are almost four times as likely to be operating in the information and communication sector and twice as likely to be operating in the manufacturing sector.

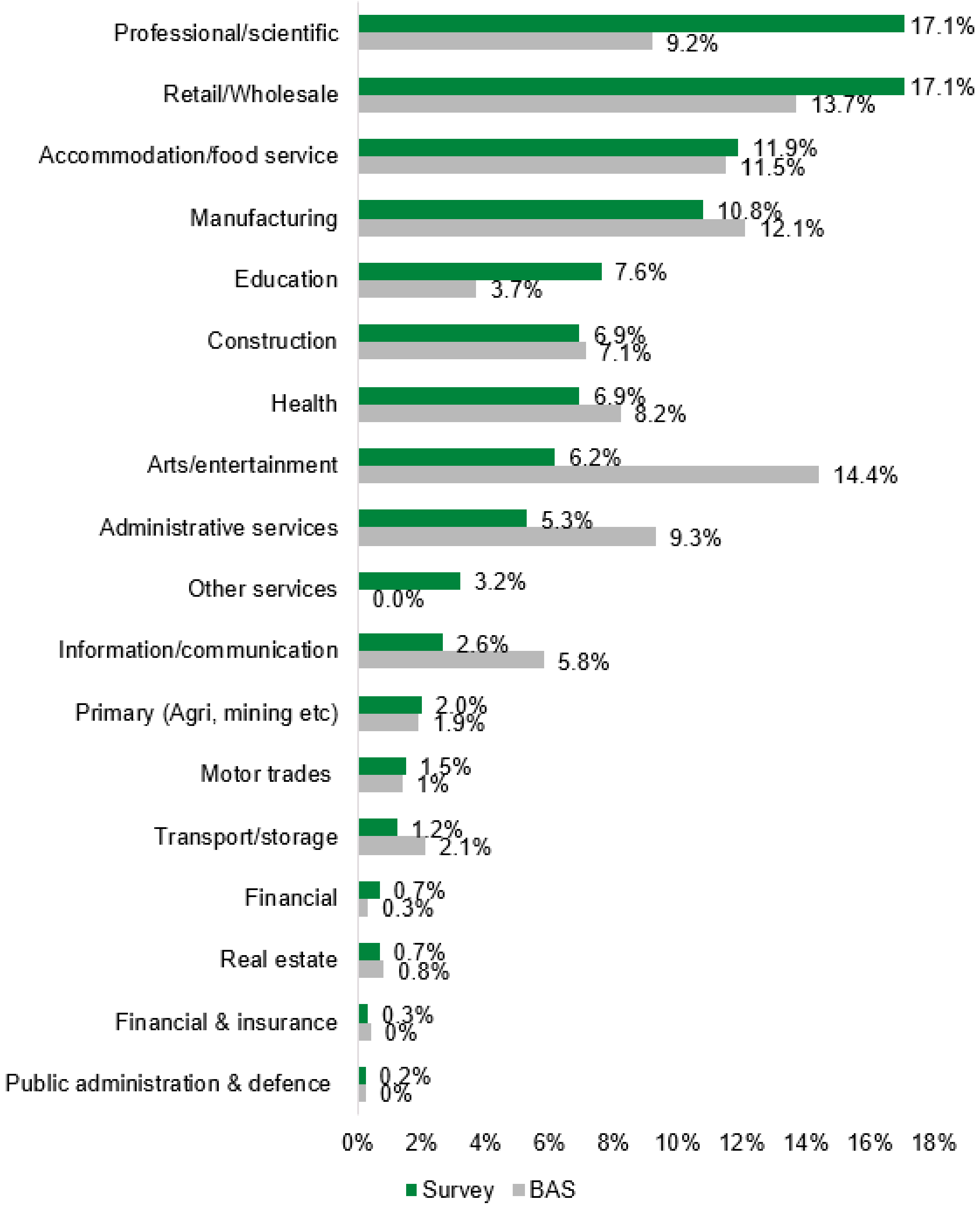
Figure 3.2: Sectoral profile of L1 to 4 Core & Growth and BW AGP



Base: Five percent
Source: BAS Data

The sectoral profile of all BAS data is presented in Figure 3.3 below alongside a comparison of all businesses surveyed from the Business Wales operation. There is considerable variance between some sectors; however, it should be noted that the allocation by sector of survey respondents was undertaken by the research team based on the description given by the respondent as to what their business does. It is understood that sectoral data held in BAS would be informed through conversations between the client and the business advisor as part of the registration process. The sectoral profile of engagement in Business Wales provision may also have changed over time, and the lower-than-expected number of BW AGP participants engaged in the survey as a result of the sample frame is also likely to have some influence on the variation.

Figure 3.3: Sectoral profile of survey respondents against BAS data [footnote 27]



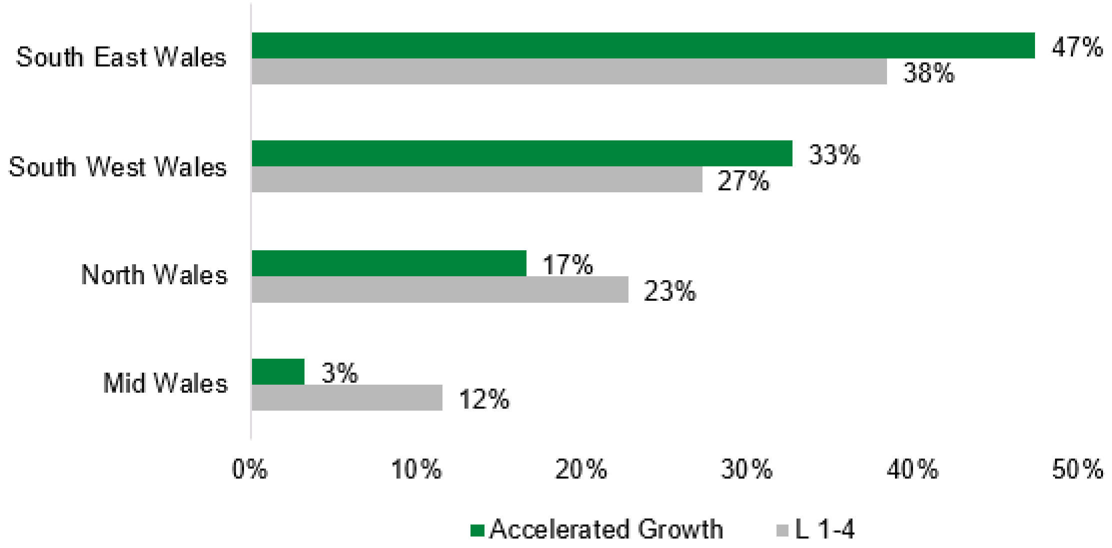
Source: ERDF Support for Business Survey and BAS Data (n=909 (Survey) and n=10,763 (BAS))

[27] The BAS dataset currently excludes SFBE data.

4.2.1. Geographical coverage

The geographical distribution of participant enterprises by type of support received is presented in Figure 3.4 below. It shows that BW AGP clients were more prevalent across the South Wales regions, with only three percent of BW AGP clients based in Mid Wales (although all local authorities in Wales have enterprises that secured a position in the BW AGP).

Figure 3.4: Regional distribution of participant enterprises and entrepreneurs

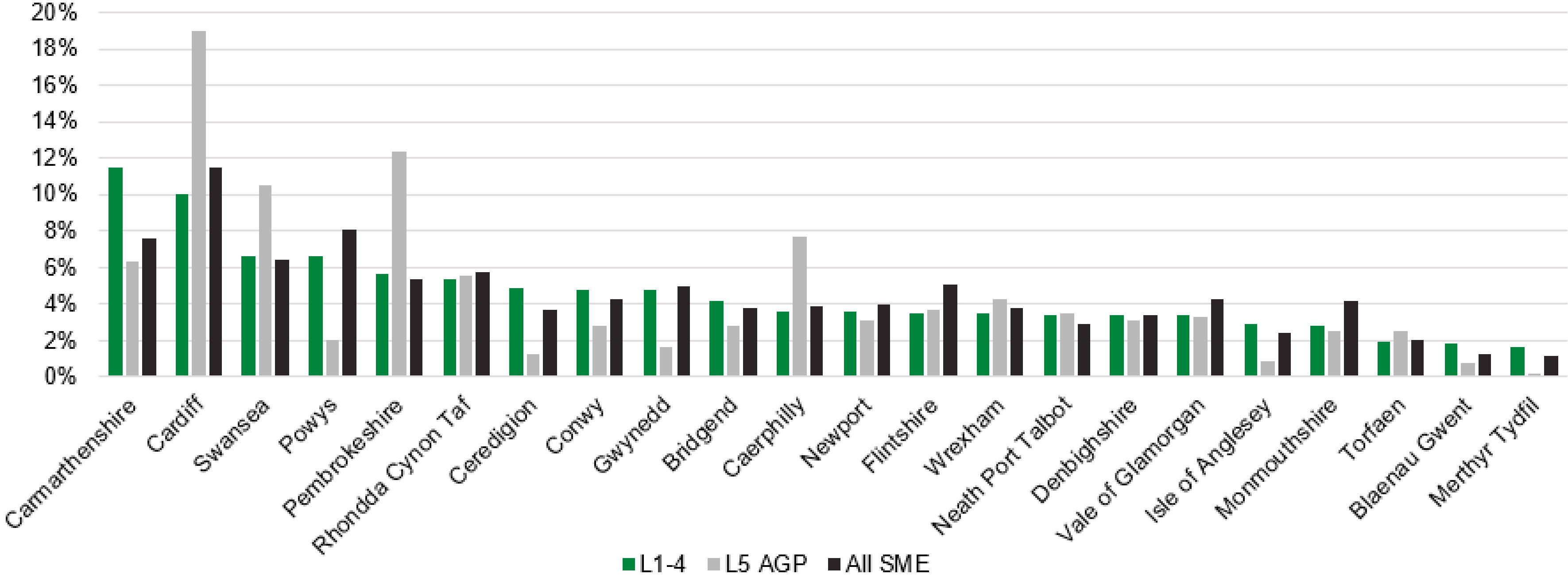


Source: BAS Data (n=886 (Accelerated Growth) and n=10,584 (L1 to 4))

Figure 3.5 below analyses the geographical distribution of businesses at a local authority level, comparing the proportion of BW L1 to 4 Core & Growth businesses, the proportion of BW AGP businesses, and the stock of all SMEs. The chart shows that almost 19% of those in the BW AGP were based in Cardiff in comparison to 10% of those in BW L1 to 4 Core & Growth. Similar patterns of overrepresentation in the BW AGP were found in Pembrokeshire, Caerphilly, and, to a lesser extent, Swansea. Underrepresentation in the BW AGP in comparison to the total SME stock is evident in predominantly rural or geographically peripheral areas including Ceredigion, Powys, Gwynedd, and the Isle of Anglesey.

In several areas, namely Powys, Rhondda Cynon Taf, Flintshire, the Vale of Glamorgan, and Monmouthshire, there is underrepresentation across both strands of support. In some areas, the sectoral profile of businesses may influence the levels of engagement (Powys, for instance, has a relatively high volume of businesses operating in the agricultural sector, which are likely to have access to support through the Rural Development Programme). In other areas the reason for lower levels of business support engagement is less clear.

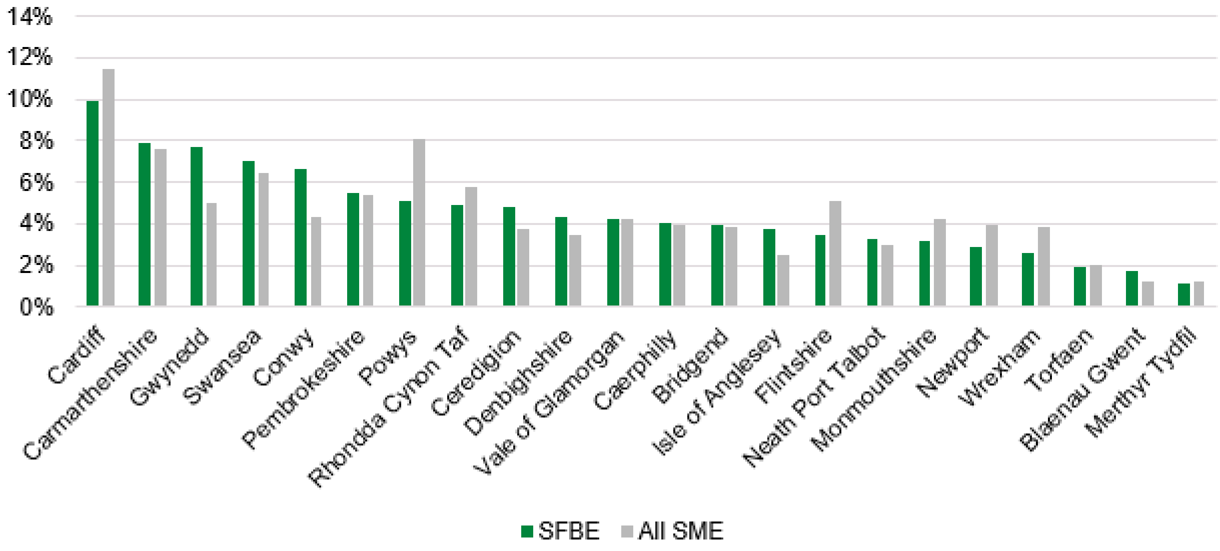
Figure 3.5: Proportion of total businesses supported by local authority compared with total stock of SMEs – BW L1 to 4 and BW AGP



Source: BAS Data (n=886 (BW AGP) and n=10,584 (L1 to 4))

Figure 3.6 analyses SFBE participants by local authority area and compares these to the stock of SMEs. It shows less variation from the business stock, with Powys, Flintshire, and Wrexham somewhat underrepresented in provision, and Gwynedd and Conwy overrepresented.

Figure 3.6: Proportion of total businesses supported by local authority compared with total stock of SMEs – SFBE

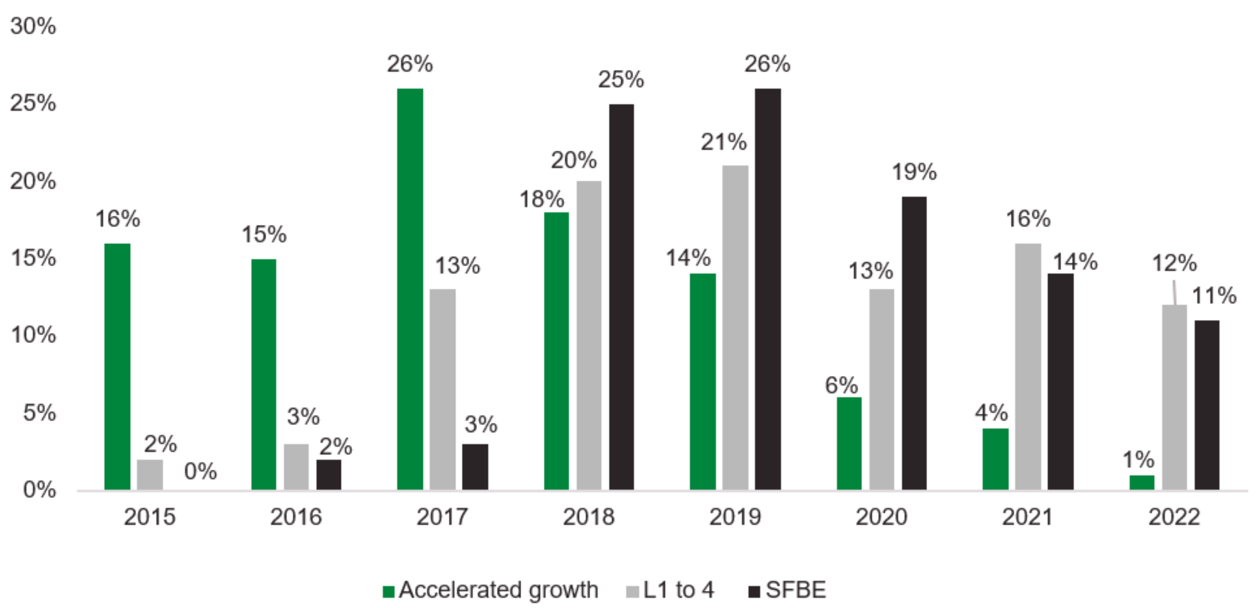


Source: BAS Data (n=4,947 (SFBE))

Amongst participant enterprises, 73 % of those in the BW AGP were microbusinesses (0–9 employees) in comparison to 89 % of those in BW L1 to 4 Core & Growth and 91 % in SFBE.

Figure 3.7 below provides an analysis of the timing of engagement with the BW L1 to 4 Core & Growth, BW AGP, and SFBE provision. It shows that by the end of 2018, three quarters (75 %) of all BW AGP clients had been enrolled in support (and by 2019, 89 % of all BW AGP clients). Conversely, by the end of 2018, 38 % of those enrolled in L1 to 4 Core & Growth had been engaged and 30 % in SFBE. Early enrolment in the BW AGP reflects the fact that the programme commenced in 2015 (whereas L1 to 4 Core & Growth and SFBE commenced in 2016) as well as the emphasis on providing intensive support over a sustained period to SMEs that demonstrated the very strongest prospects for growth. Contract providers were contracted on a payment-by-results basis and, thus, likely sought early engagement to build relationships and support businesses through their growth curve to maximise their ability to capture target indicators.

Figure 3.7: Year first received BW support



Source: BAS Data (n=886 (BW AGP), n=10,557 (L1 to 4), and n=4,844 (SFBE))

4.2.2. Profile of survey respondents

Table 3.2 provides an analysis of the timing of survey respondent engagement with Business Wales provision and shows that over half of those surveyed (54 %, 488/909) engaged with Business Wales following introduction of the first COVID-19 lockdown in March 2020. Amongst those in the SME growth operation there was particular bias towards businesses that enrolled after March 2020, with 61 % having done so.

Table 3.2: Distribution of survey respondents by timing of engagement with Business Wales provision

	March to Oct. 2019	Oct. 2019 to March 2020	March 2020 Onwards	Total
All (percentage)	27%	19%	54%	100%
All	246	175	488	909
Entrepreneurship	73	54	111	238
Superfast Broadband Exploitation	73	67	132	272
SME growth	100	54	245	399

4.3. Characteristics of Individuals Accessing the Business Wales Programme

The Welsh Government have provided an analysis of demographic data for BW AGP and BW L1 to 4 Core & Growth provision. Table 3.3 below presents the demographics of clients in both the BW AGP and L1 to 4 Core & Growth who were willing to provide that information. The table shows almost a gender balance in L1 to 4 Core & Growth provision, whilst males dominate the BW AGP, accounting for over three quarters of participants.

