Summative Assessment of the ERDF funded Connecting Cambridgeshire Digital Technology Grants for Business

Project Reference: OC13R19P0980

June 2022

Contents

Appendix A: Digital Technology Grants for Business Logic Model

1   Executive Summary

1.1   Cambridgeshire County Council (Connecting Cambridgeshire), as the accountable body, have commissioned this evaluation and Summative Assessment of the Digital Technology Grants for Business project to:

- Identify whether the programme will achieve its aims and objectives
- Obtain feedback from beneficiaries on the processes/quality of support
- Understand and quantify the likely impacts of the programme
- Assess the value for money of the programme
- Learn key lessons from the experiences of the project in supporting businesses to adopt digital technology

1.2   The Connecting Cambridgeshire Digital Technology Grants for Business has been a part funded ERDF grant scheme to support businesses based in Cambridgeshire and Peterborough to grow or sustain their business through deploying digital technology. The scheme offered businesses a grant of between £2,000 and £10,000 to cover up to 80% of their total project costs. The minimum size of project was £2,500, with a maximum against which a grant could be paid of £12,500.

1.3   The aim of the project was to support Cambridgeshire and Peterborough businesses to develop their resilience, survive and grow during and coming out of the COVID-19 pandemic. The project was also intended to expand the offer of the wider Connecting Cambridgeshire programme.

1.4   The project was awarded £704,494 of ERDF investment which represents a 50% contribution towards a total project cost of £1,408,985. The project started in December 2020, with a completion date of 31st March 2022, although the allocation of grants was completed by the end of November 2021.

1.5   One the key elements of the Summative Assessment process is to understand the range of economic impacts of ERDF investment. In order to achieve this the Summative Assessment has utilised a self-reporting counterfactual impact assessment, which draws on both the experiences of SMEs that provided feedback on the project and case studies from other ERDF digital projects. The Summative Assessment impact calculations were undertaken to the end of Claim 5 (the end of March 2022).

1.6   As of the end of March 2022 the project had cumulatively spent £1,369,384 of its overall budget of £1,408,985. This represents a defrayal of 97.2% of the overall project budget. Within this overall budget, the project allocated and defrayed 97% of its grant allocation of £1,300,000.

1.7   As identified in table 1.1 overleaf, the Digital Technology Grants for Business project has met all of the main targets within the Funding Agreement. The project has exceeded its C1 target of 150 businesses supported by just under 3%. The grant

leveraged 42 new to the firm products (420% of its original target) and also enabled 32 businesses (7% above target) to access broadband speeds in excess of 30mbps.

Table 5.1   Project Performance Measures

Programme Outputs	Target	Achieved March 22	% of target achieved
C1 Number of Enterprises Receiving Support	150	154	102.7%
C29 No. of enterprises supported to introduce new to the firm products	10	42	420%
P4 Businesses taking up broadband with speeds of at least 30Mbps	30	32	107%

Source: Digital Technology Grants for Business ERDF Claims, Funding Agreement and Funding Agreement Variations

1.8   The project has done well to hits its C1 targets. The average level of grant has been managed well despite an exceedingly high demand and the impacts of COVID-19. The team have worked well to ensure all grants have been claimed on time and businesses defrayed all of their expenditure.

1.9   Drawing from the Business Feedback Survey and calculations from other ERDF digital projects across the D2N2, Leicester and Leicestershire and Leeds City Region Local Enterprise Partnership areas, the average number of net jobs created is expected to be 1 job per every grant awarded. This equates to **154 net additional jobs** across the entire investment portfolio.

1.10   A good number of businesses also safeguarded a significant number of jobs as a result of their grant award, especially as the COVID-19 pandemic meant if staff couldn't work or businesses couldn't operate online, these roles would probably be furloughed.

1.11   Based on the programme supporting the creation of 154 net additional jobs, and with the latest Gross Value Added (GVA) per capita in Cambridgeshire and Peterborough being £31,079[1], it would suggest the Digital Technology Grants for Business project will support an increase in GVA of over £4.8m per annum.

1.12   The forecast additional Gross Value Added, over a 5 year period should create a **net economic return of around £35 for every £1 of ERDF invested**.

1.13   The programme has offered **very good value for money** for businesses supported and jobs created and is forecast to be below the relevant national benchmarks for the ERDF programme.

---

[1] Nominal Balanced Gross Value Added per head in 2020 by Local Authority (May 2022) for Cambridgeshire and Peterborough - adjusted for 2020 Mid-Year population estimates

1.14   As part of the feedback reporting, businesses were asked if the projects had
        delivered the requirements they set out in their applications, to which 96% stated
        they had. The small number that said 'no' generally stated it was because the full
        benefits of their investment were yet to be realised.

1.15   The Summative Assessment has clearly demonstrated the Connecting
        Cambridgeshire Digital Technology Grants for Business has been a very well
        managed and executed scheme, highly valued by businesses and demonstrating high
        demand for support to assist businesses invest in transformative digital technology
        to improve their resilience and grow after the COVID-19 pandemic.

1.16   In terms of the objectives of the programme, it is clear that the scheme supported
        businesses through the difficulties of the COVID-19 pandemic, facilitating distance
        and home working, online engagement of suppliers and customers and the
        development of new processes. A number of businesses have also reported they are
        now well positioned for future growth and can access new markets with new
        products and more efficient and productive ways of working.

1.17   There is a clear long-term demand for a scheme of this type and that there was still
        latent demand for the grants after the scheme committed all of their resources.

2   Introduction and Project Background

2.1   Every European Regional Development Fund (ERDF) Grant Funding Agreement places a requirement on recipients to undertake a Summative Assessment. Cambridgeshire County Council (as the applicant) has commissioned this evaluation and Summative Assessment of the Connecting Cambridgeshire Digital Technology Grants for Business to do the following:

- Identify whether the programme will achieve its aims and objectives
- Obtain feedback from beneficiaries on the processes/quality of support
- Understand and quantify the likely impacts of the programme
- Assess the value for money of the programme
- Learn key lessons from the experiences of the project in supporting business adopt digital technology

2.2   The Summative Assessment draws from a previously completed Summative Assessment Plan and Logic Model (Appendix A), developed early in the project cycle and explained further in the Methodology section. As the project was developed during the COVID-19 pandemic, the focus of the logic model is partly on improving long term productivity and business growth and partly on supporting businesses to improve their resilience through using digital technology as agreed with ERDF.

2.3   The Summative Assessment report has been co-ordinated by S4W Ltd, drawing on a range of performance, contextual and impact data and interviews with key project staff. Most of this data has been collected directly by Cambridgeshire County Council.

2.4   This evaluation report, provides the information for the Summative Assessment Summary Template (ESIF1-014) which is utilised to undertake an evaluation of the national ERDF programme.

About the Digital Technology Grants for Business

2.5   The Connecting Cambridgeshire Digital Technology Grants for Business has been a part funded ERDF grant scheme to support businesses based in Cambridgeshire and Peterborough to grow or sustain their business through deploying digital technology. The grant offered businesses a grant of between £2,000 and £10,000 to cover up to 80% of their total project costs. The minimum size of project was £2,500, with a maximum against which a grant could be paid of £12,500.

2.6   The project was awarded £704,494 of ERDF investment which represents a 50% contribution towards a total project cost of £1,408,985. The remainder of the project costs came from a £430,000 contribution from the Cambridgeshire and Peterborough Combined Authority, £260,000 of private sector matched funding (the 20% balance of the grants) and a contribution from Cambridgeshire County Council. The project started in December 2020, with a completion date of 31st March 2022, (although the aim was to allocate all of the grants by the end of November 2021).