Those of a black, Asian or minority ethnic origin represented 7 to 8% of all participants and represent 5.2% of the total working age population in Wales [footnote 28]. Those of a black, Asian or minority ethnic origin are therefore overrepresented in Business Wales in comparison to the wider population.

Welsh speakers represented 8% of those engaged in the BW AGP and 5% of those engaged in the L1 to 4 Core & Growth Service, which compares to 18% of all adults describing themselves as Welsh speakers [footnote 29]. The lower representation of Welsh speakers accessing the L1 to 4 Core & Growth Service and BW AGP support is likely to be influenced by the geographical distribution of those accessing these services (with those in geographical areas in which the Welsh language is less prevalent most commonly accessing the service offer), as outlined in Figure 3.4 above.

The table also illustrates low representation of individuals aged 16 to 24. This reflects the fact that bespoke provision for this age group was offered through the Youth Entrepreneurship Service and Big Ideas Wales.

Table 3.3: Profile of client registrations by operation

Client Registrations from 2015 to March 2023	BW AGP		L1 to 4 Core & Growth	
	N	**%**	**n**	**%**
Male	1,875	77%	25,146	53%
Female	544	23%	21,882	45%
Black, Asian and minority ethnic	205	8%	3,060	6%
Disabled	50	2%	2,371	5%
Young people (16–24)	116	5%	1,025	2%
Welsh-speaking	197	8%	2,541	5%

Source: Welsh Government Analysis

[28] Annual Population Survey of 16–64-year-olds (September 2022).
[29] Census (2021).

Of the enterprises supported that have received over six hours of post-start support, the ownership make-up of those enterprises is set out in Table 3.4 below. The table shows a similar pattern regarding gender for the BW AGP in terms of business ownership, whilst amongst L1 to 4, females constitute the majority of ownership of new start-up businesses in receipt of support from Business Wales.

Table 3.4: Demography of business owners in receipt of over six hours of support from BW L1 to 4 Core & Growth and BW AGP

Ownership	BW AGP Enterprises Supported		BW AGP New Business Starts		L1 to 4 Enterprises Supported		L1 to 4 New Business Starts	
	N	**%**	**N**	**%**	**N**	**%**	**N**	**%**
Male	1,299	78%	576	77%	7,340	56%	2,637	48%
Female	368	22%	176	23%	5,724	44%	2,860	52%
Black, Asian or minority ethnic	149	9%	56	7%	524	4%	349	6%
Disabled	37	2%	13	2%	402	3%	141	3%
Welsh-speaking	143	9%	71	9%	762	6%	615	11%

Source: Welsh Government

A total of 859 participants (all in receipt of support through the BW L1 to 4 Core & Growth Service) requested the support through the medium of Welsh. According to monitoring information, no participant in the BW AGP requested the support to be delivered in Welsh. When analysed against the numbers of participants identifying as Welsh speakers in Table 3.4 above, this suggests that 62% (859/1,377) of Welsh speakers chose to receive the support in the Welsh language.

4.4. Awareness of and Motivation for Engaging with the Support

Table 3.5 provides a sense of the journeys towards the support for participant businesses. It shows that almost one third of those in Entrepreneurship Support (28%) were recommended the service; however, the most popular route to engagement across the provision, particularly so for SME growth, was via an online search.

Table 3.5: How did you originally find out about the support?

	Entrepreneurship Support	SFBE	SME Support	Total
Referral from a business support organisation	23%	27%	16%	**21%**
Online search	27%	24%	29%	**27%**
Previous contact with the delivery organisation	13%	11%	16%	**14%**
Don't recall	3%	9%	6%	**6%**
Recommendation (from another business, family, friend, etc.)	28%	15%	20%	**21%**
Saw programme marketing	4%	14%	10%	**10%**
Other (please specify)	1%	0%	3%	**2%**
Responses	238	272	399	**909**

Source: ERDF Support for Business Survey

Just under two thirds (64%) of survey respondents were aware that the advice or support that they received had been funded through the ERDF, which increased to 69% amongst those in receipt of support through SFBE (see Table 3.6 below). Furthermore, 14% of all respondents had recently received support through the European Social Fund, increasing to 24% of respondents supported through SFBE in EW.

Table 3.6: Awareness that the advice or support was funded through the ERDF

	Entrepreneurship Support	SFBE	SME Support	Total
Yes	61%	69%	63%	**64%**
No	34%	25%	30%	**30%**
Don't know	5%	6%	7%	**6%**
Total	100%	100%	100%	**100%**

When asked why they became involved in the support, responses are largely reflective of the nature of support that respondent businesses were seeking to access. Amongst those in receipt of Entrepreneurship Support, 81% engaged with the support to start a business, whilst 70% of those in SFBE and 61% of those in SME Support were seeking to grow their businesses.

Table 3.7: Which of the following best describes your reasons for becoming involved in the support? (multiple choice)

	Entrepreneurship	SFBE	SME Growth	Total
Growing the business	42%	70%	61%	**59%**
Starting a business	81%	24%	29%	**41%**
Maintaining the levels of business turnover, profitability	19%	35%	34%	**31%**
Introducing new products, processes or services	25%	29%	29%	**28%**
Developing new collaborative partnerships	15%	13%	21%	**17%**
Diversifying into new UK and/or international markets	11%	12%	15%	**13%**
Research and development support from higher education institution	7%	4%	9%	**7%**
Increasing levels of export sales	7%	3%	8%	**6%**
General support	5%	5%	7%	**6%**
Accessing Finance	2%	1%	6%	**4%**
Digital support	0%	8%	1%	**3%**
Marketing	0%	9%	1%	**3%**
N	**238**	**272**	**399**	**909**

Source: ERDF Support for Business Survey

Delivery team and stakeholder consultations highlighted the importance of adapting and remaining flexible to the changing needs of businesses. When asked how business support needs have changed over time:

- BW L1 to 4 Core & Growth Service: one consultee highlighted that the support needs of pre-start businesses remain the same (regardless of the economic climate). For post-start businesses, however, the services have responded to external factors such as economic recession, the pandemic, and the cost-of-living crisis — including assistance with insolvency advice, identifying operational efficiencies, recruitment, accessing finance, and growth strategies. Brexit complications have seen requests for import and export support, whereas the pandemic and global trends have seen the demand for digital support increase
- BW AGP: there is no one specific challenge but rather a diverse range of issues. Instead, businesses often approach the BW AGP with specific needs (rather than seeking general support for business growth). The programme provides initial assistance tailored towards these specific needs, and as businesses progress they can receive more comprehensive support related to management, investment and marketing. This recognises that growth businesses face common challenges, albeit in a non-linear fashion

- SFBE: the initial focus on digital marketing and social media has expanded to include other areas such as e-commerce, cloud-based systems, search engine optimisation (SEO) support, and cybersecurity. This suggests that businesses are seeking assistance in more diverse aspects of digital operations

Survey respondents were asked whether they would have sought other support provision in the absence of the support. Just over half of all respondents (53%) felt that it was likely or very likely that they would have accessed other support, whilst around 40% of respondents (and 48% of respondents in receipt of support from SFBE) felt that it was unlikely that they would have sought support elsewhere were Business Wales provision unavailable to them.

Table 3.8: In the absence of the programme, how likely would you have been to seek out support from other sources?

	Entrepreneurship	SFBE	SME Growth	Total
Very likely	27%	24%	32%	**28%**
Likely	27%	21%	27%	**25%**
Unlikely	22%	31%	22%	**24%**
Very unlikely	19%	17%	13%	**16%**
Don’t know	5%	7%	6%	**6%**
Total	100%	100%	100%	**100%**

Source: ERDF Support for Business Survey. Please note that these percentages have been rounded to the nearest whole number and therefore may not appear to total 100%

When asked what attracted to them to the Business Wales support (rather than support from another source), the accessibility of that support and the fact that it was free (particularly so for those in receipt of SFBE support) were key factors influencing their engagement (see Table 3.9 below).

Table 3.9: Why did you access the support through the project, rather than from another source? (multiple choice)

	Entrepreneurship	SFBE	SME Growth	Total
More accessible support and advice	54%	51%	56%	**54%**
Free or cheaper than other available support	48%	59%	48%	**51%**
More suited to the business' needs	36%	36%	35%	**35%**
Better quality	27%	18%	21%	**22%**
We were approached by the programme	10%	16%	12%	**13%**
Only one known about	11%	4%	6%	**6%**
Recommendation	5%	4%	5%	**5%**
It was trusted, previously known, associated with the Welsh Government	5%	3%	6%	**5%**
Other	6%	4%	4%	**5%**
Don't know	2%	4%	4%	**3%**
N	238	272	399	**909**

Source: ERDF Support for Business Survey, please note respondents were able to select more than one response therefore the results in the table add up to over 100%

4.5. Summary

- The Business Wales brand is widely recognised and trusted and is increasingly gaining traction in local communities and amongst underrepresented groups.
- The coordination of promotional activity between the WG and the contractor ensured that gateway and diagnostic services were aligned.
- Navigating the landscape of concurrent business support programmes such as the CRF whilst continuing to effectively engage and recruit businesses has been one of the notable challenges.
- The BW AGP relies on Relationship Managers to carefully select suitable businesses with growth potential from their portfolio and network. A dedicated marketing team at Serco led the SFBE promotional activity and focused on leveraging the recognition and trust associated with the Business Wales brand.
- Those in the BW AGP are twice as likely to be operating in the manufacturing sector and almost four times as likely to be operating in the information and communication sector as those in L1 to 4 Core & Growth.
- Businesses from Cardiff, Pembrokeshire, and Caerphilly were overrepresented in the BW AGP, whilst rural or geographically peripheral locations tended to be underrepresented. The sample frame for the business survey targeted those who had enrolled since March 2019 to aid the recall of services provided. This led to the underrepresentation of BW AGP clients in the business survey.
- By the end of 2018, 75% of BW AGP clients were enrolled in the programme, compared to 38% of L1 to 4 Core & Growth clients and 30% of SFBE clients.
- Just under two thirds of survey respondents were aware that the support was funded through the ERDF, which increased to 69% amongst those in receipt of support through SFBE.
- Around 40% of survey respondents felt that it was unlikely that they would have sought support elsewhere were Business Wales provision unavailable to them.

5. Service delivery

5.1. Introduction

This section explores the nature of support received and the satisfaction with that support, drawing on evidence gathered through the survey undertaken for the ERDF Support for Business contract. Moreover, it reflects on feedback from strategic stakeholders and those involved in the management and delivery of support services.

Overall, Welsh Government stakeholders involved in the design, implementation and strategic oversight of Business Wales believe that the Business Wales programme has delivered significant value to businesses, offering high-quality delivery and interactions. It has generally been viewed as having successfully engaged capable providers that have been able to offer substantial value to companies. Although a few consultees noted concerns surrounding the quality assurance and consistency of the programme delivered by independent contractors, the programme was commended by consultees for its effective collaboration, engagement and coordination at different planning levels. This included the strategic interface with UK services, national offerings in Wales, and regional and local provision.

It has been perceived to be demonstrating responsiveness and a good understanding of business behaviour and patterns, with effective mobilisation and quick adjustments so as to meet needs (including those arising from external shocks such as Brexit, COVID-19, and the cost-of-living crisis).

Consultees highlighted and praised the programme's rapid response to the pandemic, particularly its transition to online provision to continue delivery when need was at its highest, helping businesses to pivot and adapt in order to respond to a changing market. Prior to the pandemic, face-to-face support was prominent; however, the pandemic led to a rapid shift to remote work and online support, including webinars and virtual meetings, which enabled greater flexibility and improved efficiency. Initially there were challenges faced in adopting new technologies like Zoom and establishing secure online systems. Furthermore, as businesses' needs evolved, so did provision (including the introduction of mental health support initiatives such as well-being officers, and access to support apps).

The programme is viewed by stakeholders as showing regional flexibility in delivering a national programme, recognising the need to complement offerings across all 22 local authorities in Wales. Stakeholders spoke of how, over time, relationships between Business Wales advisors and local officers have strengthened, facilitating better collaboration.

However, there were differing opinions on the availability of support across Wales. Many do not perceive marked differences, while others mentioned a greater presence of support in EW, particularly in relation to the BW AGP (in comparison to a more balanced distribution of L1 to 4 Core & Growth support). Stakeholders caution that future challenges may arise with the emergence of other funds, such as the UK Shared Prosperity Fund (UKSPF), which could impact on coordinating, complementing and covering consistent provision across Wales.

5.1.1. L1 to 4 Core & Growth Programme

For the L1 to 4 Core & Growth clients, one-to-many webinars were supplemented by subsequent support that catered to individual business needs. Initial support sought to provide in-depth grounding and business plan development to help businesses to start up or to help existing businesses with certain topic areas. Those with specific and/or additional needs were assisted by mentors. The duration of support varied, with some clients receiving extensive hours and personalised assistance.

Consultees highlighted that support to growth (L3 and 4) companies was more tailored, which followed an in-depth diagnostic session. The type of support tended to assist participants with acquisitions, planning, development and restructuring over a more prolonged period. Where specialist and/or additional support was required, business advisors worked with specialists and referred clients to external resources and support.

One of the key challenges during the programme has been that of transitioning the service from being seen as a gateway to funding, as well as discouraging a grant-focused mindset, which has been exacerbated by the pandemic. To tackle this, advisors and Relationship Managers have increased efforts to find alternative opportunities for businesses outside of grants.

5.1.2. BW AGP

The BW AGP's delivery approach was neither rigid nor prescriptive, but instead focused on modularity and customisation. The services were designed to cater to a diverse range of businesses, from small one-person start-ups to larger companies, with Relationship Managers serving as a constant in their journey. The BW AGP aimed to provide a base of general advisory services with peer-to-peer coaching and specialist technical support. In addition, the programme also connected participants to other appropriate support mechanisms including SMART Innovation and Skills Growth Wales as well as specialist programmes like Diversity Accelerator start-ups and a Green Business pilot focused on reducing carbon emissions.

5.1.3. Superfast Broadband Exploitation

The broadband and digital support service strand focused on providing targeted assistance in areas such as social media, digital marketing, and online technologies. The service has transitioned from in-person events to online delivery, offering one-to-one appointments with digital advisors, webinars largely delivered by external facilitators, and tailored action plans. The content of support is continually updated so as to meet changing needs, and online courses are adapted accordingly. While online delivery offers benefits in terms of accessibility and engagement and has led to increased engagement, some aspects of in-person interaction are missed (including personal networking and rapport building).

5.2. Types of Support Provided

Table 4.1 below provides an overview of the nature of support that surveyed businesses reported receiving through Business Wales by operation. It shows that support for business growth was consistently popular; unsurprisingly, however, digital marketing was most popular amongst SFBE clients, and starting a business was most popular amongst entrepreneurship` clients.

Table 4.1: Which of the following types of advice or support did your business receive through the programme? (multiple choice)

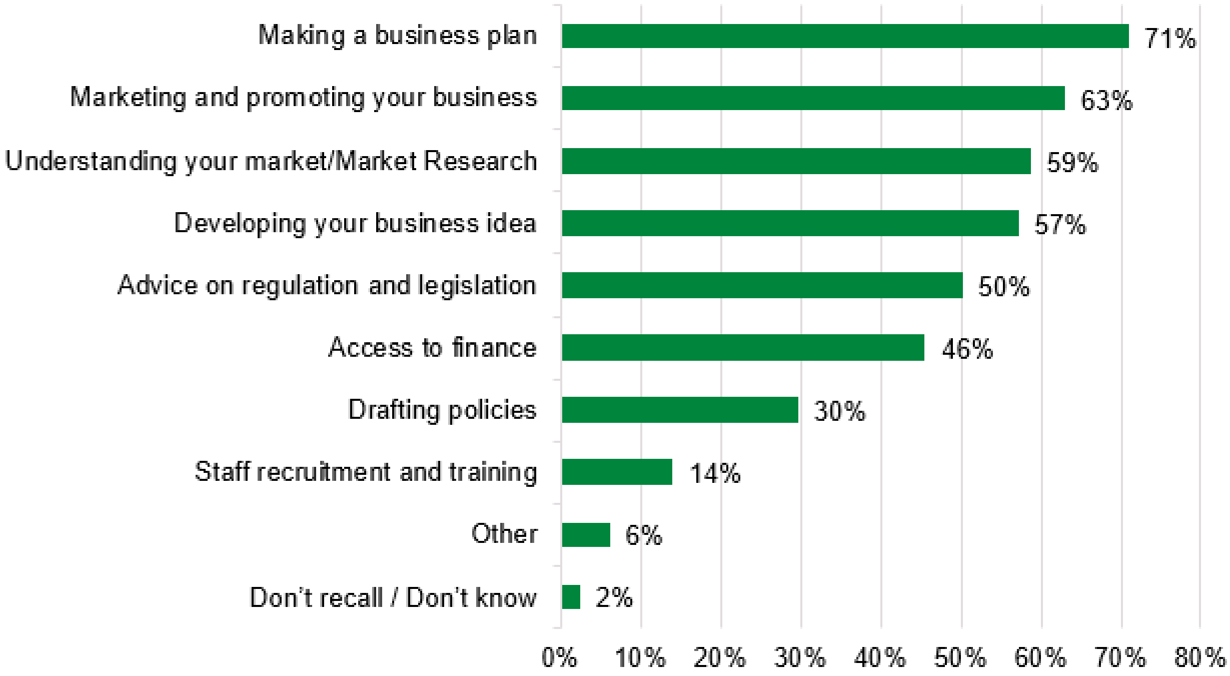
	Entrepreneurship Support	SFBE	SME Support	Total
Advice or support on running and growing a business	67%	58%	58%	60%
Support with digital marketing and e-commerce	51%	84%	35%	54%
Accessing finance	52%	14%	43%	37%
Advice or support on starting a business	76%	18%	24%	36%
ICT advice or support	24%	48%	15%	27%
Developing a collaboration, partnership, or networking support	34%	18%	23%	24%
Innovation advice or support	28%	24%	20%	23%
Drafting company-wide strategies and/or processes (including environmental and equality and diversity strategies)	29%	14%	24%	22%
Support for business premises or office space, including laboratory space	16%	3%	10%	10%
Export advice or support	8%	4%	6%	6%
Other (please specify)	4%	4%	5%	5%
None of these	2%	3%	6%	4%
Don't recall/Don't know	2%	2%	4%	3%
N	238	272	399	909

Source: ERDF Support for Business Survey, please note that respondents were able to select more than one response therefore column percentages add up to over 100%

5.2.1. Start-up support

Those who described receiving start-up support were asked a further question to explore the nature of the start-up support that they received. Figure 4.1 below shows that this most commonly related to making a business plan, but also typically included marketing and promotion, undertaking market research, and the development of their business idea.

Figure 4.1: Start-up support accessed through the programme



Source: ERDF Support for Business Survey (n=327)

Those respondents who reported receiving advice on running and growing a business were asked a supplementary question regarding the topic areas to which the advice related. Figure 4.2 below summarises the distribution of responses in relation to that advice, with marketing and promotion as well as business planning once again the most popular topic areas for support.

Just under one fifth of respondents (19 %) received support on HR, whilst 10 % received energy and resource efficiency support — both topic areas are likely to contribute towards the CCT target indicators.

Figure 4.2: Nature of advice on running and growing a business

Source: ERDF Support for Business Survey

5.3. Support Duration

Analysis of hours of support received provides a clearer sense of the relative intensity of support offered through the L5 BW AGP in comparison to those in receipt of L1 to 4 Core & Growth support. The average (median) level of post-start support offered to participants in the BW AGP is recorded in BAS data as 89 hours of support, which compares to six hours of support through L1 to 4 Core & Growth. The mean averages of post-start support were 137 hours and 11 hours respectively.

Consultations with the delivery team noted that the original intention and design of the BW AGP was for businesses to exit the programme after three years. In reality, the number of support hours provided varied significantly among businesses. Some businesses, particularly those that joined at the start, received support in cycles, alternating between periods of intensive support during particularly high rates of growth as well as lighter-touch support whilst that cycle of growth for a business is consolidated. One consultee mentioned that as long as a participant continued to demonstrate growth they remained in the programme. Equally, a separate consultee noted that it had been difficult to shift businesses from the programme because ongoing events and workshops were continually being advertised to all of those in their customer relationship management (CRM) system. Meanwhile, other participants left the programme when they no longer required help, had been acquired by larger companies or no longer met the growth criteria of the BW AGP and were moved to the L1 to 4 Core & Growth Service.

For L1 to 4 Core & Growth, delivery team consultees mentioned their motivation to meet their KPIs, providing six hours of support. This was felt to be sufficient to provide in-depth grounding of base topics and develop a business plan. Additional assistance from business advisors would then vary significantly, with one consultee noting that this could range from one to 25 hours of support over the course of their journey, with some returning at a later point in time.

5.4. Perceptions of Support Received

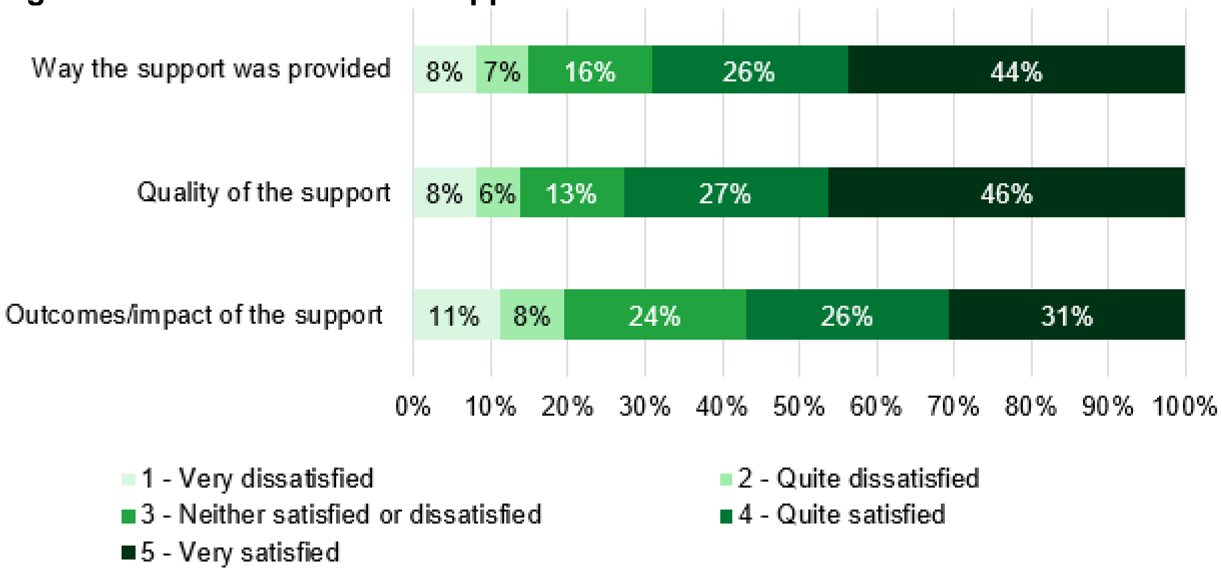
A customer satisfaction survey was conducted on behalf of the Welsh Government by Opinion Research Services (ORS) on a six-monthly basis, which interviewed recipients that have accessed the Business Wales service in the prior six-month period. From the mid-term evaluation through to June 2021 there was a steady increase in rates of satisfaction, from 84% in early 2019 through to 92% from January–June 2021. Since then, the high rates of satisfaction have fallen back to 84%. The boost in rates of satisfaction coincided with restrictions associated with the pandemic, which suggests that adaptations undertaken in response to the COVID-19 pandemic were well received by participating businesses.

It is recognised that the results of the Welsh Government Business Wales customer satisfaction survey contrast with those of the ERDF Support for Business survey (which are explored below). However, it is apparent that the question set and the intent of the surveys differ somewhat. The WG survey in particular focuses on the service and intervention that the client received from Business Wales (as opposed to evaluating the structure of the support).

Those who responded to the ERDF Support for Business survey were asked for their perceptions of the support. Amongst all survey respondents, 70% (629/909) were either very satisfied or satisfied with the way in which the support had been provided (see Figure 4.3 below), which increased to 78% (61/78) amongst participants of SFBE in EW.

Conversely, 15% were either dissatisfied or very dissatisfied with the way in which the support was provided, which increased to almost one in five (19%, 76/399) amongst those in receipt of SME Support. Furthermore, in EW, 14% (24/167) of respondents described themselves as very dissatisfied in comparison to 10% in WWV.

Figure 4.3: Satisfaction with support



Source: ERDF Support for Business Survey (n=909)

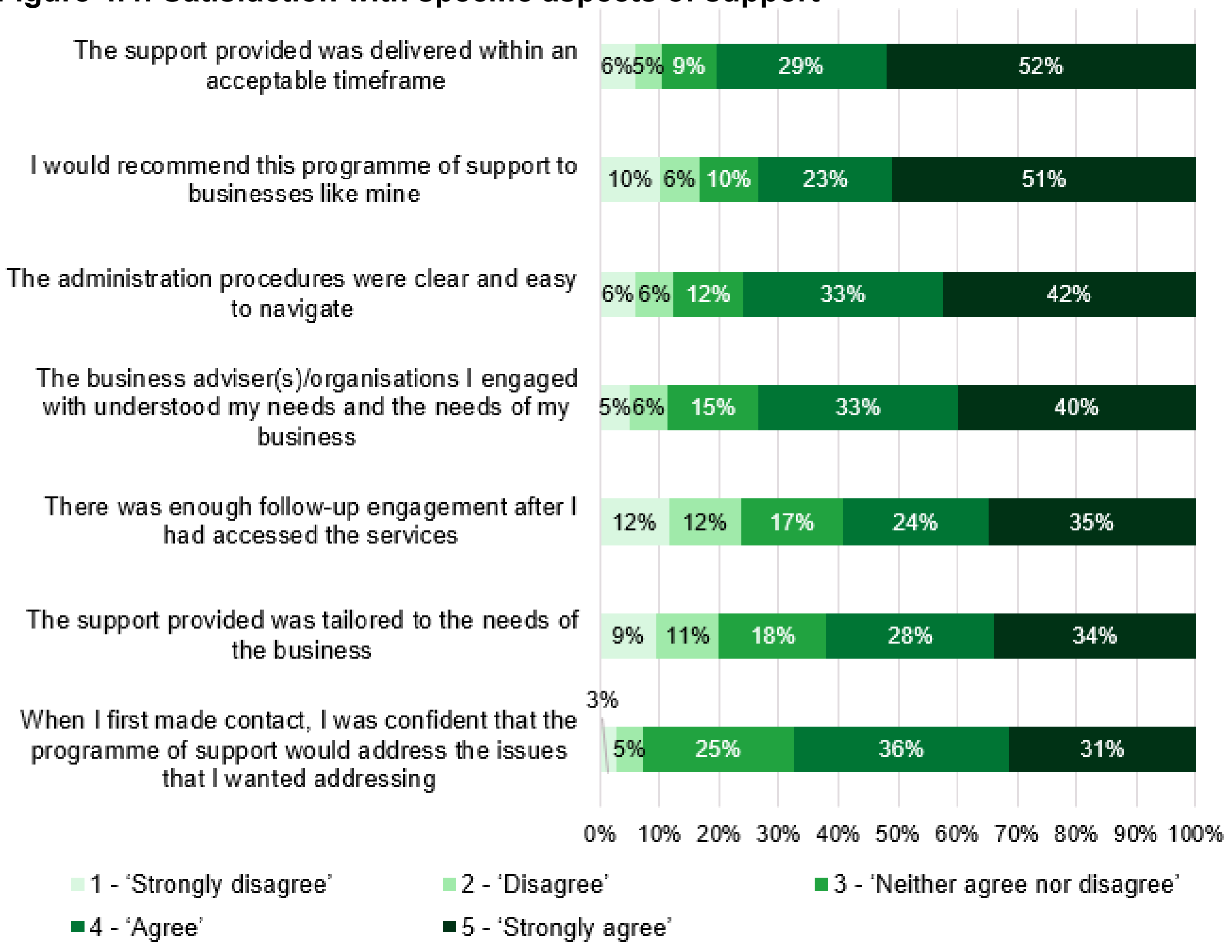
When asked for perceptions of the quality of support that they received, 73% of respondents across all three operations (662/909) described themselves as very satisfied or satisfied with the support. Satisfaction with the quality of support was highest amongst those in receipt of Entrepreneurship Support (77%, 189/238), with 84% (119/160) satisfaction in EW. Once again, almost one in five in SME Support in EW were dissatisfied with the quality of support, with 13% describing themselves as very dissatisfied.

Survey respondents were asked to provide a view on their satisfaction with the outcomes of the support for their business. Rates of satisfaction in relation to this aspect were slightly lower at 57%; for those in receipt of Entrepreneurship Support, however, this increased to 68%. Interestingly, when rates of satisfaction with the outcomes of support were combined with reported employment growth, satisfaction rates stood at 67% (215/321).

Perceptions of satisfaction with the support received were explored in more depth through an analysis of satisfaction against specific aspects of the support. Figure 4.4 below illustrates how rates of satisfaction were highest in relation to support being delivered within an acceptable timeframe, that administrative procedures were clear, and that the advisors/organisation understood the needs of their organisation. Amongst those in receipt of Entrepreneurship Support, rates of satisfaction in relation to the advisor understanding their needs increased to 80% overall and 87% in EW.

Responses to the statement “there was enough follow-up engagement after I had accessed the services” were more polarised, with 69% of respondents expressing satisfaction with these but 24% expressing dissatisfaction. Rates of dissatisfaction with this aspect of the support increased to 29% amongst those in receipt of SME Support in comparison to 67% satisfied with this statement.

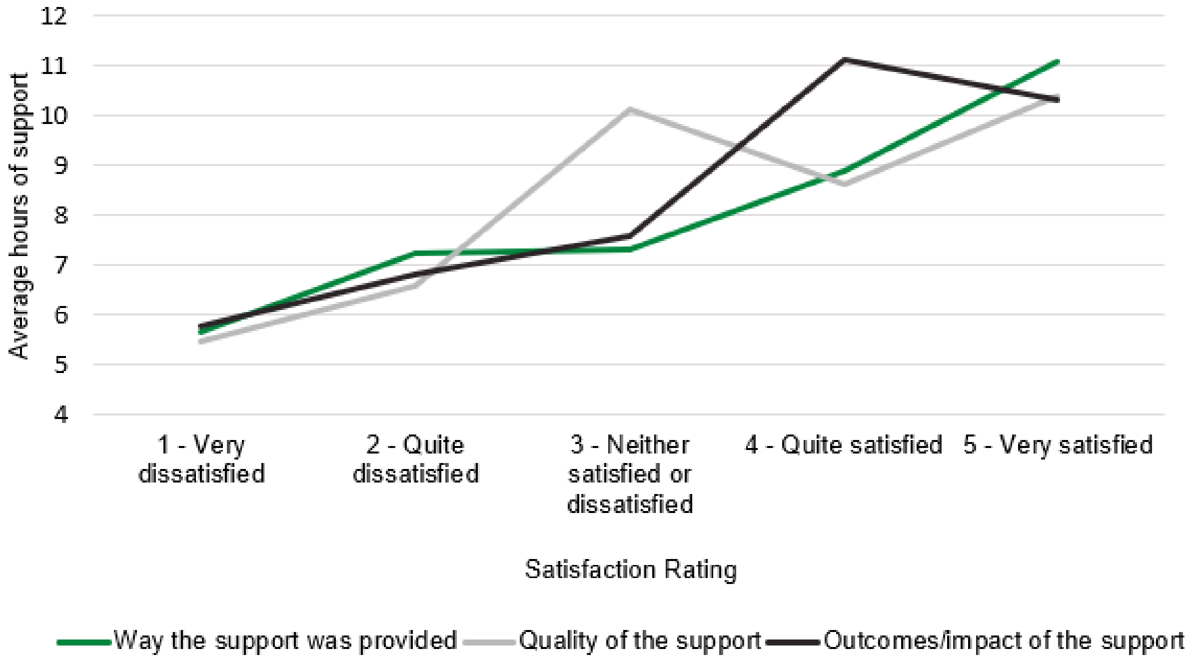
Figure 4.4: Satisfaction with specific aspects of support



Source: ERDF Support for Business Survey

There is also a close correlation between rates of satisfaction and the duration of support provided, providing further evidence with which to underpin the assertion that the perceived lack of follow-up support had a negative influence on rates of satisfaction. Figure 4.5 highlights how those describing themselves as very dissatisfied typically received less than six hours of support, whilst those who were very satisfied received, on average, in excess of 10 hours of support.

Figure 4.5: Average duration of support (in hours) by satisfaction with programme

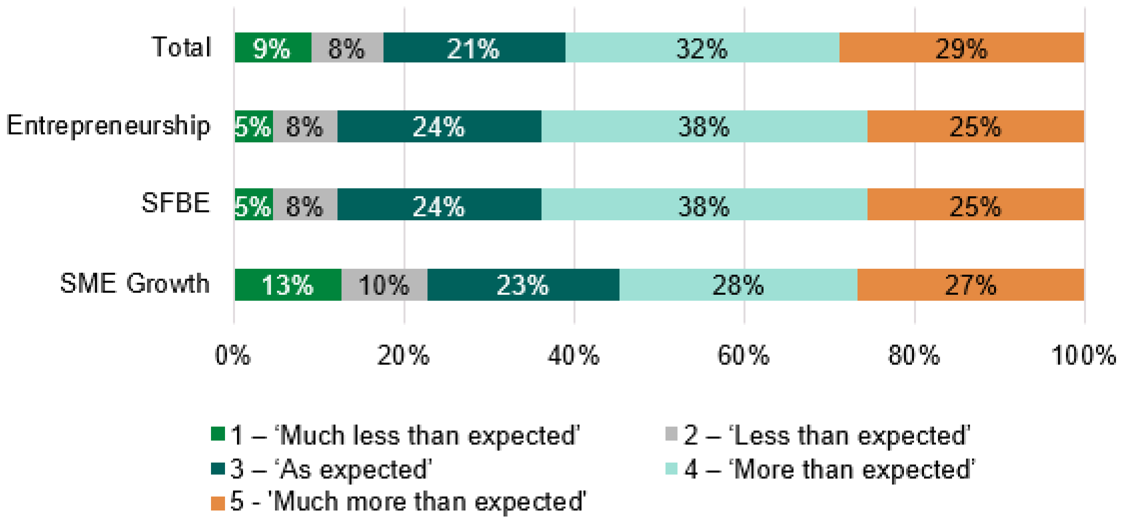


Source: ERDF Support for Business Survey and BAS Data on Hours of Support

5.4.1. Meeting expectations

When asked if the support that they received had met expectations, 61% of survey respondents said that it had exceeded expectations, whilst 17% felt that the support fell short of expectations (increasing to 23% amongst those in receipt of SME Support).

Figure 4.6: On a scale of 1–5 (with 1 being 'Much less than expected' and 5 being 'Much more than expected'), to what extent do you think that your expectations were met?



Source: ERDF Support for Business Survey

Stakeholders were asked as part of the consultations for their views on the quality of support provided as well as challenges in delivery and areas for improvement. There was consensus that Business Wales has proven to be an influential tool in supporting and engaging a significant proportion of Welsh businesses. Its original purpose has expanded to provide flexible support that adapts to socioeconomic changes as well as the lifecycles of businesses. Notably, during the COVID-19 pandemic, as the focus shifted from supporting growth to resilience, it served as an effective vehicle for governmental aid and grants. Internal and external consultees often highlighted the programme's flexibility and ability to adapt to businesses' needs as being one of its key strengths.

There were mixed views with regard to the influence of Welsh Government policies on service delivery. Business Wales is seen to be well positioned to engage in conversations and influence decisions on wider policy objectives including Cross-Cutting Themes. At the same time, however, both the management and delivery team and strategic stakeholders were keen to stress the importance of striking a balance between relevant policy objectives and ensuring that the support provided remains focused, effective, and responsive to the evolving needs of businesses.

At the service level, several consultees expressed the opinion that the L1 to 4 Core & Growth Service had become more prescriptive, with a focus on meeting KPIs on support hour requirements. More specifically, some participants expressed frustration with regard to investing time in workshops that may not have been directly relevant to their needs or what they sought. Elsewhere, concerns were expressed regarding resource- and time-intensive administrative processes including verifying WEFO outputs and outcomes (which can deter businesses).

5.4.2. COVID-19

Reflecting on the support, respondents who had enrolled in the support during the pandemic were asked whether COVID-19 had any impact on when or how the support that they received had been delivered. Amongst survey respondents, 39% (142/365) felt that it had and when asked in what way, almost two thirds (65%, 92/142) referred to the support being delivered remotely, whilst only 8% (11/142) described the support being delayed or unavailable as a result of COVID-19.