BOOST YOUR BUSINESS WITH A DIGITAL TECHNOLOGY GRANT

If you're an SME looking to develop your business by investing in digital technology, you may be eligible for grant funding to cover up to 80% of your total project costs.

connectingcambridgeshire.co.uk/digitalgrants

2.7   The accountable body for the ERDF investment was Cambridgeshire County Council, with the project managed within the *Connecting Cambridgeshire* service. The Connecting Cambridgeshire Programme Manager had overall responsibility for the delivery of the project, reporting into senior management and Elected Members as required.

> Connecting Cambridgeshire is a programme to improve Cambridgeshire and Peterborough's digital infrastructure (including broadband, mobile and public access Wifi) to drive economic growth, help businesses and communities to thrive and to make it easier to access public services.
>
> The programme is hosted by Cambridgeshire County Council and led by Cambridgeshire and Peterborough Combined Authority, working with local councils, Government bodies and external organisations (including telecoms suppliers and mobile operators).
>
> The Connecting Cambridgeshire Digital Connectivity Infrastructure Strategy 2021-2025 will ensure that Cambridgeshire and Peterborough has the leading-edge digital connectivity infrastructure needed for local businesses to thrive and that no communities in the area are left behind.

2.8   The direct aim of the project was to support Cambridgeshire and Peterborough businesses to develop their resilience, survive and grow during and coming out of the COVID-19 pandemic.

2.9   The project was intended to expand the offer of the wider Connecting Cambridgeshire programme. The project was originally envisaged as a project change to the Cambridgeshire and Peterborough Superfast Broadband Phase 4 project. Ultimately the project had to submit a Full Application and therefore function as a stand-alone project, operationally separate from other ERDF projects.

2.10   Strategically, the project sits under the remit of the Connecting Cambridgeshire Management Board, which meets every two months and will ensure the project maintains its focus on delivering its contracted expenditure and outputs and will manage key strategic and financial risks. Under this board sits the Programme Board, which will provide a more operational steer for the project and features Peterborough Council and local District Councils, along with the Combined Authority.

2.11   The day-to-day management of the project was via a Project Manager, who was responsible for working with partners (including the Growth Hub) to raise awareness of the scheme and develop an applications pipeline, to support businesses with the applications process and manage claims on completion of the project. The Project Manager was also responsible for all ERDF administration.

2.12   The Project Manager was supported by a wider team including the Connecting Cambridgeshire Senior Programme Administration Manager, a Programme Administration Manager and a Communications and Media Manager.

2.13   The project was funded through an ERDF Call for Projects under Priority Axis 2 – Enhancing Access To, and Use and Quality of, information and Communications Technology. Cambridgeshire and Peterborough are classified as a 'More Developed' area for EU Structural Funds[2], which means ERDF can provide up to 50% of total project costs.

2.14   To be eligible for a grant the business has be to an SME[3], have been trading for at least 12 months, be in a position to fund 100% of the project costs up front and be within an eligible economic sector. To be eligible the business also had to be under the de minimis threshold of not having received 200,000 euros equivalent of public sector support over a rolling three-year period.

2.15   The grant fund could support investment in digital equipment, IT systems and consultancy/business training. The aim of the grants were to help businesses to achieve one or some of the following:

- Response to COVID-19 and rapid digital innovation
- Scale up existing online capability and provision
- Enhancing digital infrastructure and equipment
- Enhancing website and software
- E-commerce and online sales
- Accessing new markets
- New products and services
- Supply chain development
- Efficiencies
- New ways of working

---

[2] More Developed areas have a GDP per capita above 90 percent of the EU average.
[3] Employ less than 250 full time equivalent employees and have either a turnover less than €50 million or a balance sheet of less than €43 million at the time of full application

2.16   The project developed a website page and dedicated email inbox to encourage applications and utilised social media, case studies and attendance at a range of virtual events to promote the scheme. The project team also worked closely with the Growth Hub and other business support partners to raise awareness of the opportunity.

2.17   The first stage within the process was to submit an online Expression of Interest form to assess basic eligibility, with any advice and support on the project as required, then followed by a Full Application. The application was then assessed by a Review Board, drawing on representation from the Growth Hub, CPCA advisor and Connecting Cambridgeshire. On approval, the business then had a maximum of six months to complete their project, defray the expenditure and claim the grant back (up to 80% of total project costs).

Project Outputs

2.18   The project will directly deliver against the ERDF Operational Programme: Priority Axis 2 – Enhancing Access To, and Use and Quality of, information and Communications Technology. Table 2.2 below shows the original contracted outputs for the Digital Technology Grants for Business project as identified within the Grant Funding Agreement.

Table 2.1 Digital Technology Grants for Business Contracted ERDF Outputs

Programme Outputs	Target
C1 - Number of Enterprises[4]	150
C29 - No. of enterprises supported to introduce new to the firm products	10
P4 - Businesses taking up broadband with speeds of at least 30Mbps	30

2.19   The project aimed to support a minimum of 150 businesses with a grant investment, of which 11 businesses would then develop new to the firm products and 30 would then have the option to improve their broadband to speeds of at least 30 Mbps.

2.20   Although there is no formal requirement for the fund to support the creation or safeguarding of employment within Priority Axis 2, the investment into businesses was envisaged to help businesses access new customers, improve their turnover and productivity and ultimately increase jobs[5].

---

[4] ERDF Output Guidance – p11:
[5] Classified as a C8 target within ERDF Output Guidance

3   Strategic Contexts

Context

3.1   There are significant changes forthcoming to the way economic policy and regional growth is driven and delivered, partly due to significant ongoing risks within the UK economy, partly due to BREXIT and the effect this will have on regional policy after 40 years of EU investment and legislation as policy drivers and partly due to the legacy of the economic and social change brought about by the COVID-19 pandemic.

3.2   Digital Technology was already a growing component of economic growth - supporting productivity and the development of new products, driving flexibility in the labour market, changing the relationships between customer and supplier across large swathes of the economy and changing the way Government provides support and services.

3.3   The COVID-19 pandemic and its restrictions on human interaction have significantly accelerated these trends and many businesses have relied on digital technology to keep trading, maintain relationships with customers and suppliers and allow staff to work from home.

3.4   Many businesses have needed support and investment to react and adapt to these rapidly changing circumstances and to effectively deploy digital technology within the business (both before and after the pandemic). This is the context within which the project has operated.

UK Industrial Strategy and Levelling Up

3.5   The project was developed in the context of the UK Industrial Strategy, which has now taken more of a policy back seat with focus switching to the Levelling Up agenda. The project completed its delivery in advance of the release of the Levelling Up White Paper, but the agenda has had particular connotations for the project – notably supporting businesses in danger of being left behind within an area that was generally deemed prosperous, innovative and well positioned for future growth.

3.6   The Levelling Up White Paper when produced had a more rounded focus on 'Levelling Up' than the previous narrative suggested, expressed as a number of 'Levelling Up' missions. These missions have a focus on developing a strong society and communities, empowering local leaders and improving education, health and wellbeing and local pride, alongside more traditional economic outcomes.

3.7   The UK Industrial Strategy set out a long-term plan to boost the productivity and earning power of people throughout the UK. It aims to help industry create higher-paying jobs in every part of the UK through investment in the skills, industries and infrastructure of the future. The White paper published in November 2017 highlights the importance of the ability to innovate – to develop new ideas and deploy them.

3.8   It comments that the UK needs to be better at turning exciting ideas into strong commercial products and services and must do more to grow innovation strengths in every part of the UK, as well as maintaining the country's overall position as a global leader in science and innovation.

3.9   The UK Industrial Strategy[6] has identified five foundations for productivity within the national economy which are:

- Ideas
- People
- Infrastructure
- Business Environment; and
- Places

3.10   Productivity is identified as a key driver of economic growth and has been a major national constraint on national growth over recent years. It is one of the key issues to be addressed in the National Industrial Strategy and is likely to be a significant policy influence over macro and micro economic policy for some time to come.

3.11   Within the Industrial Strategy are a number of 'Grand Challenges' facing the UK economy, one of which is leading the digitalisation of the economy, through enhanced and better use of artificial intelligence and the use of big data.

3.12   Digital and ICT was a cross cutting productivity theme in the Industrial Strategy, with a significant desire to see activity that improves productivity in what it identifies as the 'long tail' of less productive businesses within the UK. This is an area that the Digital Technology Grants for Business has been keen to support and has incentivised these types of businesses through grant investment to adopt and invest in digital solutions to enable more efficient growth.

UK Digital Strategy

3.13   The UK Digital Strategy (2017) draws from the Industrial Strategy and provides a range of national level ambitions and activities to support the digital strands of the Industrial Strategy and also achieve wider national digital goals. The Strategy aims to make the UK the best place to start and grow a digital business. The aim is to increase the economic contribution of the digital sector to £200bn by 2025.

3.14   The Strategy also sets an aim to provide help to every business to become a 'digital' business. The strategy identifies the link between technology, productivity and growth and how it can be a positive force across the economy. It also positions technology as being critical to business innovation and highlights the importance of universities in developing and supporting early stage digital innovators.

---

[6] Industrial Strategy: building a Britain fit for the future 27 November 2017, Department for Business, Energy & Industrial Strategy

Sub Regional Focus

3.15 Cambridgeshire is part of the Oxford Cambridge Arc, a geographic partnership covering the ceremonial counties of Oxfordshire, Bedfordshire, Buckinghamshire, Northamptonshire and Cambridgeshire. The Arc area adds £110bn to the UK economy and is one of the fastest growing parts of the UK in terms of economy, housing demand and development pressure.

3.16 During the delivery cycle of the project, there were plans to consult on the development of a Spatial Strategy for the area and the production of an Economic Prospectus. Within the prospectus, the digital and creative sectors are seen as key local sectors, with a particular strength identified around Cambridge. Improving digital connectivity and supporting businesses and sectors to take advantage of digital technology to drive innovation and scale up is also a key priority.

Cambridgeshire and Peterborough Local Industrial Strategy (2019)

3.17 The Cambridgeshire and Peterborough Local Industrial Strategy (2019) aims to improve business productivity within the area as a key economic priority. Within the Strategy there is an emphasis on supporting the long tail of unproductive firms within the UK economy, a focus for the UK Industrial Strategy and the UK Business Productivity Review. Locally, this agenda will be a strategic priority for the Growth Hub and in turn the Digital Technology Grants for Business.

3.18 Digital and information technologies have been identified as a key sector in the local economy and one that is already growing rapidly. The growth of this sector has been identified as having a major positive impact on wider economic sectors through vertical integration into wider markets and the availability of cutting-edge technology.

A Digital Strategy for Cambridgeshire and Peterborough (2019)

3.19 The sub-regional Digital Strategy recognised that digital adoption could have a significant economic impact by supporting a high growth digital technology sector, by supporting existing businesses and industry to trial and adopt new technology, and to support the adoption of technology in supply chains to promote innovation and productivity improvements.

3.20 The strategy identified the need to establish an investment fund aimed at supporting new high growth digital businesses, but also recognised the gaps in funding to support and incentivise existing businesses to invest in technology and digital solutions. Alongside the need for investment, it was also acknowledged that access to funds needed to be easier and the deployment of this investment in businesses needed wrap-around support to ensure its maximum effectiveness.

3.21 The Digital Strategy was developed pre COVID-19 and the growing need has been to support established businesses to utilise digital technology – which has taken prominence and formed the framework for the development of the Digital Technology Grants for Business.

European Structural and Investment Funds (ESIF) Strategy

3.22   The Greater Cambridge and Greater Peterborough EU Structural and Investment Funds Strategy also placed a significant emphasis on the role of digital infrastructure and digital technology to support business growth. The inclusion of a specific strand within the ERDF programme to enhance access to, and use and quality of, information and communication technologies has provided a framework for the identification of a range of key local priorities under this theme.

3.23   The focus within the ESIF is on utilising digital technology to:

- Recognise the potential of digital developments and the opportunities it offers SMEs
- Develop new products, applications, services and digital content
- Transform business models and structures supported by digital technology
- Help to spread new ideas and knowledge quickly and widely

Improved digital infrastructure will also contribute to supporting the growth, sustainability and global competitiveness of high value economic activity in sectors such as:

- ICT
- Healthcare and life sciences
- Creative industries
- Low carbon and environmental goods and services
- Agri-tech
- High value engineering and manufacturing.

3.24   The key interventions that the strategy was keen to support included supporting SMEs to develop ICT led products and services and to improve their abilities to exploit e-commerce opportunities.

3.25   The ESIF also placed a significant emphasis on developing the infrastructure to allow businesses to access the highest possible broadband speeds, especially improving access in rural areas. This has been the core focus of Connecting Cambridgeshire and this priority has resulted in the inclusion targets within the Digital Technology Grants for Business project to support businesses to access broadband speeds in excess of 30 Mbps.

3.26   The strategy identified there is no automatic link between businesses accessing higher broadband speeds and improving productivity. Schemes like the Digital Technology Grants for Business help businesses to bridge the productivity gap and accelerate additional investment in other digital infrastructure.

Market Failure Context

3.27   Within the project's Logic Model, a number of key market failures were identified that the project is helping to address. The main challenge was the number of businesses within Cambridgeshire and Peterborough (although it was a national issue) that needed to invest in digital technology to keep their businesses going through the COVID-19 pandemic, including maintaining sales and deliveries, allowing staff to work from home and maintaining relationships with customers and suppliers. This investment was having to take place at a time of rapid economic downturn with businesses protecting their cashflow and often reluctant to invest.

3.28   This factor was central within the project design, ensuring that with an 80% intervention rate that businesses could afford to invest in what they needed at time of severe economic stress. The Cambridgeshire and Peterborough Growth Hub at the start of the pandemic was receiving around 300 business support enquiries per day, with a significant number of queries related to the need to adapt businesses to better utilise technology, often as the only way to continue to trade.

3.29   This was further evidenced by a survey undertaken by Opportunity Peterborough in May 2020, which demonstrated many businesses had begun to adapt to this change, but that there was still a significant need to support businesses with this transition. In this context, there was a clear need to expand the offer to local businesses around digital technology.

3.30   Outside of COVID-19, there has been a long-standing issue of businesses not utilising digital technology to improve their productivity and profitability.