Survey respondents were then asked to reflect on whether COVID-19 restrictions had affected the implementation of any actions or activities arising from the support received. Amongst survey respondents, 40% (239/591) confirmed that they had, increasing to 47% (67/144) in receipt of Entrepreneurship Support. When asked in what ways, of those who described being affected by the restrictions, 48% (114/239) reported that their business had to shut down or that they could not work, whilst 23% (54/239) reported a loss of trade or difficulties in communicating with their customers.

5.4.3. Brexit

One in five reported Brexit as an impact on their ability to implement actions following support, increasing to 26% of those in receipt of Entrepreneurship Support in EW. Of those who cited an impact, 35% (66/186) referred to exporting and importing becoming more difficult or more expensive, 24% (44/186) referred to the European market becoming more difficult to reach, and 23% (43/186) cited supply chain issues.

5.5. Summary

- The Business Wales programme of support was widely commended by stakeholders. It is perceived to be delivering high-quality provision and demonstrating a good understanding of business behaviours and patterns, with rapid adjustments that respond to changing needs.
- Partnerships and relationships with local authorities have strengthened over time and will be an important factor as additional localised business support provision emerges through the UKSPF programme.
- Typically, provision commenced with one-to-many support through workshop provision, with subsequent one-to-one support delivered in response to specific client needs. Workshops were adjusted following the pandemic to ensure that they worked effectively online. For the BW AGP, provision was heavily customised to the opportunities presented by a client, and relationships were sustained with intensive support on offer where continued growth of a business appeared to be likely.
- In general, high rates of satisfaction were found amongst surveyed respondents. A minority of participants were dissatisfied with the support, however, with almost one fifth of those in receipt of SME Support dissatisfied with the way in which the support was provided.
- Dissatisfaction typically related to a lack of follow-up communication. There is also an evident pattern of satisfaction increasing where the duration of support increases.
- Almost two thirds of participants described the provision as exceeding their expectations.
- COVID-19 had no tangible effect on rates of satisfaction, and only 8% of respondents described the support being delayed or unavailable as a result of the pandemic. However, 40% of respondents confirmed that the pandemic had affected their ability to implement actions or activities arising from the support that they received.

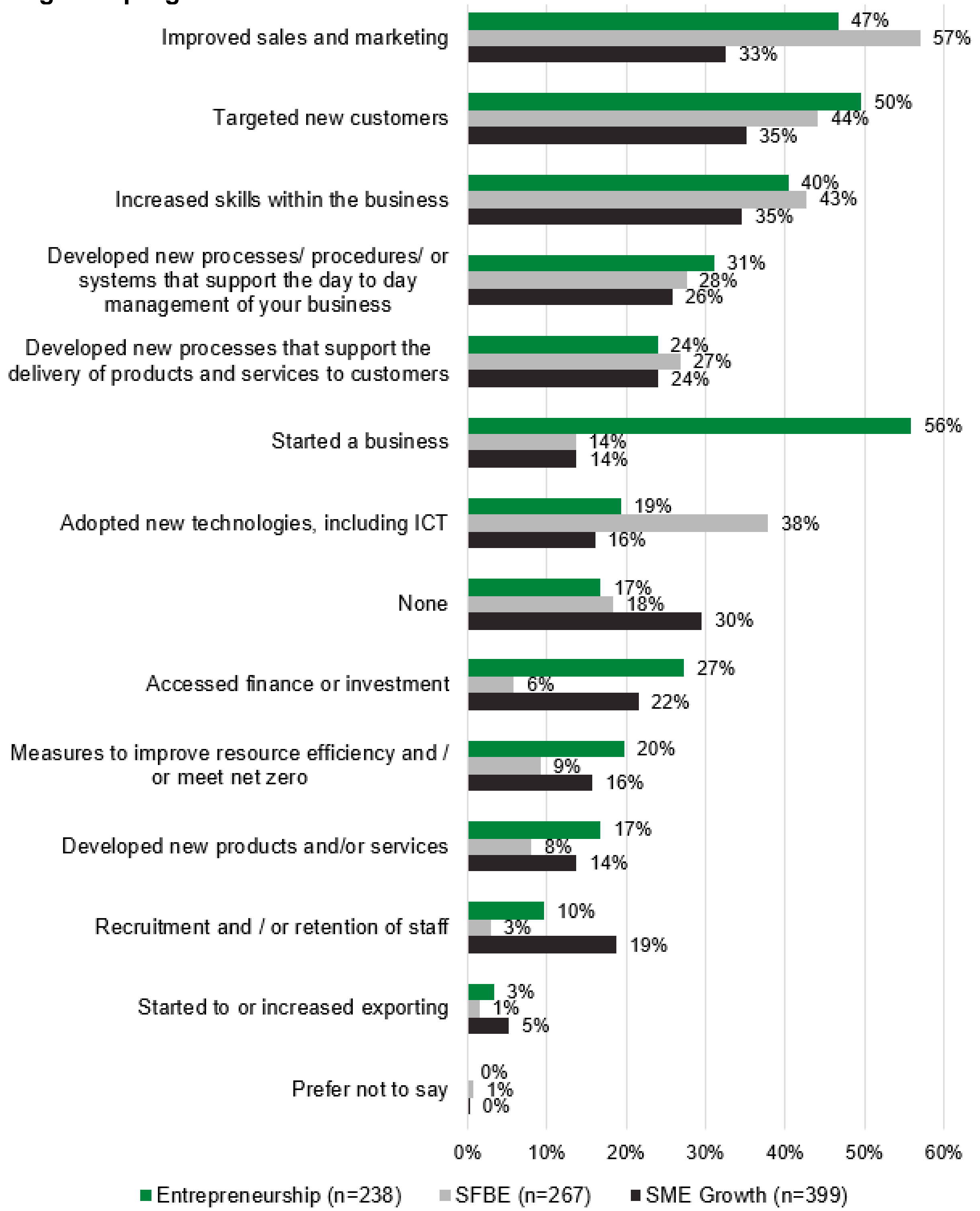
6. Outcomes and impacts

6.1. Introduction

This section reflects on the self-reported outcomes and impacts arising from the support received by businesses. When reflecting on the self-reported figures it is important to consider the underrepresentation of BW AGP clients in the survey. The reasons behind their underrepresentation are set out in section 1 (paragraph 1.27). Their underrepresentation is likely to lead to a slight deflation in self-reported (through the survey response) outcomes and impacts in this section.

When asked if they had taken any action as a direct result of the support, 77% (701/909) of respondents confirmed that they had done so (increasing to 87% of participants (222/272) of SFBE in EW). Figure 5.1 below provides a breakdown of the actions taken by participant businesses by operation, which illustrates that ‘improved sales and marketing’ and the ‘targeting of new customers’ were the most likely actions undertaken by participant enterprises following the receipt of support. The nature of actions undertaken typically reflected the support that they had received, with over half of respondents in Entrepreneurship Support having started a business following the receipt of support, whilst 38% in SFBE have adopted new technologies including ICT.

Figure 5.1: What actions, if any, have you taken as a result of receiving support through the programme?



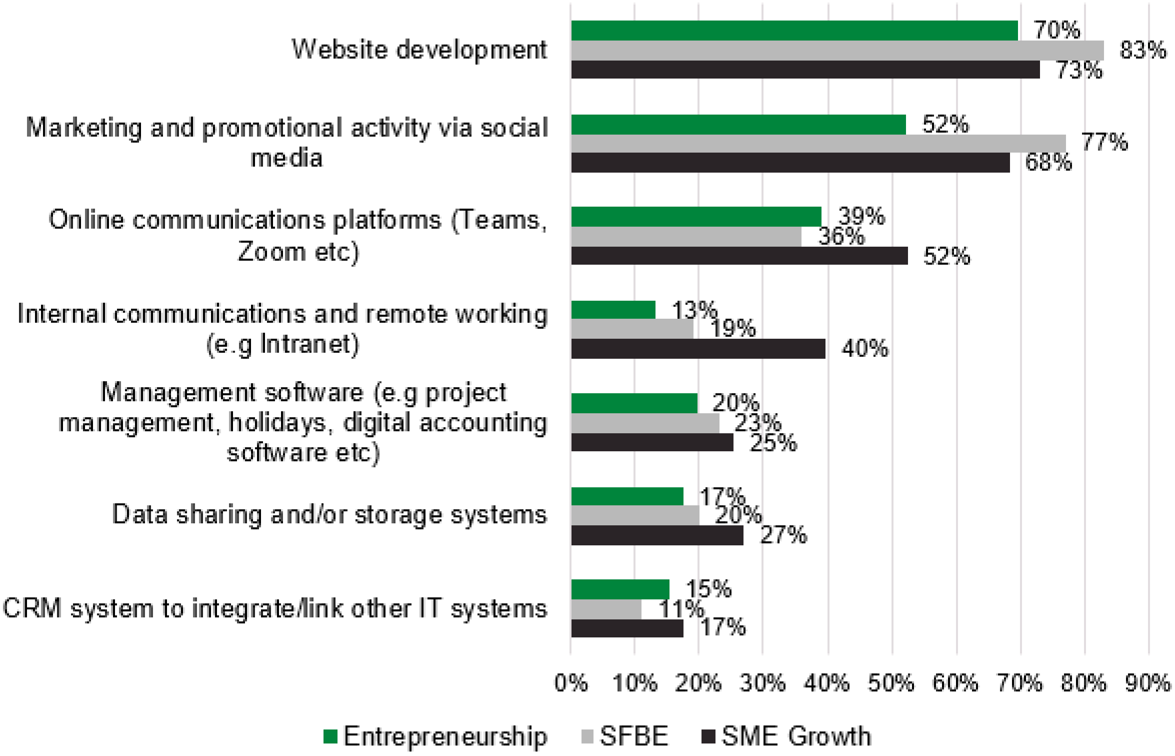
Source: ERDF Support for Business Survey

6.2. Starting a business

Amongst survey respondents who reported starting a business following the receipt of support, they were then asked about the likelihood that they would have set up their business anyway in the absence of that support. Amongst survey respondents, 16% felt that it would have been unlikely that they set up their business, whilst a further 3% were unsure.

Where respondents reported adopting new technologies including ICT, they were asked more specific questions on these. Figure 5.2 shows that amongst these respondents, website development and marketing and promotional activity via social media were the most commonly cited activities.

Figure 5.2: Have you implemented any of the following changes to your ICT?



Source: ERDF Support for Business Survey

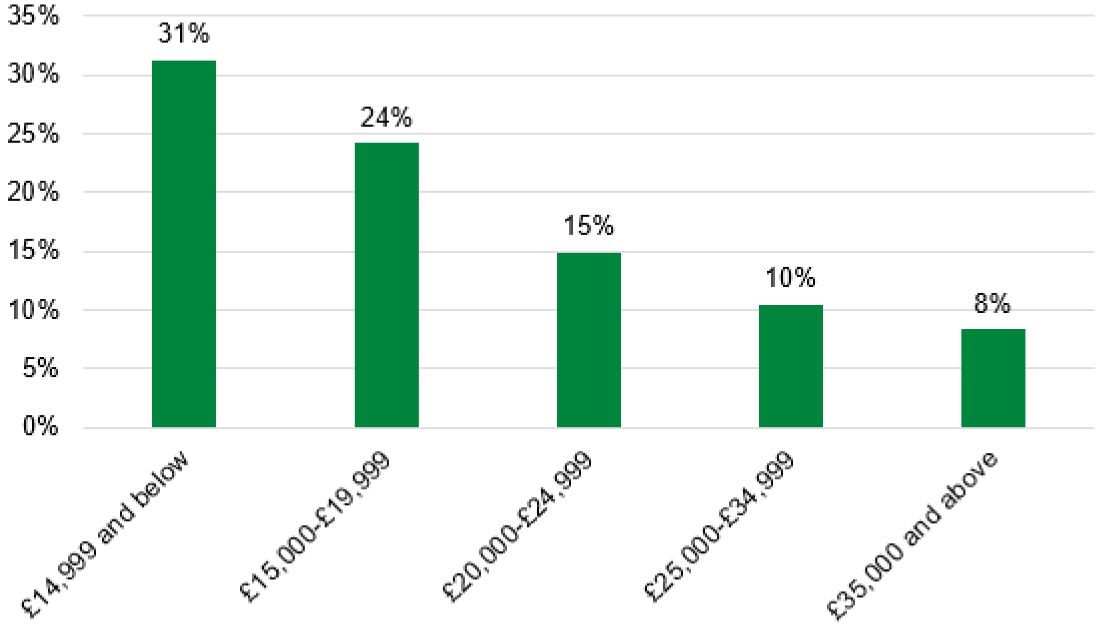
Respondent businesses were also asked specifically about whether they had started or increased their usage of fibre or cable broadband as a result of the support that they had received. Almost one fifth of respondents had increased their usage of fibre/cable broadband, whilst 16% of respondents had introduced fibre/cable broadband to their business.

6.3. Job Creation

An analysis of the BAS data shows that 70% of participant enterprises in L1–4 Core & Growth or the BW AGP have created employment since receiving support. Businesses responding to the ERDF Support for Business survey were asked whether they had created jobs since receiving support through Business Wales as a direct result of the support that they received. Amongst survey respondents, 10% (88/909) confirmed that they had created jobs as a direct result of the support that they had received, which gives a sense of the scale of self-reported attribution of job creation to the support received. Amongst those in receipt of SME Support, this increased to 16% (63/399) of all businesses (increasing to 18% (41/232) amongst those receiving support in WWV). Meanwhile, amongst those who were supported by SFBE, 2% (6/272) described creating jobs as a direct result of the support.

The BAS dataset provides details on the salaries of the jobs that have been created. Figure 5.3 below shows the distribution of jobs created by salary. It illustrates that almost one third of jobs created are for salaries of less than £15,000, whilst over half (55%) were jobs paying less than £20,000. Businesses were asked as part of the output claims for jobs created to provide the full-time equivalent (FTE) salary band for the position created and the salary levels are therefore assumed to be FTE. There would appear to be a degree of misinterpretation of this request by employers however as salaries below £15,000 may fall short of the national minimum wage (unless those jobs created are apprenticeships or are paid via a combination of dividend and salary).

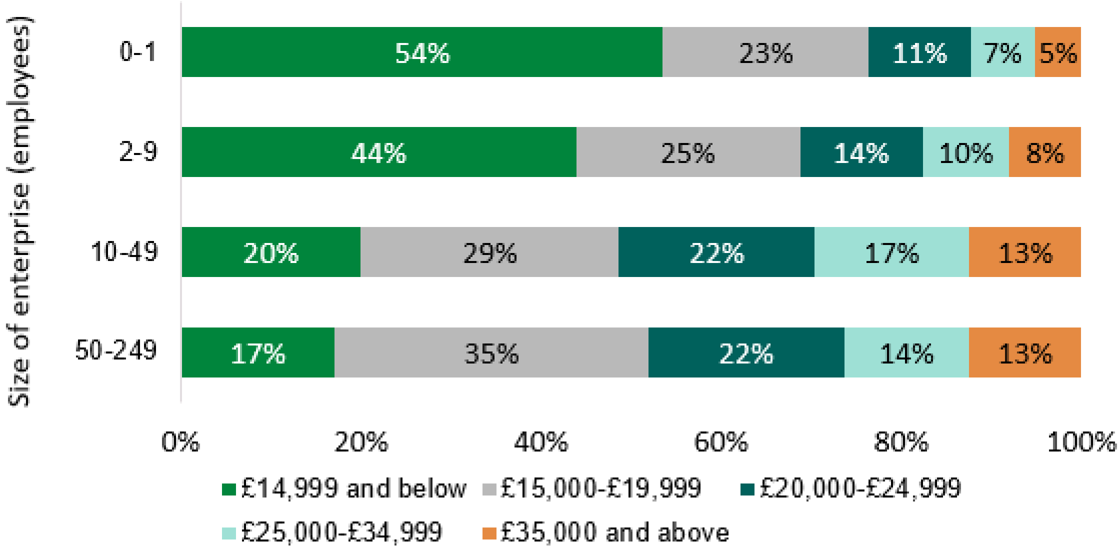
Figure 5.3: FTE Salary distribution of jobs created



Source: Analysis of BAS Data

An analysis of job creation by scale (number of employees) of the business is presented below and shows a clear relationship between the scale of businesses and the salary that the new jobs command.

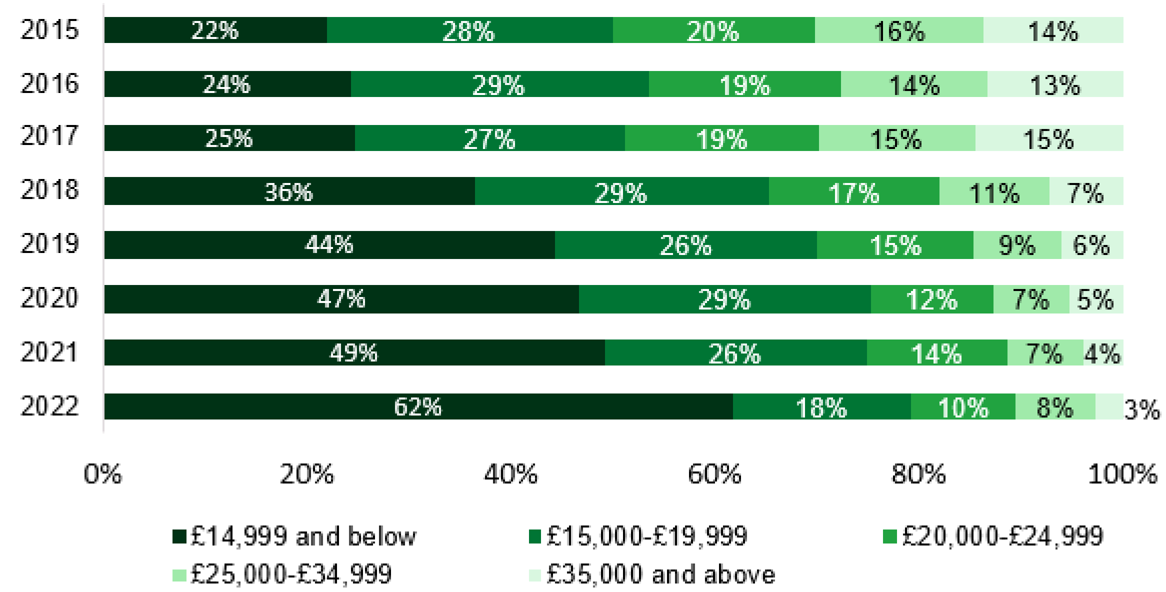
Figure 5.4: FTE Salaries of jobs created by size of enterprise



Source: Analysis of BAS Data

An analysis has also been undertaken on the salaries of jobs created against the year in which an enterprise enrolled in Business Wales support. Figure 5.5 below shows increasing proportions of lower-salaried jobs amongst businesses the later they have enrolled in the service. This is a surprising finding which is, initially, difficult to interpret. Inflationary effects should lead to higher salaries over time and the reverse of the identified pattern. However, it is thought that a number of factors may have influenced this. When analysed by operation, the BW AGP shows little in the way of patterns of distribution, whilst L1 to 4 Core & Growth presents a very similar pattern to that shown in Figure 5.5 below. The majority of BW AGP enrolments were prior to 2019; therefore, there would be less influence on the more recent figures from jobs created through businesses in that provision. Data also show that the proportion of businesses with 0 to 1 employees participating in Business Wales provision increased from 37% in 2015 to 69% in 2022. Smaller businesses are often in the early stages of development and may be focusing on establishing their presence and building a foundation. During this phase, they may prioritise hiring entry-level employees, resulting in lower salary ranges or hire staff who secure their earnings through a mixture of dividend, sales and salary.