> *"While digital technologies, tools and skills are being exploited by small businesses nearly all could be doing more to realise the full potential benefits."* ERDF England Operational Programme 2014-20

3.31   Whilst the utilisation of digital technology within businesses has grown significantly during the pandemic, many businesses have been reluctant or poorly informed adopters of technology and did so for short-term reasons to continue trading rather than as a long term strategy. The project also aimed to invest in long-term technology needs to help supported businesses to understand and implement the effective use of technology to enable ongoing innovation, growth and access to new markets.
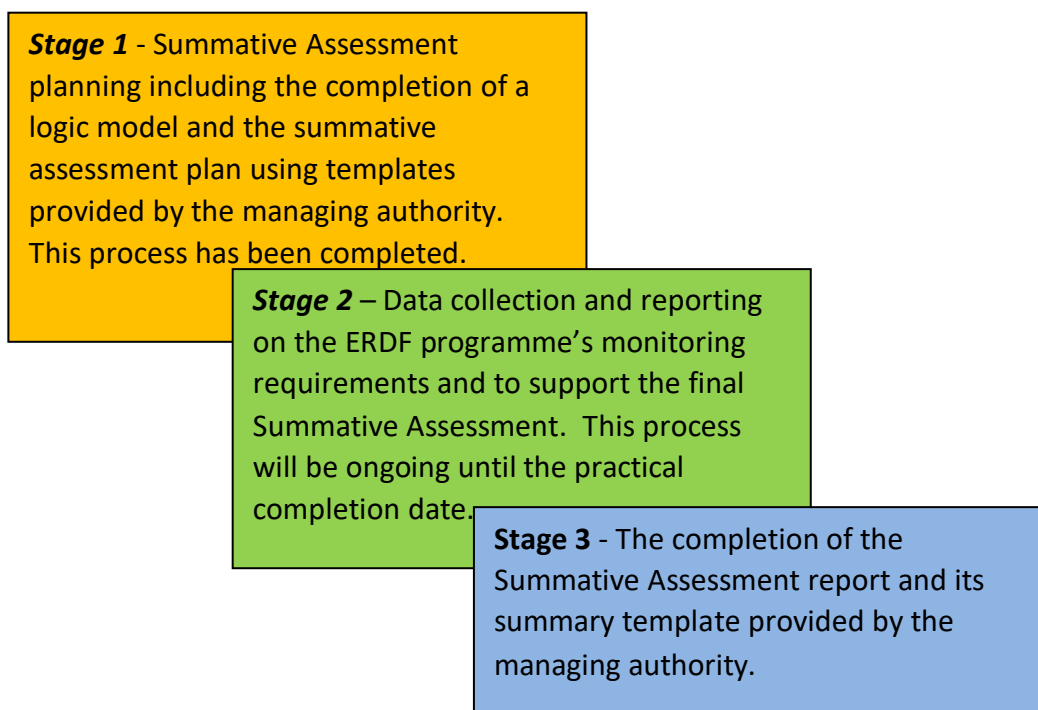
4 Methodology and Summative Assessment Context

"…Summative Assessments are intended to provide insights into project performance to enhance their implementation, reliable evidence of their efficiency, effectiveness and value for money, as well as insights into what and why interventions work (or not) and lessons for the future."[7]

4.1 This Summative Assessment report is the cumulation of an ongoing process that began early in the project delivery cycle to understand the impacts and lessons learnt from the Connecting Cambridgeshire Digital Technology Grants for Business project. The process has drawn heavily from the ERDF Summative Assessment Guidance, assessing the following key components:

- The continued relevance and consistency of the project;
- The progress of the project against contractual targets;
- The experience of delivering and managing the project;
- The economic impact attributable to the project; and
- The cost-effectiveness of the project and hence its value for money.

4.2 The Summative Assessment process is based around three phases, which are shown below.

Diagram 4.1   Summative Assessment Phases

Stage 1 - Summative Assessment planning including the completion of a logic model and the summative assessment plan using templates provided by the managing authority. This process has been completed.

Stage 2 – Data collection and reporting on the ERDF programme's monitoring requirements and to support the final Summative Assessment. This process will be ongoing until the practical completion date.

Stage 3 - The completion of the Summative Assessment report and its summary template provided by the managing authority.

---

[7] Summative Assessment Guidance (August 1017) MHCLG page 3

4.3   The Summative Assessment process draws from an underpinning logic model, which encourages projects to consider in project design, delivery and implementation how activity within the project can be measured and what type of outcomes and impacts the project will deliver.

Diagram 4.2   Summative Assessment Logic Model
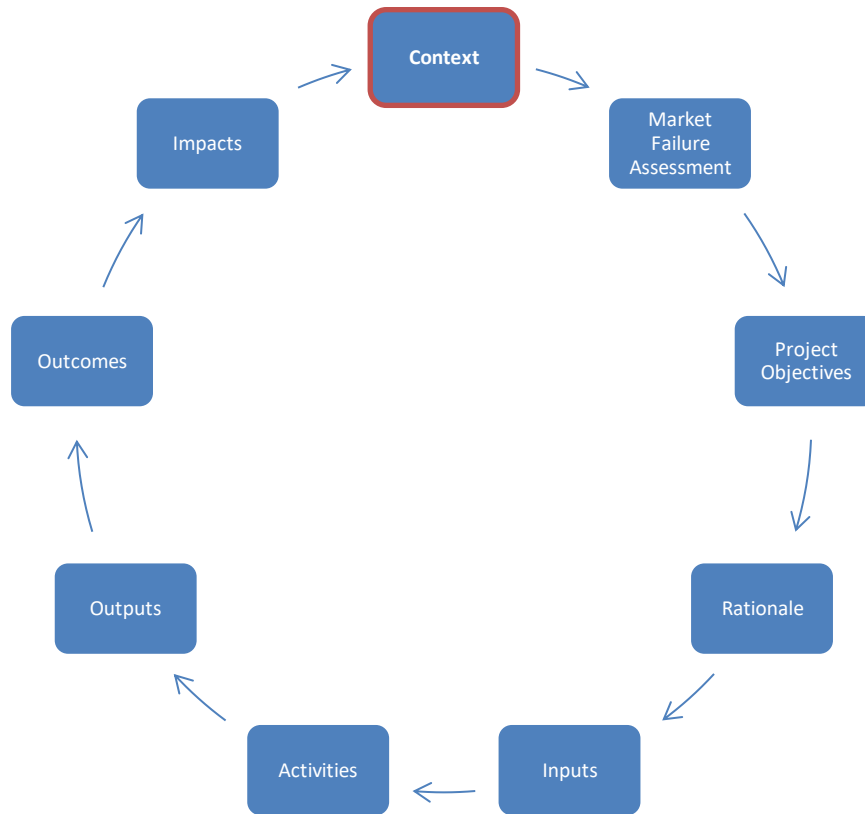
Source: MHCLG – Summative Assessment Logic Model

4.4   Diagram 4.2 above identifies the 'theory of change' driven logic model for the project development, delivery and final Summative Assessment process. The Logic Model involves understanding the context within which the project operates and the market failure(s) it will try and address. From these contexts, a set of objectives have been set for the Summative Assessment to identify how planning and implementation are clearly linked to achieving a set of outputs, outcomes and impacts. The Logic Model is included as Appendix A.

4.5   The logic model is a key mechanism for ensuring learning and feedback is constantly incorporated into the delivery of the programme, how it effectively engages and supports beneficiaries, the quality of services it delivers and how it measures impact.

4.6   The logic model for the Digital Technology Grants for Business project has a degree of complexity in that there are a number of inter-linked objectives for the project. These are:

- To provide SMEs with grants to invest in digital technology to improve their resilience, competitiveness and productivity
- To increase the number of new digital products/services being developed by SMEs
- To use investment in technology to increase the demand for higher speed broadband
- To increase/sustain the number of jobs and contribute to long term economic growth in Cambridgeshire and Peterborough

4.7   The Summative Assessment also considers the programme management structures, highlighting key learning points and making recommendations for future actions to support the adoption and deployment of digital technology in SMEs in Cambridgeshire and Peterborough.

4.8   The methodology has centred upon evaluating the following key issues:

- How the programme performed against its key milestones
- How the programme performed against its contracted outputs and outcomes
- How the programme supported the ERDF Horizontal Themes
- Perceptions of the project and its contribution to sub-regional business growth
- Future Outputs, Outcomes and Impacts Performance
- Additionality and Value for Money
- Key lessons learned and best practice

4.9   The methodology has worked within the parameters of the General Data Protection Regulation (GDPR), recognising the study will require direct feedback from businesses and case studies and interrogation of the management information systems of project partners. The research has been undertaken drawing on the GDPR principles of:

- Processing data in a lawful, fair and transparent manner
- Data is collected for a specific, explicit and legitimate purpose
- Is accurate and up-to-date
- Is processed in a manner that ensures security of the personal data
- Is based on consent of the data subject

4.10   The evaluation will incorporate a theory of change analysis, identifying the key 'change agents' of the project – the aspects of the programme that are most effective in delivering its outputs, outcomes and impacts. The theory of change will be the key process for testing the applied logic of the Summative Assessment Plan and Logic Model. These will be identified from the business feedback surveys and case studies.

4.11   Performance data for the project has been drawn from Claim 5, which covers performance up to the end of March 2022. Where required, this performance has been extrapolated to beyond the end of the programme.

Business Engagement

4.12   The Summative Assessment draws from the results of a business feedback survey distributed to all businesses that received investment. The survey was distributed by Connecting Cambridgeshire after a business completed their project and submitted their claim. A total of 100 responses were received. The survey covered a range of different subjects including.

- Business name and location
- Amount of grant received and project size
- Project Description
- Whether the project met expectations and how
- Where the project delivered any additional benefits
- Whether the investment has led to additional products and services
- Qualitative feedback on the scheme
- Whether the business improved their broadband speed (or plan to)

4.13   A total of four businesses have also been portrayed as case studies within the report, identifying some of the impacts of the programme on individual businesses and how they utilised the investment to support their business.   A number of relevant quotes have also been drawn from the feedback surveys and inserted where relevant.

Impact Calculations

4.14   One the key elements of the Summative Assessment process is to understand the range of economic impacts of the ERDF investment. The impacts will be calculated based on the overall performance of the Digital Technology Grants for Business project at Claim 5 (covering the entire project to March 2022).

4.15   In order to assess the likely economic impacts of the programme (net employment created and net Gross Value Added), the Summative Assessment will undertake a counterfactual impact assessment. Data to achieve this was not collected as part of the feedback surveys (as it was not a formal component of the ERDF outputs), so a range of evidence from other counterfactual impact assessments have been used from similar digital projects that provided investment to SMEs (although not all were active during the COVID-19 pandemic). These are:

- D2N2 Digital Growth Programme
- Leicester and Leicestershire Digital Growth Programme
- Leeds City Region Digital Enterprise Programme

5   Performance Review

Financial Performance

5.1   The Digital Technology Grants for Business project has been active since December 2020 and passed its financial and practical completion dates at the end of March 2022. The project has submitted its final claim (Claim 5) covering the period of 1st January 2022 to 31st March 2022. This claim covers the cumulative performance for the entirety of the project.

5.2   As of the end of the March 2022 the project had cumulatively spent £1,369,384 of its overall budget of £1,408,985. This represents a defrayal of 97.2% of the overall project budget. This included £684,692 of ERDF investment and £684,692 of matched funding.   The overall final expenditure included £108,405 of revenue and £1,260,423 of capital (grants). Overall, the project allocated and defrayed 97% of its grant allocation of £1,300,000.

Project Outputs

5.2   The Summative Assessment outputs and outcomes for the programme and assessment of the overall impacts are based on information collated for Claim 5 (to the end of March 2022). As identified in table 5.1 below, the Digital Technology Grants for Business project has exceeded all of its targets within Section 6 of the Grant Funding Agreement.

Table 5.1   Project Performance Measures

Programme Outputs	Target	Achieved March 22	% of target achieved
C1 Number of Enterprises Receiving Support	150	154	102.7%
C29 No. of enterprises supported to introduce new to the firm products	10	42	420%
P4 Businesses taking up broadband with speeds of at least 30Mbps	30	32	107%

Source: Digital Technology Grants for Business ERDF Claims, Funding Agreement and Funding Agreement Variations

5.3   Now all the investment has been committed and defrayed, the project has exceeded its C1 target of 150 businesses supported (receiving grants) by just under 3% or 4 businesses. The average project size has been £8,184 and the underspend on the grant pot has been just under £40,000. If this underspend had been committed, it would have only resulted in an additional four to five C1 outputs.

5.4   The project has done well to hits its C1 targets. The average level of grant has been managed well despite an exceedingly high demand and the impacts of COVID-19.

The team have worked well to ensure all grants have been claimed on time and businesses defrayed all of their expenditure.

5.5   In addition to this, the project was active during the COVID-19 pandemic, which brought ongoing restrictions on face-to-face engagement. This in turn reduced the number of channels available to engage with businesses and the Growth Hub became the main sources of referrals.

5.6   Alongside delivering the total number of grants specified, the investment has delivered a range of outcomes that have been significantly richer than the project's relatively narrow ERDF outputs. The quality of project supported was generally high and some projects will make a long-term difference to some high-quality businesses. This has been explored further in the Business Feedback and Impacts and Business Case Studies chapters.

5.7   The grant investment leveraged a significant number of new to the firm products (42) which is 420% of its original target and also enabled or increased demand from 32 businesses (7% above target) to access broadband speeds in excess

Potential Employment and GVA Impacts

5.8   Understanding the employment impacts of ERDF investment is a core element of Summative Assessments. In terms of increases in employment in supported enterprises, it can often be difficult to predict the final performance of a programme. The Digital Technology Grants for Business project did not formally have any C8 (employment increase in supported enterprises) outputs and this element did not form part of the formal monitoring of businesses that received a grant.

5.9   Many businesses create jobs after the initial intervention and after their final engagement on the project. This is particularly poignant as many businesses went on a major recruitment drive when COVID-19 restrictions ended from July2021 – but many had received their grant way before this juncture.

5.10   Some businesses did report the creation of employment as an additional or wider benefit in their feedback forms, but this was anecdotal and on its own probably does not reflect the employment creation potential of the programme.

5.11   To assess the number of jobs the programme is likely to have created, we will draw from evidence of the average number of net jobs created from other digital business support projects that have had grant schemes attached. These jobs calculations were based on surveys of businesses, identifying FTE jobs created and whether these jobs were either a direct or indirect result of the grant, or would have happened anyway.

5.12   By way of methodological approach, all these projects were ERDF funded and the Summative Assessments were undertaken by S4W Ltd between 2019 and 2020 (predating COVID-19).

The **Leeds City Region Digital Enterprise** programme reported that for every business that received a Digital Growth Voucher (of between £2,000 and £10,000 with a 50% intervention rate) on average 1.6 gross jobs were subsequently created within the business – which translate to **1.41 net jobs per business** when substitution and deadweight were incorporated.

The **D2N2 Digital Growth Programme** reported for every business that received a Digital Growth Grant (of between £2,000 and £16,000, with a 40% intervention rate) on average 2.95 gross jobs were created within businesses, with a total of **2.68 net jobs created** per grant awarded.

The **Leicester and Leicestershire Digital Growth Programme** reported for every grant awarded (of between £2,000 and £16,000, with a 40% intervention rate) on average 1.33 gross jobs were created within businesses, with a total of **1.25 net jobs created per grant awarded.**

5.13   Of the three projects above, Leicester and Leicestershire is probably the closest economic and geographical match to Cambridgeshire and Peterborough, whilst the Leeds City Region project has the most similarity in terms of grant composition. However, the intervention rates of these projects are both lower, which means the average project size may be slightly larger.

5.14   The lowest net job impact has been 1.25 within the Leicester and Leicestershire programme. If the average project size is 20% larger than the Digital Technology Grants for Business project, this would suggest an average net number of jobs created of 1 net job per every grant awarded – or **154 net additional jobs across the entire investment portfolio**.