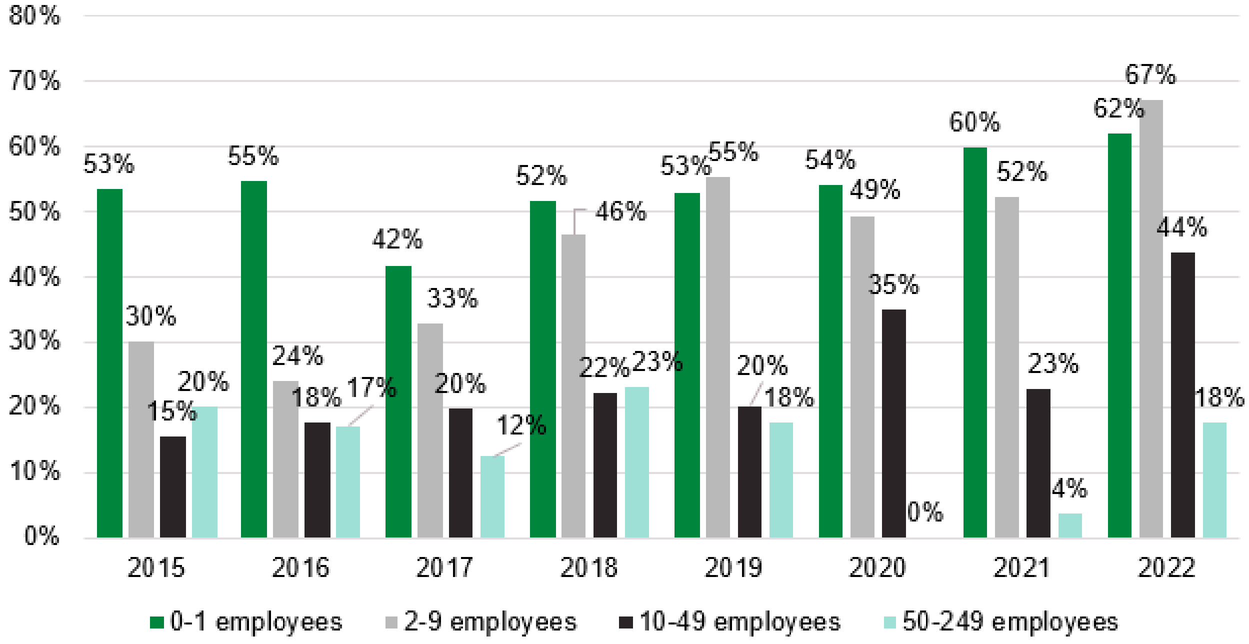
Figure 5.5: FTE Salaries of jobs created by year of enrolment in Business Wales provision



Source: Analysis of BAS Data

Further analysis by size of business over time has been undertaken to explore this issue in greater detail. The analysis identifies that amongst organisations with 0 to 1 employees there is a relatively consistent proportion of jobs created earning less than £15,000 over time. Amongst those employing 2 to 9 employees the pattern in Figure 5.5 is once again repeated, increasing from 30% of organisations in 2015 to 67% in 2022. Amongst those employing 10 to 49 employees the same trend is also evident. Collectively, the data do suggest a reduction in the quality (in terms of the earnings) of jobs created over time during the programme even when the size of the business is accounted for.

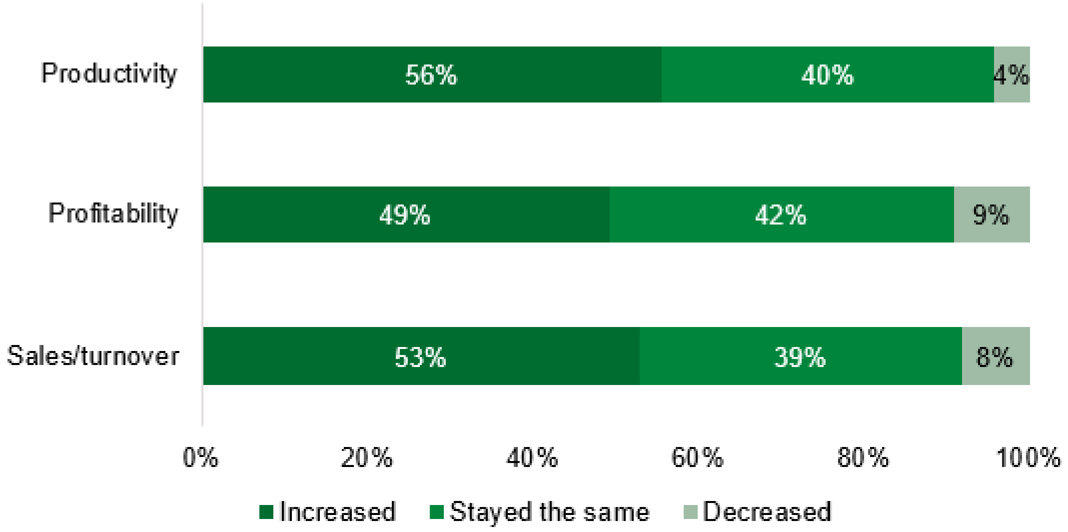
Figure 5.6: Proportion of jobs created earning less than £15,000 per annum over time by size of organisation supported



Source: Analysis of BAS Data

Respondent businesses were also asked whether they had experienced changes in turnover/sales, profitability and productivity as a direct result of actions after receiving the support. Figure 5.7 provides a summary of responses from participants across all Business Wales operations and illustrates that around half of surveyed participants have experienced growth since receiving support. There is relatively little variation in the distribution of responses; amongst those in receipt of Entrepreneurship Support, however, 57% of respondents cited an increase in profitability since receiving support.

Figure 5.7: Have you seen any changes to the following as a direct result of actions taken following the support that you received?[30]



To understand the more general added value that businesses self-reported arising from the support, respondents were asked to identify where they had taken actions as a direct result of the support received and the level of contribution that the support had made to the general performance of their business. Table 5.1 below shows that almost one quarter of all respondents described the support as making a vital contribution to the performance of their business, increasing to 29% amongst those in receipt of Entrepreneurship Support. The proportion describing support as making a vital contribution increases further when analysing Entrepreneurship Support specifically for EW, with 32% rating the support in that manner. It is also noteworthy that around 85% of respondents described the support as making at least some contribution to the performance of their business across all operations.

[30] Note that this excludes responses from those who said “Don’t know”, “Prefer not to say” or “Not applicable”.

Table 5.1: What contribution has the support received from the programme made to your business performance in general?

	Total	Entrepreneurship Support	SFBE	SME Support
Vital contribution	23%	29%	19%	21%
Some contribution	62%	57%	66%	62%
No contribution	12%	10%	11%	13%
Don’t know	4%	4%	3%	4%
N	704	199	222	283

6.4. Current Situation of Participant Businesses

To gain some insight into the current situation of supported enterprises, respondent businesses were asked about their performance in the most recent financial year. Of those respondents able or willing to provide a response, 70% (517/735) secured a profit in their last financial year, whilst 30% (218/735) incurred a loss. Respondents were also asked about the extent to which COVID-19 had affected their margins in the last financial year. Across all provision, over half felt that COVID-19 had affected their margins to a great extent, increasing to 60% amongst those who participated in SFBE.

6.5. Stakeholder Perspectives on Outcomes

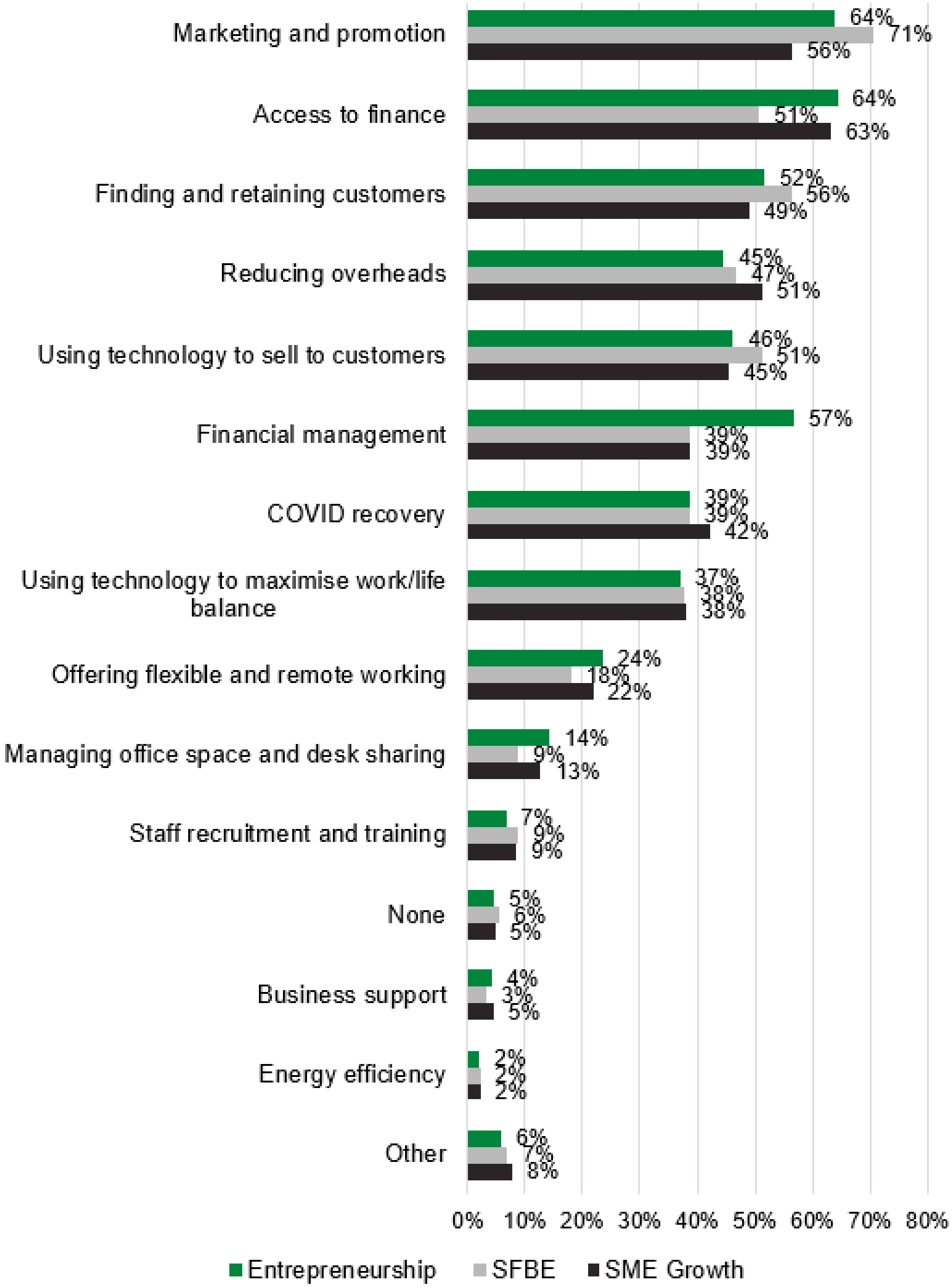
From the perspectives of the management and delivery team and strategic stakeholders, the main outcomes of the programme at the service level have been:

- BW L1–4 Core & Growth – catering support to address diverse needs (such as those facing challenges related to autism, domestic violence, or language barriers) and audiences, e.g. young individuals as well as refugees; equipping businesses and entrepreneurs with the knowledge and skills with which to start and grow their businesses; and other quantitative measures not captured in KPIs (such as increased sales and securing contracts through supply chains)
- BW AGP L5 – aside from assisting businesses in growing, consultees praised efforts to improve participant organisations’ resilience and competitiveness. The delivery team have also noticed an increased willingness to seek support when needed
- SFBE – businesses have become more digitally mature and increased their usage of and reliance on digital tools and platforms, including those beyond social media, and their willingness to tackle digital challenges independently

6.6. Future Support

Finally, respondent businesses were asked what type of support they felt that they may need in the future. Marketing and promotional support as well as access to finance were particularly prominent. Support to reduce overheads was the fourth most popular response, illustrating the challenges faced by respondent businesses in securing margins whilst overhead costs continue to inflate.

Figure 5.8: What support do your business and businesses like yours need over the next 12–18 months?



Source: ERDF Support for Business Survey

Furthermore, when considering future support it is notable that almost half of respondents retain ongoing concerns regarding the longer-term impact of COVID-19 on their business.

Table 5.2: Proportion of respondent businesses that have ongoing concerns regarding the longer-term impact of COVID-19

	Total	Entrepreneurship Support	SFBE	SME Support
Yes	44%	42%	51%	40%
No	53%	54%	47%	56%
Don’t know	4%	5%	3%	4%

As part of the consultation, consultees were asked about the opportunities and challenges related to the future support provided by the Business Wales programme in light of the upcoming UKSPF. The majority of stakeholders consulted perceived the introduction of the UKSPF to be a challenge to the existing well-established system. More specifically, the key strengths of Business Wales, such as its recognised brand and its role as a one-stop shop for comprehensive and coordinated business support across the entire business lifecycle, were seen to be at risk due to the UKSPF. The shift towards local authorities (LA) having more control over the support offered presents both opportunities and challenges. LAs can leverage this shift to develop local support programmes that effectively cater to local business needs. However, it is essential for both Business Wales and LAs to be transparent and have a clear understanding of the support available so as to ensure strong alignment. Effective communication and coordination are crucial in avoiding duplication, ensuring support coverage across Wales, and clarifying roles and responsibilities to efficiently concentrate resources.

6.7. Impact Assessment

To help quantify the impact of the support offered through Business Wales operations, specifically through L1 to 4 Core & Growth and the BW AGP, economic impact modelling to update elements of research and analysis delivered by the Welsh Economy Research Unit (WERU) has been undertaken. A step-by-step summary is detailed below:

- given the similarity in interventions, additionality assumptions used in the Cardiff University report were applied to the gross employment figures in the BAS data to determine the net impact of the programme
- average GVA added/employee data were collected from the Office for National Statistics (ONS) using GVA current price estimates for 2019 as well as information

from the Business Register and Employment Survey, and applied to the net employment figures to understand the GVA contributions of the programme

- Welsh input–output framework multipliers were then used to determine the supply chain and induced spend impacts of the programme

The modelling has drawn on the latest BAS data and identifies the following:

- the creation of 31,088 jobs (gross) has been recorded in the BAS dataset. Just over 18,400 are attributed to businesses in receipt of L1 to 4 Core & Growth support, whilst almost 12,700 jobs are attributed to businesses in receipt of L5 BW AGP support
- when deadweight[31], displacement [footnote 32], leakage [footnote 33] and substitution [footnote 34] are accounted for using recognised benchmarks, this equates to the creation of an estimated net additional 11,000 direct jobs [footnote 35]
- when multiplier effects (both indirect [footnote 36] and induced [footnote 37]) are applied to these net additional jobs, this equates to 16,500 total net additional jobs, around 9,500 of these through L1 to 4 Core & Growth support and 7,000 through BW AGP provision
- the total net jobs attributable to the programme would support an estimated £935m GVA uplift in Wales, of which £597m derives from the direct impact of the programme. Total GVA contributions by type of support are evenly split, with £464m attributable to the L1 to 4 Core & Growth support and the remaining £470m to the BW AGP (it is important to note that the number of businesses supported by the BW AGP is less than those that received L1 to 4 Core & Growth support)

[31] Refers to the extent to which the gross change in business performance, in this case employment, would have occurred without participation in the Business Wales operations — assumed to be 46%.
[32] Refers to the growth of businesses supported by the Business Wales programme at the expense of other businesses within Wales — assumed to be 30%.
[33] Refers to impacts of the programme that have been generated outside of the target area/target beneficiary group — assumed to be 0% with job outcomes to wholly within Wales.
[34] Refers to businesses that substitute one activity for another in order to access Business Wales support — assumed to be four%.
[35] Additionality factors used in the WERU's study draw primarily from BIS OCCASIONAL PAPER NO. 1, Research to improve the assessment of additionality (October 2009). See: Research to improve the assessment of additionality (publishing.service.gov.uk).
[36] Captures the supply chain impact of businesses supported by Business Wales.
[37] Captures the impact of increased expenditure in the Welsh economy as a result of increased and attributable income from direct and indirect linkage impacts of Business Wales.

6.8. Digital Maturity

Cardiff Business School were commissioned by the Welsh Government as part of the SFBE operation to gather evidence on digital maturity through an annual survey of Welsh businesses from 2016 to 2020. The survey found that the proportion of SMEs in Wales adopting superfast broadband increased from 35% in 2016 to 61% in 2020. Use of advanced cloud computing has also increased, particularly videoconferencing (from 20% in 2016 to 57% in 2020), with the proportion more than doubling from 2019 to 2020 likely as a result of the COVID-19 pandemic.

E-commerce transactions are also much more prevalent across SMEs in Wales, with those reporting that more than three quarters of their sales take place online increasing from 17% in 2016 to 29% in 2020.

The digital maturity report assigns survey respondents to four groups based on their level of digital maturity: digitally disengaged (which represented 19% of survey respondents), passive exploiters (38% of respondents), active exploiters (31% of respondents), and digitally embedded (12% of respondents) [footnote 38]. Comparable categorisation was first undertaken two years prior to this in 2018. However, there would appear to be limited change in the proportion of respondents in each group as well as possible signs of regression, as identified in Table 5.3 below. It is estimated that approximately 20% of respondents to the digital maturity survey participated in SFBE.

[38] Digitally disengaged — businesses tend to be standard broadband users, with a high proportion of employees with below-average ICT skills as well as no sales from online transactions.
Passive exploiters — standard broadband, above-average ICT skills but low use of online platforms to generate e-sales.
Active exploiters — access to superfast broadband, above-average ICT skills and a wide use of digital platforms and online sales.
Digitally embedded — superfast broadband, very high proportion of employees with above-average ICT skills and most of their sales from online transactions.