5.15   A number of businesses did create employment and also safeguard a significant number of jobs as a result of their grant award. Some of the extensive extracts from the business feedback forms have been included below, which support the projected net jobs created projections.

> *"The equipment allowed us to enter markets that we had no exposure to beforehand. For example short run packaging, die cutting, and bespoke shape stickers. Also, because we can now die cut we can now keep jobs in house, that previously we would have to outsource."*

> *"(As a result of the grant received we have created….) 5 new jobs, likely to increase to 10."*

"As a result of our grant to develop our e-commerce platform for our cocktails and….) linked to new product launch and premises relocation – we potentially will create 2 additional jobs in sales."

"(The)…equipment enabled…(us)…to reach…(an)…online market - increasing turnover… (which)…led to new job being created."

"With (the) equipment (we) can deal with higher demand - particularly vehicle signwriting, which will create a new job."

"Reduced development time and costs, can offer new consultancy projects in thermo-mechanical simulations and has protected jobs during the pandemic."

"During COVID-19, the grant extended…(our)…services and we managed to retain all…(our)…staff - after COVID…(the grant will lead to)…the creation of new employment positions."

"(We are now)…looking to employ a third apprentice."

"We have also employed a new Products Innovations executive and a sales representative that will be on the road generating new business to assist with this growth."

"Created an additional role."

"Looking to create a new Marketing Coordinator role."

5.16   Based on the programme supporting the creation of 154 net additional jobs, and with the latest Gross Value Added (GVA) per capita in Cambridgeshire and Peterborough being £31,079[8], it would suggest the Digital Technology Grants for Business project will support an increase in GVA of over £4.8m per annum.

5.17   The forecast additional Gross Value Added, over a 5-year period should create a **net economic return of around £35 for every £1 of ERDF invested**.

---

[8] Nominal Balanced Gross Value Added per head in 2020 by Local Authority (May 2022) for Cambridgeshire and Peterborough - adjusted for 2020 Mid-Year population estimates

Table 5.2   Summative Assessment Outcomes Table

Indicator	Targets		Performance at Time of Evaluation		Projected Performance at Project Closure		Overall Assessment
	Original	Adjusted (if relevant)	No.	% of Target	No.	% of Target	
Capital Expenditure (£m)	£1.3m	£1.3m	£1.260	51.7%	£1.260	97%	
Revenue Expenditure (£)	108,982	108,982	108,962	100	108,962	100	
C1: Number of Enterprises Receiving Support	150	150	154	102.7%	154	102.7%	
C29 No. of enterprises supported to introduce new to the firm products	10	10	42	420%	42	420%	
P4 No. of enterprises supported to introduce new to market products	30	30	32	107%	32	107%	

6   Cross Cutting Themes

6.1   All European Structural and Investment Funds operate with two key cross-cutting themes that need to be incorporated into a project's design, delivery and monitoring. These are Sustainable Development and Equal Opportunities and non-Discrimination. The two cross-cutting themes also need to draw from local priorities in these fields.

Equalities and Diversity

6.2   Equalities and Diversity has featured as prominent features of the current England ERDF programme. The requirement to embed equalities and diversity in projects has been passed on to the Digital Technology Grants for Business project in the way it engages businesses, the way the project has delivered its services and the way the project has monitored its outcomes and impacts.

6.3   Within the Grant Funding Agreement, Cambridgeshire County Council stated the programme would ensure no beneficiaries would be excluded on the basis of their characteristics and a range of needs will be considered during the design of the programme.

6.4   The beneficiaries that completed the business feedback survey cited a range of positive outcomes with relation to equalities and diversity, notably through the creation of work placements and Apprenticeships. Within the context of COVID-19, the grant fund opened up significant opportunities for the workforce to work from home and avoided additional staff having to be placed on the furlough scheme or even made redundant. Supporting working from home has helped keep many individuals who were at risk from health complications from COVID-19 safer, although this has not been a direct planned outcome of the project.

6.5   The support and investment from the Digital Technology Grants for Business scheme has also enabled businesses to offer services and products to a broader market place and engage a wider range of customers – particularly through the use of social media and e-commerce.

Sustainable Development

6.6   Promoting sustainable economic development is a key priority for Cambridgeshire County Council. The investments have generally enabled activity within businesses that have enabled more sustainable business practices that have resulted in waste minimisation, travel reduction (linked to working from home during COVID-19), reduced energy use and businesses implementing a range of more efficient processes.

"We have been able to go paper free which is a huge part of our Net Zero Carbon Plans."

"Our…website upgrade has led to massive increase in sales and (the A3) printer has reduced waste."

"Customers can now book waste and recycling collection online."

7   Business Feedback and Impacts

7.1   Utilising the feedback from the 100 business feedback surveys received, a clear picture of the importance and impact of the project on beneficiaries can be identified. This includes business views on the quality of provision and also an indication of what the legacy of the project may be. The businesses that completed the feedback surveys represented over £1m of project value and is therefore an excellent representation of all the businesses that received a grant.

7.2   Businesses were first all of asked what the nature of their project was. There were a significant number of projects that included combinations of e-commerce, web-design, online marketing and digital imagery. Overall, these projects probably made up just over half of all investment – but were spread across a range of business sizes and sectors and were not all micro-business projects. Some websites were geared to specific markets, such as the USA or Europe.

7.3   A good proportion of projects included a range of hardware, especially infrastructure to allow staff to work remotely during the pandemic including purchasing laptops, remote sensing and telephony. Some projects required bespoke or specialist hardware including 3D and VR hardware, fault diagnostic equipment for vehicles, digital screens for a public venue, die and laser cutters and test equipment for digital fitness. There was even an Internet of Things chip that enabled a 'bacteria in water' piece of testing equipment/software to be developed that could automatically upload and analyse results.

7.4   A number of the larger projects included commissioning software to allow workflow integration across a number of business processes, such as marketing, sales, ordering, logistics and accountancy. There were a number of projects, generally from larger businesses, that required Enterprise Resource Planning and Manufacturing Resource Planning software.

7.5   There were projects that required the development of online learning platforms as face-to-face training and education was no longer possible during the pandemic. Some businesses added functionality to existing apps, whilst others developed new ones.

7.6   There was also a range of bespoke software developed including for building design, manufacturing design software and health diagnostic software.

Business Impacts

7.7   As part of the feedback reporting, businesses were asked if the projects had delivered the requirements they set out in their applications, to which 96% stated it had. The small number that said 'no' generally stated it was because the full benefits

of their investments were yet to be realised. Some of the projects that the businesses invested in were positioning themselves for long term growth after the end of the pandemic.

"We very much appreciate being awarded this grant. Undertaking this project has been significant to our business, we have future proofed our business processes and can now grow/expand."

"We are delighted to have been awarded this grant which has enabled the transformation of our business. Whilst our business plan has been delayed, it has allowed us to take on additional work from new clients which we would not have been able to do previously."

"Thank you for supporting me and allowing me to expand. I am sure once the supply chain opens up, I will be in position to take advantage as I have the platform in place ready to move forward."

7.8   Businesses were also asked if there had been any additional or unexpected benefits to the project other than those they originally identified, to which 49% of businesses stated there was. Some of the business benefits are listed below:

- Better telematics and data
- Speeding up production and delivery to customers
- Improved productivity
- Waste reduction
- More flexible working patterns
- Improved flexible working
- Take more functions in-house and have better control over supply chains
- Improved sales and customer experience
- Reduced waste or administrative/production errors
- Upselling opportunities
- Increased website traffic
- New contract wins

Business Views on the Programme

7.9   Businesses had an overwhelmingly positive view of the purpose and administration of the programme. The project offered a relatively simple and efficient process from eligibility checks through to application, approval, claims and payment. Businesses recognised the team worked hard to process grants quickly given the circumstances many businesses found themselves in during the pandemic.