Table 5.3: Digital maturity groups in Wales (2018–2020) [footnote 39]

	2018	2019	2020
Digitally disengaged	12%	15%	19%
Passive exploiters	36%	38%	38%
Active exploiters	34%	31%	31%
Digitally embedded	18%	16%	12%

In 2023, the Welsh Government commissioned Etic Lab to undertake the digital maturity survey. The survey found that, overall, Welsh businesses have demonstrated modest growth in digital maturity since 2016, particularly since the onset of the COVID-19 pandemic in 2020. Such digital growth of Welsh businesses declined between 2016 and 2019, before increasing sharply following the onset of the COVID-19 pandemic in 2020. It found that the most significant increase in digital growth occurred across the spring and summer of 2022, indicating a burst of digital activity that corresponded to the increased economic activity following the global lifting of lockdown measures.

[39] Welsh Economy Research Unit, various years – Digital maturity survey - Superfast Broadband Project - Cardiff University

6.9. Summary

- Over half of respondents in receipt of Entrepreneurship Support started a business following receipt of that support. When asked if they would have set up their business without the support, 16% said that they would not have done so, whilst a further three percent were unsure.
- Amongst respondents to the business survey who had adopted new technologies associated with ICT, almost three quarters spoke of website development, with similar popularity for marketing and promotional activity via social media.
- According to BAS data, 70% of participant enterprises in L1 to 4 Core & Growth or the L5 BW AGP have created employment since receiving support. Amongst survey respondents, 10% had created jobs as a direct result of the support, increasing to 16% of those in receipt of SME Support.
- According to BAS data, those who have enrolled in provision more recently have created jobs that command a lower salary on average in comparison to those who enrolled in the service earlier in the programme. This may reflect a change in the profile of businesses enrolling in the programme, with a greater proportion of participant businesses with 0 to 1 employees enrolling in support as the programme has progressed.
- Around half of respondents to the survey described increases in productivity, sales and profitability as a direct result of the support. Furthermore, almost one third of those participating in Entrepreneurship Support described the support as having made a vital contribution towards the performance of their business.
- Applying similar economic modelling to a previous impact assessment identifies an estimated 16,500 net additional jobs created through the support (which equates to a £935m GVA uplift in Wales) [footnote 40].
- Research identifies modest growth in digital maturity amongst businesses in Wales since 2016, particularly since the COVID-19 pandemic, with the most significant increase in the spring and summer of 2022 following the worldwide easing of restrictions.

[40] Note that these figures will be adjusted once final indicators are provided.

- Marketing and access to finance were the most commonly cited support areas for businesses when asked what support they may need in the future.

7. Counterfactual impact evaluation

7.1. Introduction

A CIE was conducted as part of the ERDF Support for Business evaluation [footnote 41] to explore firm-level employment and turnover impacts amongst participant businesses registered with Companies House and for VAT or PAYE. The analysis was undertaken at the SO level. Participants of Business Wales Entrepreneurship Support (SO2.2) constitute 97% (as of March 2022 when the analysis took place) of all participants through SO2.2 operations. SFBE constitutes the only operations in SO2.3, and Business Wales SME Support provided support to 95% of all participants in SO2.4 operations. Collectively, therefore, at the SO level the counterfactual analysis is reflective of Business Wales support.

An initial stage of the analysis links the supported businesses to their Companies House Registration Numbers (CRN). However, an analysis of the monitoring data revealed that CRNs were not available for all businesses. Consequently, additional research, through using the Companies House register and the name of the company and other details, was required to source the CRN.

Once a CRN had been identified, the second stage was to link the businesses to ONS data, primarily through the Business Structure Database (BSD).

The matching process is illustrated in Table 6.1 below, which summarises the number of businesses that were available for analysis under each Specific Objective (SO). The table shows a considerable rate of attrition for those supported through SO2.2, as entrepreneurs and start-ups were less likely to have registered for VAT and PAYE. Where they had registered, most were not visible on the ONS Business Register or were very recently supported or established and, therefore, could not be used in the CIE modelling (as they were not present on the Business Register for the two-year period prior to support). Participants of SO2.2 (Entrepreneurship Support) have therefore been excluded from the counterfactual impact evaluation.

[41] Wavehill, Belmana, and Winning Moves (2023) ERDF Support for Business evaluation (unpublished).

Table 6.1: CRNs by SO [footnote 42]

Specific Objective	Total Participants	Number of Unique CRNs amongst Participant Businesses		Companies Used in CIE Modelling	
		No.	Percentage of Participants	No.	Percentage of Unique CRNs Used
SO2.2	4,841	2,218	45.9	120	5.4
SO2.3	5,306	2,425	45.7	1,286	53.0
SO2.4	8,145	4,080	50.1	3,112	76.3
Total	18,292	8,723		4,518	

Within the subsequent counterfactual analysis as part of this evaluation, Business Wales support participants were allocated to the BW AGP or L1 to 4 Core & Growth depending on the nature of support that they received. This is presented in Table 6.2 below. The additional breakdown is necessary, given the difference in growth trajectory of BW AGP clients and the intensity of support that they received in comparison to those in L1 to 4 Core & Growth.

Table 6.2: CRNs by type of support

Group	Description	Unique CRNs	Companies Used in CIE Modelling
L5 BW AGP	Business Wales Accelerated Growth Programme (Level 5)	763	508
L1 to 4	Core and Growth Service (Levels 1 to 4)	4,278	2,266

7.2. Matching Businesses [footnote 43]

The CIE seeks to estimate the net impact of the programme on supported businesses, that is, the additional impact above what would have happened without the intervention. Comparing all supported businesses to all unsupported businesses would not be representative, as these two groups are likely to be very different. Whilst certain operations providing business support through the ERDF programmes in Wales are open to all SMEs, some provision is targeted at certain groups. It is therefore necessary to construct a comparison group of unsupported businesses that resemble the recipients. For example, in

[42] Ibid.
[43] For details on the matching process at the SO level see: Wavehill, Belmana, and Winning Moves (2023) ERDF Support for Business evaluation.

a scenario in which supported businesses tend to be small, the matching process will identify unsupported businesses of a similar size.

The match pool is defined as the population of businesses from which comparator businesses are selected (those that have not received Business Wales support). The businesses are selected from the wider population of UK businesses. Drawing from this pool uses a selection model which is derived by identifying and estimating factors that correlate with a business receiving support [footnote 44]. Over a dozen models were estimated by adjusting the variables used in each of these models. This resulted in a different set of non-financially supported counterfactual businesses. From the various models of estimation, two control groups were identified:

- Preferred Control Group 1 – 'Matched Comparable Businesses'**:** The group was informed by real turnover and employment split into categories and whether the business is in a high-knowledge service industry and high-tech manufacturing. The group was also determined by if the business is a scale-up (20 % growth), tracked by Beauhurst [footnote 45], and a beneficiary of Innovate UK (IUK). The model also includes variables for low pay, start-ups, local live units [footnote 46], and introduces the one-year logged level of turnover growth of the industry as well as businesses' previous year of employment growth
- Alternative Control Group 2 – 'Matched Comparable Businesses'**:** The group was informed by real turnover split into categories and whether the business is an IUK project beneficiary, tracked by Beauhurst. The model also uses a variable for start-ups, whether the businesses are recipients of furlough, are high-tech, and includes a variable to capture low pay

[44] This is modelled using a probit model, where the fact that an individual firm receives support (taking the value of 1 and 0 otherwise) is regressed on the pre-support characteristics of businesses to determine what drives businesses towards taking up support.
[45] Beauhurst is a data provider that tracks a group of more than 50,000 high-growth companies. Whilst being tracked by Beauhurst can be a proxy for high growth potential, one of the key reasons for a business being followed by Beauhurst is that the business secured fundraising (to facilitate such growth).
[46] Each office location of an organisation (enterprise) is recorded as a local unit.

7.3. Profiling the Supported Businesses

For the firm-level CIE, there are 763 businesses supported by the BW AGP that are linked to the ONS data. Selection occurs before the support is delivered and modelling selection requires data for at least the year before the support. A sample of 459 businesses meets this requirement. Analysis needs both the year before the support and the year prior to that. To avoid further attrition, steps [footnote 47] were taken for ‘start-up’ businesses that were not present on business registers for the two-year period before the support to be retained.

The BSD provides a yearly snapshot of the business population in the UK and tracks employment and turnover over time. It provides an industry classification (SIC) and year of birth, alongside other variables that characterise the business. This allows analysis to track the supported business across several years, as well as comparing their performance with that of other comparable businesses.

The BSD was linked to IUK-funded project lists which include the CRN of the company supported by the funding. In addition, firm-level data on the fundraising that businesses achieved (as fast-growing, innovative businesses typically facilitate their growth through fundraising), which are tracked by Beauhurst, were linked. Other public datasets that can be linked to a CRN were patents and the businesses benefitting from the Coronavirus Job Retention Scheme data.

Table 6.3 characterises the businesses supported by the BW AGP, the wider business population, and the preferred control group. The ‘preferred comparison’ matches on size, employment categories, previous growth, an indicator of any previous Innovate UK funding, and Beauhurst tracking. Other models were considered. The ‘alternative comparison’ is based on a similar model which also includes whether a business claimed the Coronavirus Job Retention Scheme [footnote 48]. A similar table is presented in the ERDF Support for Business evaluation, which illustrates the comparability of all ERDF Support for Business participants (SO1.2, 2.2, 2.3 and 2.4) against the comparator group [footnote 49].

[47] This involved setting the pre-start-up data to 0 and then including a variable equal to 1 where the business was a start-up, thus avoiding the modelling dropping the business due to it having missing pre-start-up data.
[48] HMRC publishes a dataset covering all Coronavirus Job Retention Scheme claims submitted by employers from the start of the scheme until 31st August 2021. It includes statistics on the claims themselves and the jobs supported. Making a claim through this scheme can be used as a proxy of having been negatively affected by the COVID-19 shock.
[49] See Table 7.2 in ibid.

Table 6.3: CRNs by type of support

	BW AGP-Supported Businesses	Preferred Comparison	ERDF Wales	Wider BSD [50]
Variable	**Mean (n=459)**	**Mean (n=459)**	**Mean (n=4,804)**	**Mean (n=3,570,536)**
Business size				
Employment	23	22	23	10
Real turnover (£'000)	2,935	2,771	2,954	1,768
Real productivity	116	137	109	147
Industry classification				
Low pay	22%	24%	28%	28%
High-tech	32%	31%	17%	13%
Manufacturing	22%	15%	16%	4%
High-tech manufacturing	2%	2%	1%	0%
High-KI services	17%	19%	7%	8%
High–medium-tech manufacturing	7%	5%	4%	2%
Innovation proxies				
IUK project before	7%	8%	3%	0%
Patent holder	8%	6%	4%	1%
Beauhurst-tracked	26%	27%	8%	1%
Coronavirus impact				
Coronavirus Job Retention Scheme (furlough)	52%	32%	54%	18%
Business demographics				
Local units	1.5	1.6	1.7	1.1
Years of activity	9.2	11.0	12.8	11.5

Note: Summary statistics calculated for the base year using BSD data and other public datasets. Wider BSD statistics calculated for the financial year of 2019/20. Real turnover calculated using sector-specific deflators and expressed in thousands of pounds using 2021 as the base year. Knowledge-intensive (KI) sectors identified by Eurostat using indicators of a skills mix. Coronavirus Job Retention Scheme data from HMRC indicates if a business received support for employment on furlough. Real productivity is a function of real turnover per employee.

7.4. Impact of Support on Employment Growth

Figure 6.1 displays the businesses supported through SO2.3 (SFBE), which grew more slowly in employment than in each of the comparison groups. This and later figures use logged variables so that any outliers in growth do not unduly influence the estimation and the focus is on the growth in firm performance. In each figure, the performance is indexed so that in the base year the value is set to 100 to allow easier presentation of any divergence in performance paths after support between the treatment group (those in

[50] The wider BSD does not include very large businesses, defined as having more than 5,000 employees or over £1bn in turnover.

receipt of support) and the comparison group. The figures also indicate the period of support, with businesses receiving this during the year after the base year.

In two of the three years after support, the results were not statistically significant (excluding the 8.2% lower growth three years after support). Companies that received SFBE support grew in employment at 4.8% in the year of support, 7.6% in the second year after support, and 7.6% three years after support in comparison to the base year. Additional information is provided in Table D1 in the Annexe to this report.

Figure 6.1: Employment effects of SFBE provision (SO2.3) [footnote 51]

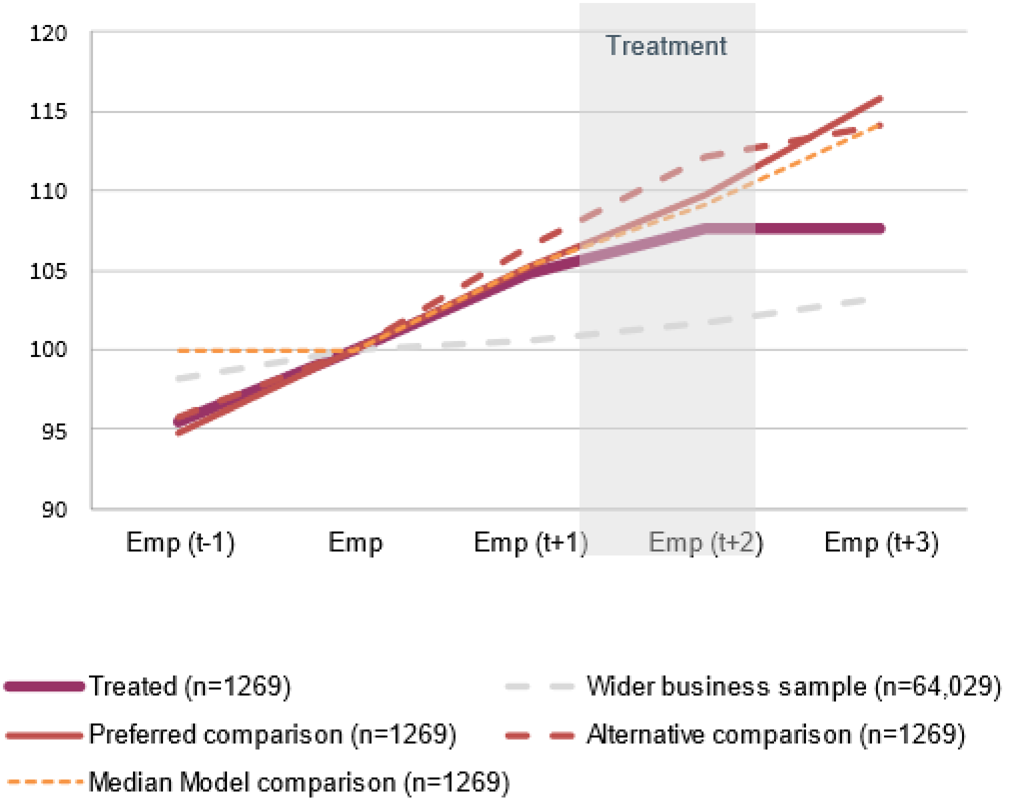


Figure 6.2 shows that those businesses supported through SO2.4 (SME growth) did grow statistically significantly more than in the comparison groups. Job growth in businesses in which the support targeted employment was 10.8% in the year of support, 19.4% in the second year after support, and 21.2% three years after support. The difference-in-differences results showed that the companies grew 5.7% more quickly than the preferred comparison group in the year of support, 9.4% more quickly in the second year after support, and 8.5% more quickly three years after support in comparison to the base year.

[51] Ibid.

This averaged at 47% additionality of the support over the three years. Additional information is provided in Table D1 in the Annexe to this report.

Figure 6.2: Employment effects of support targeting SME growth (SO2.4) [footnote 52]

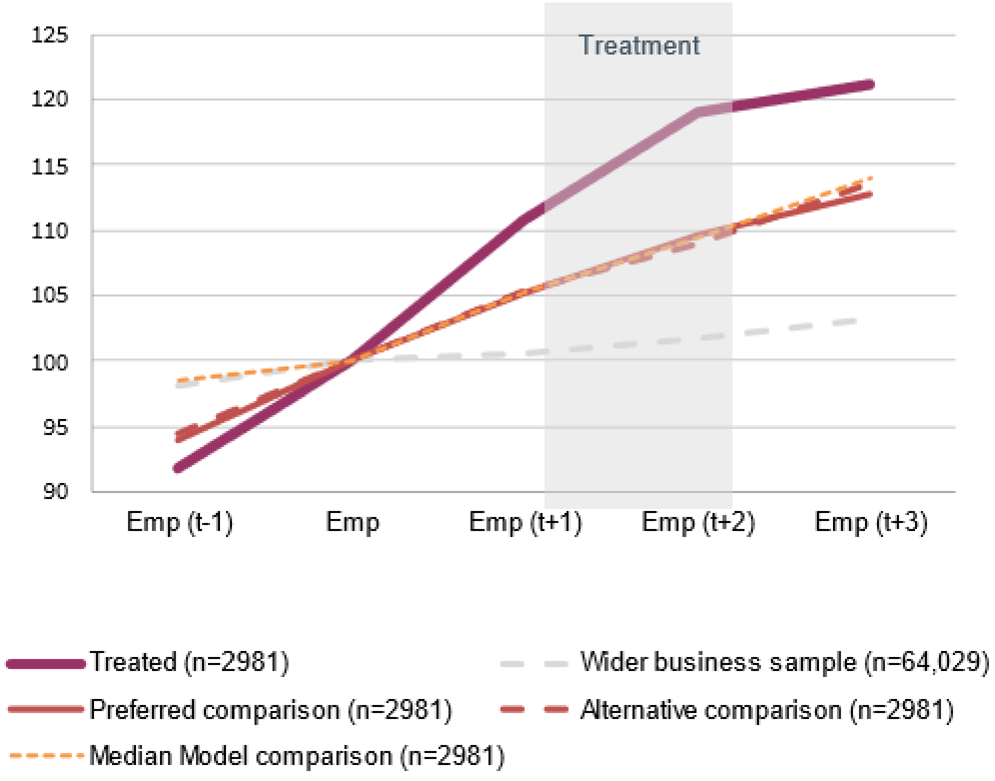


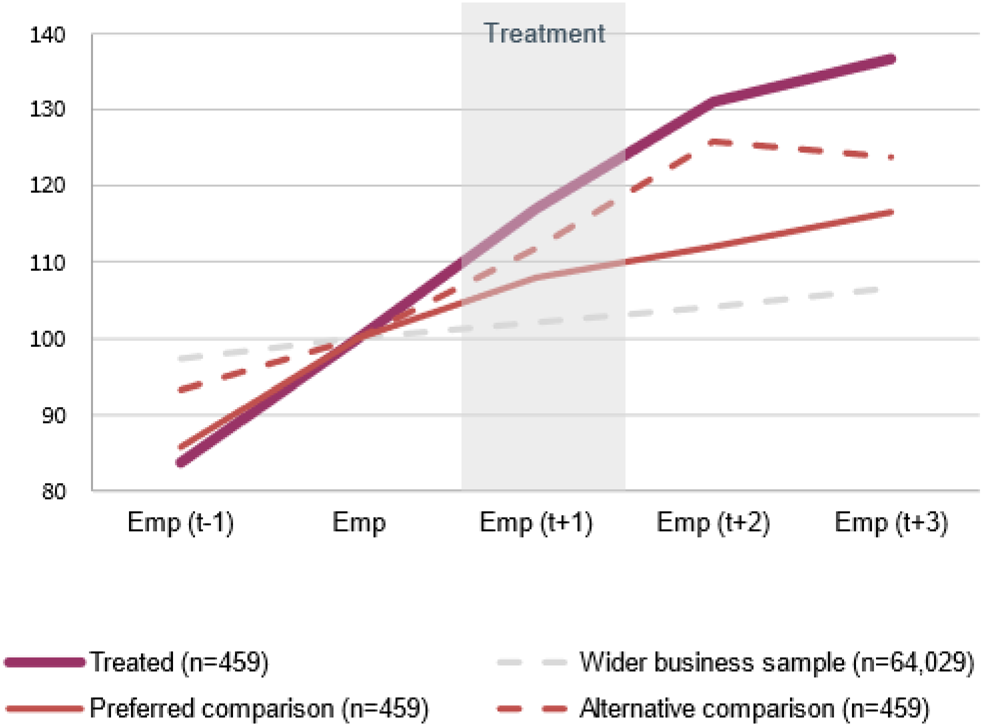
Figure 6.3 indicates that employment growth for businesses supported by the BW AGP is higher than the comparison groups and the wider business population.

The line 'Treated' is the index of employment for supported businesses. For those that were supported through BW AGP ERDF, log employment growth [footnote 53] is 17% in the year of support, 31.1% two years after, and 36.6% three years after the base year (see Table D2 in the Annexe to this report for further details). The figure indicates how this is much higher employment growth than amongst businesses in the wider business population. As noted earlier, however, supported businesses differ in nature from the wider business population, and after matching, a set of businesses more comparable than the treated is used (with the different matched groups presented). Whilst the matched groups also show consistently

[52] Ibid.
[53] The analysis of employment in terms of log shows that the gross decline observed in employment was largely driven by outliers.

higher rates of growth than in the wider business population, the rates of growth of the supported businesses remain higher still.

Figure 6.3: Employment effects of BW AGP support on targeted businesses



The degree to which the growth rates differ can be tested using difference in differences (DID), estimating how changes in employment in the treated and counterfactual (the first difference) then differ before and after the support (the second difference). The DID results are presented in Table D2 in the Annexe to this report.

7.4.1. Impact of Support on Real Turnover

Figure 6.4 shows that businesses supported through SFBE grew more slowly in real turnover in comparison to the preferred control group, with the difference in differences statistically significant three years after support. Growth in real turnover is 11.4% lower for the supported businesses than for the comparators. Companies supported through vouchers and network improvements grew in real turnover at 2.7% in the year of support, 1.6% in the second year after support, and 4.1% three years after support in comparison to the base year. Additional information is provided in Table D3 of the Annexe.

Figure 6.4: Real turnover effects of SFBE (SO2.3) [footnote 54]

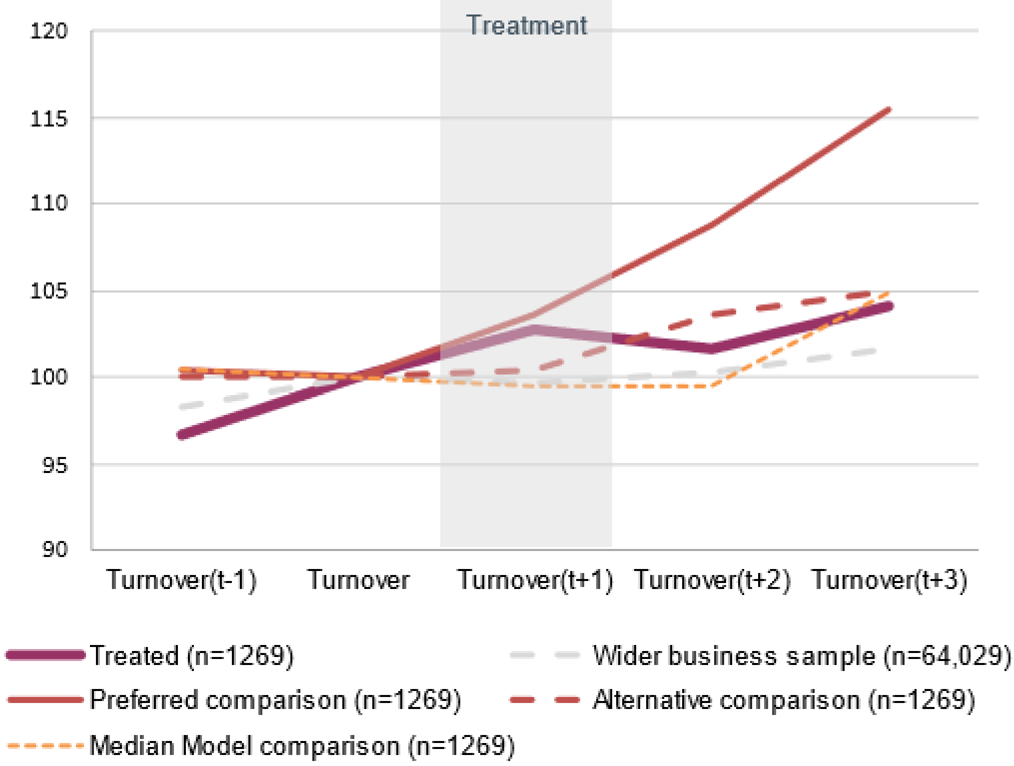


Figure 6.5 shows that real turnover grew significantly more quickly in businesses supported through the SME growth Specific Objective (SO2.4) in comparison to the preferred control group. The supported businesses grew in real turnover at 5.2% in the year of support, 11.9% in the second year after support, and 18.1% in the third year after support in comparison to the base year. Beneficiaries within SME growth support grew more quickly than their comparison businesses in real turnover by 5.5% in the year of support, 9.3% in the second year after support, and 9.3% three years after support in comparison to the base year. Additionality of the support was averaged at 78% over the span of the three years.

[54] Ibid.

Figure 6.5: Real turnover effects of SME growth (SO2.4)

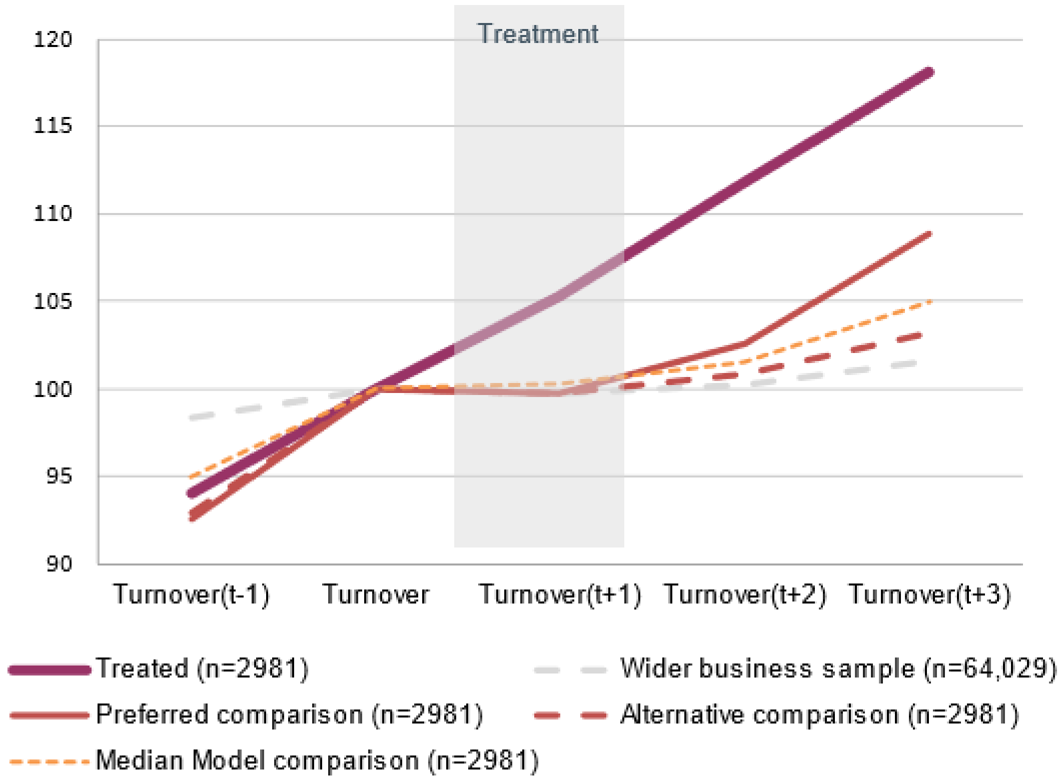
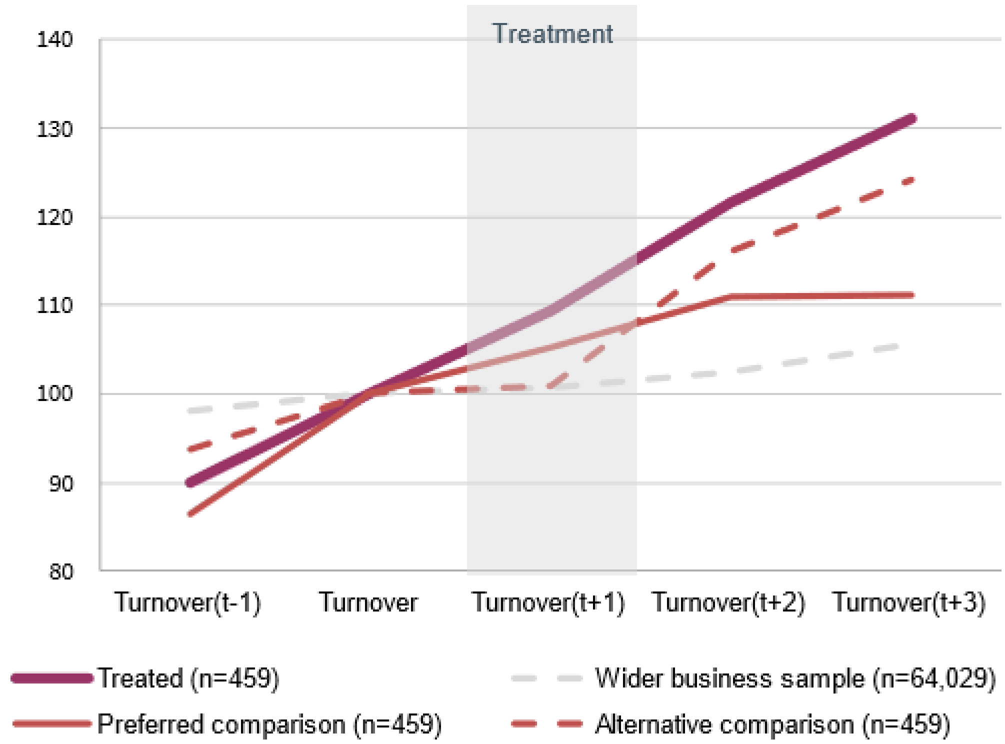


Figure 6.6 indicates the real turnover growth for businesses supported by the BW AGP relative to the comparison groups and the wider business population. Although real turnover growth was higher than in the two counterfactual groups (preferred and alternative) and the wider business sample, the differences observed were not statistically significant. Additional information is provided in Table D4 in Annexe D.

Figure 6.6: Turnover growth in BW AGP-supported businesses versus comparators



7.5. Impact of Support on Real Turnover per Employee (Real Productivity)

Across all SOs the supported groups experienced a reduction in real productivity; however, the findings were not statistically significant. Real productivity does witness significant growth three years after support in the treatment group, indicating a catch-up effect (see Figure D1 in the Annexe). Noticeably, real productivity is decreasing for the treated and the wider BSD and then slowly recovers, which could be explained by the impact of COVID-19 on the economy. As real productivity is a function of turnover and employment (turnover per employee), and both factors increased amongst recipients of SME Support, particularly amongst the BW AGP participants, real productivity appears to have remained largely static.

7.6. Summary

- CIE analysis identifies that those businesses participating in SME Support provision grew statistically significantly more than amongst the comparison groups. Over three years of support the businesses averaged 47% additionality. Similarly, statistically significant growth in turnover was also identified for those participants of SME Support provision.
- Those businesses in receipt of SFBE support grew more slowly in both employment and turnover than did the comparison group.
- Real productivity is largely static, having shown an initial reduction compared to the comparison across all Business Wales provision, but with a ‘catch-up effect’ evident three years after provision.

8. Summary of findings and key recommendations

This section reflects on the findings from the research, identifying a series of recommendations to consider for future programmes of business support.

8.1. Overview

The Business Wales programme has become successfully embedded as the main business support service in Wales. It is widely known as a one-stop shop in which solutions can be identified or support brokered. The brand is recognised and trusted and the majority of participants and stakeholders view the service as straightforward to access and simple to understand.

Partnerships, collaborations, and referral activities have strengthened as the programme has progressed and stakeholders reflected on how this had enhanced outreach provision as well as engagement with local communities and underrepresented groups. The review of Welsh Government-funded Enterprise Hubs echoed this perspective in identifying the important role that the Hubs play in engaging entrepreneurs who would not have necessarily engaged with mainstream Business Wales provision. Furthermore, linkages to provision for growth-oriented businesses have also been strengthened (including that associated with the DBW and SMART provision). Several stakeholders, however, reported how levels of integration could be strengthened further.

Recommendations

- Management information gathered through future programmes of support should capture the prevalence of referrals between service provisions. This will provide useful insight into the extent of integration between various programmes of support.
- That suppliers be performance-managed to encourage appropriate referrals between service provisions.

The performance of the programme when compared to the original contractual targets has been somewhat mixed. SFBE has performed strongly against all indicators throughout the programme period. It is evident that there has been a consistent level of demand for support, which has been highly resilient to the various socioeconomic impacts arising over the programme period.

The Entrepreneurship Support and SME Support operations have performed strongly in terms of levels of exports and job creation but have delivered lower-than-anticipated enterprises receiving non-financial support. The performance against the indicator for enterprises receiving non-financial support was, however, influenced by targets being based on historical performance, changing macroeconomic conditions, and shortfalls in evidence associated with the retrospective collection of performance indicators in the first nine months of the operation.

8.1.1. Context

A host of socioeconomic data illustrated the importance of continued investment in business and entrepreneurial support services, given the shortfall in rates of productivity and entrepreneurial activity in Wales relative to other home nations. For SFBE, the support on offer represented the logical next step in service provision following the investment in superfast broadband infrastructure as part of the previous round of EU Structural Funds.

Over time, the socioeconomic context changed markedly, which influenced performance, with the external shocks associated with the COVID-19 pandemic, Brexit, and the cost-of-living crisis the more obvious influences. Prior to the pandemic, however, the strengthening labour market in Wales and the low rates of unemployment led to a reduction in the demand for necessity-based entrepreneurial activity. In turn, this, alongside the introduction of the New Enterprise Allowance, is thought to have led to lower-than-expected demand for Entrepreneurial Support.

8.1.2. Progress

The operations were designed and launched as strategic backbone projects within the ERDF programme and, therefore, benefitted from early investment and commencement. Furthermore, their designation as backbone projects is likely to have further helped their embeddedness in the business support landscape. One of the challenges of being one of the early schemes in a round of funding via the EU Structural Funds is the heightened risk that there may remain some gaps in knowledge or information, or some elements on evidence requirements that may lack clarity. This may have influenced some of the early issues encountered in the programme regarding the capture of evidence that conformed to EU requirements.

Recommendation

- That an early review of data capture processes against eligibility criteria be undertaken during the implementation phase of an operation.

Service delivery models for L1 to 4 Core & Growth across the Entrepreneurship Support and SME Support operations are distinct from that offered through the BW AGP. L1 to 4 Core & Growth has required active and sustained promotion, working closely with the Welsh Government and building a greater level of local community collaboration and engagement over time. SFBE has also relied on the Business Wales brand to boost levels of engagement, whilst the BW AGP has relied more heavily on Relationship Managers to identify suitable businesses for the programme.

The provision has secured nationwide coverage; however, it is evident that in the BW AGP there is a tendency for rural or geographically peripheral locations to be underrepresented. This underrepresentation may, however, be symptomatic of the nature (in terms of both sector and growth orientation) of businesses operating in those locations. Moreover, the timing of enrolment in each programme varied. Three quarters of BW AGP clients were enrolled in the programme by the end of 2018, whereas only 30% of SFBE clients had enrolled in the programme by that point.

The Entrepreneurship Support and SME Support operations were short of their profile against several of the indicators in the lead-up to the mid-term evaluation. The operations did, however, illustrate strong performance in relation to employment growth and export sales and largely sustained that performance throughout the remainder of the operations (despite the issues surrounding the pandemic).

Following the mid-term evaluation in 2018, the programme gained momentum through to March 2020 (when the COVID-19 pandemic reached the UK). At this point the service rapidly and successfully pivoted towards a remote service offer, geared towards resilience (rather than growth). That shift in service offer to remote provision supplemented an adjustment in the nature of support delivered, which at times required a much greater emphasis on pastoral and well-being support.

Remote, online provision is now widely accepted by participant businesses and is a more efficient means of service delivery. However, in-person delivery can play a key role in addressing certain issues and helping to attract underrepresented groups to support. It is likely, therefore, that a blended service offer will be needed in future provision.

Recommendation

- That a blended service model be retained in future support programmes due to its value in providing additional flexibility and efficiencies in service delivery whilst also retaining the ability of in-person support where appropriate.

Against the background of a pre-existing shortfall against their profile, the pandemic slowed progression for the Entrepreneurship Support and SME Support operations against the majority of indicators, further influencing the disparities in performance against profiled targets.