7.10 Demand for the scheme was significant, with 196 businesses expressing an interest in the scheme in the first week alone. After opening to applications in mid-February 2021, the scheme was oversubscribed by the end of the month and a waiting list had to be created. During March 2021 a total of four Approval Board meetings were held to process applications, which resulted in 71 approvals. Further approval meetings

were held as required until the fund had largely been exhausted and 156 offer letters had been committed (although not all projects proceeded).

7.11   The project originally aimed to commit all grant investment by the end of November 2021, but due to demand all resources were committed by the end of August 2021. Over the short duration the scheme was live, the team had to flip between intense marketing and pipeline development and approaches to demand management as a waiting list grew. Despite these challenges, the scheme was highly regarded by the businesses that received support.

> *"As a UK tax payer and director of a small business at the 'sharp end', I find it hugely encouraging that this kind of support is made available to help me grow my business."*

> *"A well organised scheme. Communication was excellent and the admin was efficient."*

> *"On the whole I did feel quite daunted and apprehensive at the thought of applying for the grant but to be honest it really was very straight forward, and I'm pleased with the whole process. From the start everything was laid out clearly and concisely and on the odd occasion that I missed an answer it was quickly picked up and pointed out to me and rectified. All timescales given were adhered too and more often than not done before time. Very, very happy with the process indeed."*

> *"Really easy to claim and liked the pre-application process to allow time to produce a proper application."*

> *"I thought the grant was administered well. The speed of approval and payment of grant was efficient and fast."*

> *"We are very happy with the whole process – the application was simple, we were kept informed throughout the process, communication was excellent, and payments were processed promptly. An excellent programme."*

7.12   The impact of COVID-19 on businesses balance sheets had created a significant barrier for many businesses to co-invest investing in the plant, machinery, skills and technology required to improve their productivity and drive their growth. The fact that the intervention rates on the Digital Technology Grants for Business project were at 80% made the programme accessible to many more businesses and also meant business could invest in what they needed rather than what they could afford under the circumstances.

> *"Hugely grateful for this opportunity that this funding provided and the new capabilities it has enabled. It is a frightening time for SMEs, but opportunities like this will be the difference between success and failure."*

"The scheme was brilliant for us, it really helped us take the plunge and invest in external help we wouldn't have done without the investment."

"We're very pleased with the grant and the outcome it helped us achieve. As a business we were eligible for very little support during the pandemic, even though our sales were negatively affected.

"As a small business with limited resources, particularly in terms of cash flow the grant was crucial to our survival during COVID 19. It has helped us to move the business in new directions including e-commerce. We are confident that this will allow for business growth in the coming years."

"Without the funding we would not have been able to get this project off the ground…We were very much impacted by COVID as almost all our customers were forced to close and restrict sales for much of 2020 and 2021. With little financial support we were reliant on applying for grants to enable us to carry on the business. The digital grant has enabled us to diversify our range and the early signs are that it will give us greater opportunity than we even realised. The future looks bright!"

"These products would not have been purchased without the help of the grant. As a small business, £13,000+ is a lot of money and this grant will allow us to create products/services that will benefit our clients and it will allow our Design Engineers to work in a more efficient manner."

"Our situation at the time meant that we would have found it very difficult to renew our website without financial help. The grant has been a great help when we needed it most."

"As with many venues…(we have)…been hit hard by the Covid pandemic. As we now struggle financially to re-build the lost customers and restart our entertainment diary the assistance given by this grant is very gratefully received and is allowing us to move forward."

7.13   Despite the overwhelmingly positive feedback on the scheme, there were a minority of businesses that either had more problematic experiences or made some suggestions for improvements. Some of the comments included offering larger grants and some businesses ended up with smaller intervention rates as their project was well in excess of the maximum amount the fund could award.

"I only implemented some of what was required as grant wasn't large enough."

7.14   Given the small underspend and some of the wider examples cited within the report this could have been a possibility – but there is a balance to strike between supporting volume of businesses with investing in quality and keeping eligibility criteria simple.   This balance is much harder when the grant fund is immediately

over-subscribed and businesses only have six months to implement their projects – as many more complex (and expensive) projects would take much longer.

7.15   Some businesses were unclear about the detail of the eligibility criteria (although it may be an issue within an individual business rather than within the project as the overwhelming majority of businesses found processes straightforward). One business in particular paid for an item on a credit card (which is normally not allowed for the purposes of ERDF). In these circumstances, the team accommodated the business where they could within the rules of the fund. Going forwards, with many more businesses struggling for finance, this is likely to become a more common occurrence in future schemes.

> *"I was initially told that I could not apply for a grant for a new laptop as they were not included in the criteria. I was disappointed that the grant did not cover the cost of shipping and import tax as these are still expenses are part of the overall project cost. I had to prove that I had paid off the credit card used for payment by sending bank statements before I received the grant…If the grant had not been awarded to me, after I had paid for the laptop, I would have had to close my business."*

7.16   Another very small minority of businesses stated the time between submitting a claim and receiving payment created cashflow problems. This is more likely to be the case for micro-businesses – but again has been a result of the pandemic's impact on business cashflow.

> *"A swift and easy to follow application process however having initially laid out for the cost of the project the claim form was not processed for some time putting pressure on our cashflow having committed to the project on the basis it would be part funded."*

7.17   Overleaf are examples of two comparator ERDF digital programmes by way of comparison and to help identify any key lessons learnt. Both these programmes have incorporated both business support and a digital grant scheme – with support in place to assist businesses to understand their digital needs and to guide them through a grant process to ensure the investment adds the most value. Both of these schemes have had good job outcomes, have achieved good value for money and have been well received by local partners and businesses. This may be something any future scheme in Cambridgeshire wishes to consider – especially if there is more time to build a project pipeline.

7.18   Other differences include the use of 'application windows', particularly within the Leeds Digital Enterprise programme, to manage demand and the promote competition between applications to drive up the quality of projects.

7.19   These two schemes began in the early stages of the ERDF programme but have had continuations that have meant they have been operational during COVID-19 and

have had to operate with similar constraints as the Digital Technology Grants for Business project. Grant intervention rates have been lower in pre- COVID times also.

Comparator ERDF Programme, Leeds Digital Enterprise

The Digital Enterprise programme aims to help eligible, growth focused businesses, based in the Leeds City Region, to scale up and achieve digital transformation. The overall project budget between 2016 and 2019 was £8,462,950, with a 50% ERDF intervention rate (£4,231,475). The programme has had many similarities with the Digital Growth Programme.

The project has had three key strands for businesses to interact with which are:

The Digital Knowledge Exchange (delivered under contract by the Umi Group) running a series of short workshops, demonstration events and conferences. Where the programme differed from the Digital Growth Programme is through the offering of 'online training' through webinars, undertaking remote digital marketing audits of businesses and managing the Digital Top 100 campaign to showcase and celebrate Leeds City Region's most innovative, digitally mature and transformational digital businesses. The programme also recruited a team of Digital Champions from local digital businesses to provide mentoring.

The programme had a Digital Growth Voucher, similar to the Technology Grant, offering a variable intervention rate (usually around 50%) towards projects between £2,000 and £10,000 (although the upper ceiling was later revised). The programme also offered Connectivity Vouchers of up to £1,000 towards the cost of an upgraded broadband connection over 30mbps. The programme struggled to award these vouchers, largely in light of DCMS's Gigabit Voucher scheme

Initially, businesses were only allowed to access one strand of the programme, but this was relaxed as the programme neared the delivery of its contracted outputs.