Stakeholders referred to the initial targets as challenging, with some describing them as overambitious. It is understood that historical performance had influenced the setting of target indicators, but with future programmes based around a similar (albeit blended) delivery model, contextualising targets against performance in the latter stages of this programme will be important.

Recommendation

- In future programmes in which consistent performance indicators are applied, progress in their delivery within the latter stages of this programme should be used to inform the setting of targets.

The early performance against CCT indicators was poor and at the point of the mid-term evaluation the programme was operating at a fraction of the anticipated profile against these indicators. Since the pandemic, however, there has been a considerable upturn in performance against CCT indicators. This has been reflective of targeted activity to embed this more centrally within service provision, which has led to almost two thirds of all participant enterprises contributing to CCT target indicators in 2022 (compared to less than one fifth of participant enterprises in 2016).

Recommendation

- That in future support, good practice associated with effective integration of provision that contributed to CCT indicators be retained and built upon. The loss of EU funding and, therefore, the requirements for contribution to CCTs should not lead to deviation from this activity.

The shifting more generally of service provision so as to fulfil targets has not, however, been without concern, with some stakeholders identifying the tension that this may create between delivering target indicators (particularly those indicators associated with hours of support) and delivering support that is reflective of client needs.

Recommendation

- That less emphasis be placed on process-oriented indicators (such as reaching a threshold in the duration of support delivered) in future programmes of delivery.

8.1.3. Perceptions of support

The participant survey illustrated relatively high rates of satisfaction amongst respondent businesses, with the journey towards provision perceived to be particularly straightforward. This simplistic model from the perspective of the customer was a key objective for Business Wales (with an emphasis on hiding the complexity behind the various contracts) that appears to have been successfully achieved.

A polarised perspective on support was evident, however, amongst some participants. The majority of surveyed participants described their expectations as having been exceeded. However, almost one fifth of those who received SME Support described being dissatisfied with the way in which the support was provided. An analysis of the duration of support suggests a correlation between the amount of support provided and the level of satisfaction with that support. Whilst it is likely that clients who were unsatisfied with the service were more likely to have withdrawn for the support early, concerns regarding a lack of follow-up communication with clients after receiving support was a primary influence on participants being unsatisfied.

Recommendation

- Future programmes need to provide clarity of message regarding the nature of support available whilst also managing expectations amongst the client group regarding the duration of support that they might receive.

8.1.4. Outcomes and Impact

L1 to 4 Core & Growth Programme and BW AGP

The L1 to 4 Core & Growth and the BW AGP has generated good levels of job creation, both within the recorded target indicators and the CIE. According to BAS data, 70% of participant enterprises in L1 to 4 Core & Growth or the BW AGP have created employment since receiving support. The programme also represents good value for money on a cost-effectiveness basis when calculating the cost per job created amongst supported businesses. Self-reported attribution of jobs through the survey, however, is possibly lower than anticipated.

The FTE salaries of jobs created have decreased amongst those businesses enrolled in the latter years of the programme. Whilst this is likely to be an influence of the profile of businesses engaging with support (with participant enterprises of 0 to 1 employees becoming more prevalent in the programme each year), the pattern remains when the size of the business is accounted for. Employment brings about a range of economic and well-being benefits. In future research it would be useful to gather additional insight on the jobs created including the hours and contractual security of those roles and whether those positions have been taken up by individuals who were previously unemployed. It would help provide further clarity on the added value of those jobs created against a pattern of falling salaries that on face value suggests a reduction in productivity per job created and in the quality of those jobs.

Over half of respondents in receipt of Entrepreneurship Support started a business following the receipt of that support. Without the support, 16% would not have set up a business, whilst a further three percent were unsure as to whether they would have done so.

Around half of respondents to the survey described increases in productivity, sales and profitability as a direct result of the support. Furthermore, almost one third of those participating in Entrepreneurship Support describe the support as having made a vital contribution towards the performance of their business. These are strong outcome indicators illustrating value in the support not picked up through ERDF indicators.

Whilst sales growth again appeared to be strong for SME Support provision, indicators of productivity relative to the comparison group were less strong (albeit with a catch-up effect evident three years post-support). The lack of emphasis in terms of target indicators for domestic sales growth or productivity may have influenced this outcome.

8.1.5. SFBE

The key outcome indicator for SFBE operation is the number of enterprises supported to introduce new-to-the firm products. The operation surpassed target against this indicator and delivered them more cost-effectively than the target set out within the original business plan. Furthermore, on average each business supported by SFBE adopted 2.3 new-to-the-firm products illustrating the success of the operation against this target indicator.

Analysis of the nature of the new-to-the-firm products introduced shows that almost one fifth (19%) were considered high technology products whilst a further 16% were considered medium technology products. More generally, for business across the majority of industrial sectors support, over half of the new products introduced were a high or medium technology solution.[55]

The CIE suggests little effect in terms of employment growth for those in receipt of SFBE support. This is likely to relate to the fact that the SFBE provision was never intended to deliver job outcomes. The primary outcomes expected for this support related to productivity and efficiency gains, indeed 85% of survey respondents felt the support made at least some contribution to their business performance whilst 59% report productivity increases in their business. Furthermore, the associated emphasis of SFBE support on the introduction of new to the firm products would likely experience a time lag between their introduction and any tangible changes in sales and employment that would be captured in the CIE.

Recommendations

- A broader range of target outcome/result indicators associated with business support initiative should be made available. This would enable operations (initiatives) to target and capture those outcome indicators most likely to be affected by the support on offer.
- Consider a greater emphasis on sales generation and productivity gains amongst the suite of target indicators for future, growth orientated, business support provision.

8.1.6. Future Provision

The pandemic continues to influence business performance, with over half of survey respondents reporting that it affected their margins to a great extent in their last financial year.

Recommendation

- That future support provision continues to focus on activity that includes elements supporting the business to recover from, and adjust to, the changing economy arising from the COVID-19 pandemic.

[55] High technology products include cloud technologies, customer relationship management, IT Security/Anti-Malware, Specialist Hardware or Software (bespoke) and Unified communications. Medium technology includes online booking solutions, document management/file sharing software, electronic/card payment, server infrastructure.

Stakeholders widely welcomed further funding for BW. They see it as a critical element of the business support landscape in Wales and as a trusted and known source of impartial advice in the business community. Its flexibility in responding to business needs over a turbulent socioeconomic period was widely praised, but there are concerns as to whether that ability to pivot and respond to future crises would remain without additional resources.

The UKSPF is viewed by most stakeholders consulted as part of this evaluation with concern. BW has simplified the business support landscape, yet stakeholders widely believed that the UKSPF may lead to an increasingly complex, fragmented and inconsistent business support offer.

Recommendation

- Extensive work with local authorities and communities to foster strong relationships and share intelligence will be necessary to ensure successful alignment of Business Wales provision with that which emerges through the UKSPF.

9. Reference section

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Annex A

BAS data variables

- Region
- Support programme (SME/Entrepreneurship) and L1 to 4 or Accelerated Growth
- Company Registration Number
- Location (postcode, local/unitary authority)
- Sector (2 digit SIC)
- Size (number of employees)
- Date received support,
- Adopting or improving equality and diversity strategies
- Adopting or improving sustainable development strategies and monitoring systems
- Increase in level of export
- Increase in employment in supported enterprise (by gender)
- FTE salaries of increased employment
- Pre start and post start verified hours

Annex B

Stakeholder consultation list

Representatives from the following organisations were consulted as part of the evaluation:

- Antur Cymru
- Assadaqaat Community Finance
- Bridgend College
- Business in Focus
- Catalyst Growth Partners
- Cwmpas
- Disability Wales
- Federation of Small Business
- Impact Innovation & Growth Services
- Industry Wales
- Local authority representatives (three)
- Menter a Busnes
- Nat West Entrepreneurial Hub
- Regional Skills Partnerships (two)
- Serco
- Something Different Wholesale
- Swansea University
- The Development Bank of Wales
- The Welsh Government
- Winning Pitch

Annex C

Research Tools

1. Stakeholder Interviews – Management and Delivery Staff

Introduction/context

- Please outline what your role involves in the management /delivery of Business Wales services.
- How (if at all) has your role on the current Business Wales contract evolved over time?

Delivery Model

Engagement

- What methods have been used to promote Business Wales?
- In your opinion/to your knowledge how successful have these been?
- What (if any) referral routes have acted as key routes to engagement on Business Wales provision?
- What if any promotional activities are used to engage/enrol businesses/entrepreneurs on /to Business Wales?
- How (if at all) have these approaches changed over time and particularly since the COVID-19 pandemic?

Support

- How the support needs of the businesses determined?
- How have support needs changed over time?
- In what ways (if any) has the COVID-19 pandemic influenced support needs?
- In what ways (if any) has the cost-of-living crisis influenced support needs?
- What types of support/activities are delivered to businesses (interviewer to confirm which operation these relate to and if Business Wales whether they are 1-4 or AGP)?
- Which of these are delivered one to one and which one to many?
- How has the approach to delivering the support changed over time (since 2018) and particularly since the COVID-19 pandemic?
- For how long do businesses typically remain engaged with the support?
- How does this differ by type of intervention that the business receives?
- Broadly speaking what duration (in hours) of support do they receive during that time?
- Roughly what proportion of this is delivered on a 1 to 1 basis?
- How do businesses exit the project? – How is it determined that no further support is required?
- What barriers or challenges to delivering support have you faced?
- How (if at all) have these been overcome?

- In what situations and to what other projects /organisations would you refer businesses for additional support?

CCTs

- What approaches have been used to promote delivery outcomes associated with the cross-cutting themes through the project? Please comment separately on:
- Equal Opportunities, Gender Mainstreaming and the Welsh language; (including HR practices and procedures, recruitment etc)
- Sustainable Development; (including resource efficiency, / carbon reduction, waste management etc.)
- Tackling Poverty and Social Exclusion. (Including living wage, targeted action for underrepresented groups etc)
- Was the Business Future Proofing Toolkit used for businesses who participated in the service you/your team delivered?
    - (If yes) How useful do businesses find the toolkit? (Why do you say that)
    - In what ways could the use of the toolkit be improved?
- In what ways has the Business Wales programme of support contributed to the goals of the Well Being of Future Generations Act?

Impacts

- What do you consider to be the main impacts of the support (above and beyond any target indicators)?
- Have there been any unexpected impacts or consequences from the project, positive or negative?

Reflections

- Reflecting on the project, what lessons have been learned:
    - what has worked particularly well and why?
    - What has not worked so well and why?
- Reflecting more widely on the nature of support that businesses require, what would your main recommendations be for future business support initiatives?

2. Stakeholder Interviews – Strategic Representatives

Questions for discussion

- Please can you outline your/your organisations role and particularly how it relates to ERDF funded business support provision in Wales?
- Which elements of Business Wales business support would you describe yourself as particularly familiar with?
- In general terms (and excluding any issues associated with the pandemic) how do you think (those elements you are most familiar with) have performed since 2018?

- As far as you are aware, have there been any notable differences in performance when comparing the West Wales and the Valleys (WWV) programme with East Wales (EW)?
- As far as you are aware, have there been any notable differences in progress and success when reflecting on the different strands of services on offer? By strands we are thinking of:
    - Entrepreneurship support
    - SME support (L1 to 4)
    - Accelerated Growth Programme
    - Superfast Broadband
- Excluding the issues arising from the COVID-19 pandemic, as far as you are aware, in what ways have the Business Wales programmes adapted to the changing economic context for businesses (in response to Brexit or inflationary pressures for example)?
    - In your opinion how successful have these adaptations been?
- From your perspective, what impact did COVID-19 have on the nature of support provided to businesses?
- In your opinion, how effective have any adaptations to support in response to the pandemic been?
- And how, if at all, did the COVID-19 pandemic affect the progress of the Business Wales support programmes?
- What do you consider to be the key strengths of these programmes?
- In what ways (if at all) could the support offered through these programmes be improved?
- In what ways (if at all) does this Business Wales offer integrate and align with other business support provision (e.g. the SMART programme, DBW)?
- Are there any ways in which integration could be improved at all?
- With the loss of EU funding and a shift to shared prosperity funds what opportunities and challenges for integrating business support do you foresee?
- How, from your perspective, could any challenges (if indeed there are any), be overcome?
- From your perspective how, if at all, have business support needs in Wales changed since the mid-term evaluation in 2018?
- In what ways (if at all) has Business Wales responded to these changing needs?
- What would you consider the key learning to be from the Business Wales programme?
- Reflecting more widely on the nature of support that businesses require, what would your main recommendations to improve support to businesses in the future?

Annex D

CIE – Additional Datasets

Table D1: Estimates of additional employment impacts – SFBE and SME Support					
ERDF Wales Beneficiaries		**Preferred Model**		**Alternative Model**	
SFBE	**Growth**	**Diff-in-Diff**	**Additionality**	**Diff-in-Diff**	**Additionality**
Yr of support	4.8%	-0.4% (0.19)	0% of growth is additional	-1.7% (0.89)	0% of growth is additional
2 yrs from base year	7.6%	-2.2% (0.76)	0% of growth is additional	-4.5% (1.52)	0% of growth is additional
3 yrs from base year	7.6%	-8.2% (2.18)	0% of growth is additional	-6.6% (1.73)	0% of growth is additional
SME Support	**Growth**	**Diff-in-Diff**	**Additionality**	**Diff-in-Diff**	**Additionality**
Yr of support	10.8%	5.7% (3.91**)	53% of growth is additional	5.5% (3.75**)	51% of growth is additional
2 yrs from base year	19.0%	9.4% (4.15**)	49% of growth is additional	10.0% (4.65**)	53% of growth is additional
3 yrs from base year	21.2%	8.5% (2.79**)	40% of growth is additional	7.6% (5.67**)	36% of growth is additional
Note: Significance levels are 1% (**) and 5% (*). T-statistics in parenthesis using robust standard errors. Difference in differences is treated as a minus control.					

Table D2: Estimates of additional employment impacts – BW AGP

Employment Growth	Growth in Supported	Preferred Model	Alternative Model	Difference in Differences	Additionality Estimates
Year of support	17.0%	11.8%	8.1%	5.2% (2.29**)	31%
2 years after support	31.1%	25.9%	12.0%	5.2% (2.99***)	17%
3 years after support	36.6%	23.8%	16.5%	12.8% (2.51**)	35%

Note: Significance levels are 1% (***), 5% (**), and 10% (*). T-statistics in parenthesis using robust standard errors. Difference in differences is treated as a minus control.

Figure D1: Real productivity change for SFBE and SME Support combined

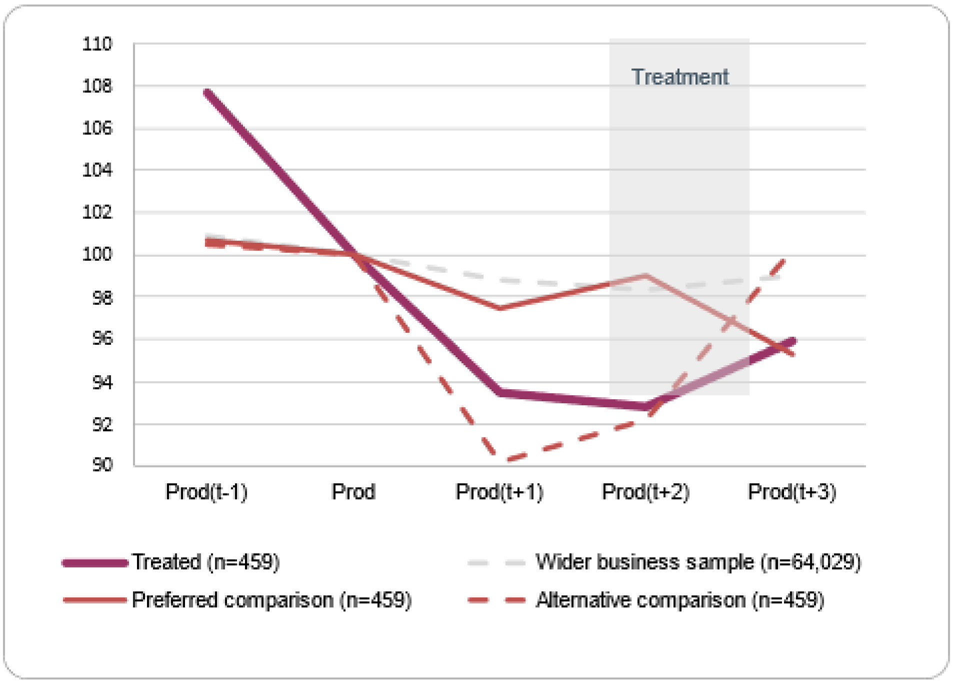

Table D3: Real turnover additionality – SME Support and SFBE

ERDF Wales Beneficiaries		**Preferred Model**		**Alternative Model**	
SO2.3 – SFBE	**Growth**	**Diff-in-Diff**	**Additionality**	**Diff-in-Diff**	**Additionality**
Yr of support	2.7%	-0.9% (0.33)	0% of growth is additional	2.3% (0.89)	85% of growth is additional
2 yrs from base year	1.6%	-7.2% (1.80)	0% of growth is additional	-2.0% (0.55)	0% of growth is additional
3 yrs from base year	4.1%	-11.4% (2.12*)	0% of growth is additional	-0.9% (0.20)	0% of growth is additional
SO2.4 – SME Support	**Growth**	**Diff-in-Diff**	**Additionality**	**Diff-in-Diff**	**Additionality**
Yr of support	5.2%	5.5% (3.00***)	104% of growth is additional	5.4% (3.12***)	104% of growth is additional
2 yrs from base year	11.9%	9.3% (3.38***)	78% of growth is additional	11.1% (4.08***)	93% of growth is additional
3 yrs from base year	18.1%	9.3% (2.51**)	51% of growth is additional	14.9% (4.13***)	82% of growth is additional
Note: Significance levels are 1% (***), 5% (**), and 10% (*). T-statistics in parenthesis using robust standard errors. Difference in differences is treated as a minus control.					

Table D4: Real turnover additionality – BW AGP

Real Turnover Growth	Growth in Supported	Growth in Unsupported Preferred Model	Alternative Model	Difference in Differences	Additionality Estimates
Year of support	9.4%	0.9%	5.3%	8.6% (0.74)	91%
2 years after support	21.6%	16.1%	10.9%	5.5% (1.09)	26%
3 years after support	31.0%	24.1%	11.1%	6.9% (1.73)	22%

Note: Significance levels are 1% (**) and 5% (*). T-statistics in parenthesis using robust standard errors.

The DID results show that the businesses supported by the BW AGP ERDF in Wales experience higher real turnover growth than the comparison groups. The results are not statistically significant.