The Digital Enterprise programme also recruited a team of Digital Growth Advisors, who offered support to businesses applying for vouchers. Ultimately much of this resource became entrenched in delivering the vouchers, but the Advisors did offer 1-2-1 sessions and offered drop in advice at some of the larger programme events.

The continuation of the Digital Enterprise programme (DE2) places a stronger emphasis on supporting businesses with access to faster broadband through a specialist Digital Business Advisor. The programme has also relaxed some of the constraints on accessing businesses support and receiving a grant.

During the pandemic, all delivery moved online. The programme also introduced a Digital Resilience Voucher, offering between £500 and £5,000 for businesses with under 50 employees to become more resilient. Claims could be retrospective.

Comparator ERDF Project, LLEP Digital Growth Programme

The Leicester and Leicestershire Digital Growth Programme is a £9.32 million revenue only business support programme, part-funded by the European Regional Development Fund (ERDF), which provides dedicated support to enterprises located in Leicester and Leicestershire. The programme offers support to help eligible, growth focused businesses based within the area to scale up and achieve digital transformation through a range of advice, seminars, workshops and the award of Technology Grants. The project ran from 2016 to the end of March 2022.

The project has aimed to fill a market gap in the business support offer within the Leicester and Leicestershire area - ensuring local businesses have access to the information, support and investment needed to grow, develop their digital capabilities and to ensure they well positioned to take advantage of emerging technologies to underpin their long-term business growth.

The Technology Grants programme supported businesses to utilise their existing technology solutions to their full potential or assist in the introduction of new systems and software - with the overall aim of improving business performance and productivity. Businesses could secure up to 40% of the investment a digital project's costs up to a total of £16,000 (with a minimum project size of £2,000). In some cases, more than the maximum grant was awarded if the project merited it and when the project was extended the grant ceiling was increased to £25,000.

Projects are likely to be in the following areas

- ICT product design, testing and/or development
- Advanced ecommerce
- Business application and bespoke software development
- Evaluation of processes or product design
- Validating, certifying services
- Prototyping and R&D demonstration
- Consultancy to implement ICT development plans
- Purchase of new equipment
- Broadband upgrades

The extension of the project had to deliver during the COVID-19 pandemic and had to re-orientate its offer to meet a new set of challenges. The scheme delivery moved online and Technology Grants operated more flexibly to try and vary intervention rates.

8   Business Case Studies

Case Study: Riverlite

IT company Riverlite used digital technology grant funding to bring in external consultants to overhaul their existing digital platform and implement new services to their existing systems to help with end-to-end automation.

Based in St Neots, the company provides managed IT services for small-to-medium sized businesses. Their team of specialists and support service professionals are the IT backbone for many Cambridgeshire-based and national organisations in the charity, education, health care and private sectors.

Pre-pandemic, Riverlite had a workforce of 20 but had hit a "glass ceiling" with growth because of the lack of automation of its primary internal digital business system. They were relying on spreadsheets and human interaction between departments to run the business – which became tricky when people had to start working from home.

The company had never applied for a grant before, assuming they wouldn't be eligible. After receiving help at the start of the pandemic through the Combined Authority, they heard about the Digital Technology Grants for Business. They used the funding to bring in an external IT consultancy to provide guidance on how their existing systems could be better configured. They were able to implement new services thanks to another consultation and brought in an external expert to help with digital automation.

Paul Oggelsby, Riverlite Managing Director said: "The grant came at the perfect time when we were looking to invest in ourselves. The scheme was brilliant for us – it helped us take the plunge to invest in external help we wouldn't have done without the funds."

The company, which managed to almost double its workforce during the pandemic due to the demand on IT and the sky-rocketing rise of people working from home, has also been able to vastly improve the key areas they needed to with the assistance of grant funding.

Paul went on to explain: "Off of the back of the project we hired someone to focus on process and system improvement, and the reality of the project we undertook was that it has kick-started the changes we need to continually make to ensure the business can scale successfully.

"This digital technology grant project has led to the end-to-end automation of our processes and we're now realising the benefits we wanted to see. It will enable Riverlite to compete with larger competitors and lift the current glass ceiling on our growth ambitions."

Case Study: Butlers Auto Electrical

Mobile auto electrician, Butlers Auto Electrical Ltd, based in Huntingdonshire, embraced the opportunity to invest in digital technology and used a Digital Technology Grant to buy the latest diagnostic equipment for hybrid and electrical vehicles together with a laptop to develop the business's online presence.

David Butler, Director, said: "I did feel quite daunted and apprehensive at the thought of applying for the grant but to be honest it really was very straightforward.

The vast majority of electric vehicle specialists are workshop based. However, as my business is mobile-only, I am now in an even better position going forward."

Car repairs are currently a mixture of mechanics and diagnostics. With more and more people buying hybrid and electric vehicles (EVs), along with the Government's 'Road to Zero' strategy (the long-term goal to transition to zero-emission road transport and end the sale of petrol and diesel cars by 2030), diagnostic work is increasing.

Generating an online presence had never been at the top of the 'to do' list as Butlers Auto Electrical relied on word of mouth, but during the pandemic David quickly picked up on the fact that more and more people were searching online for auto electrical repairs – so along with being able to buy a diagnostic scanner, creating a website became of utmost importance.

David went on to add: "We've been able to future proof the business, which is getting noticed for being able to deliver faster, more accurate results than most garage workshop diagnostic equipment."

"This investment will most definitely increase productivity as it will generate a greater customer base, thus greater revenue, making for a very competitive vision in the future. I'm very happy with the whole process indeed."

Case Study: NET LED

A digital technology grant helped NET LED complete the transition from having a field-based sales team to a true online digital sales and marketing business.

Based in Swavesey, NET LED supply LED lighting to electrical wholesalers across the UK and pre-Covid they had 11 sales managers on the road. With over a decade of experience using a traditional style of selling that was all about personal contact, the businesses suddenly needed to adjust overnight to a new environment with reduced demand for in-person visits.

The pandemic forced the business to change to be a digital and online supplier only – but they wanted to retain an efficient personal touch for customer service and after-sales support.

Oliver Bubb, Managing Director for NET LED, said: "The grant helped us massively. It allowed us to upgrade our existing software and purchase new hardware so we could move our sales team in-house. We can now offer real-time responses to customers both verbally and digitally which has enabled the conversion of sales without the need for face-to-face meetings."

As an example, when NET LED send out a digital marketing email that is clicked on to go through to their website, they now know exactly which products a customer is interested in and can automatically send off an associated email about those products and trigger a follow up call from a member of the internal sales team via their new CRM system.

Oliver went on to add: "The project has enabled us to have fully joined-up digital marketing campaigns using real time data to interact with customers. With strategic planning we have successfully been using the data proved by our new systems to inform and create telesales campaigns so we can offer tailored marketing services to our customers."

Case Study: Wiser Environment Ltd

Environmental consultancy Wiser Environment Ltd, who have operational sites in Thetford, Huddersfield and their Head office in St Ives, are experts in the field of waste management. They provide specialist recycling services to both the public and private sector. The company had long intended to update their website so when they heard about the digital technology grants for business scheme the opportunity was obvious.

The pandemic forced a lot of companies to look at how they reach their target audience. The monumental increase in demand for a plethora of online services throughout the national lockdown

prompted companies to improve on their current marketing. Wiser had already realised that to better engage with potential customers and compete in their respective field, they needed improved information about their abundant functionality available on the website.

Wes Carrington, Wiser Recycling's Business Development Manager said: "The company already had an excellent reputation, but as we continued to grow from referrals, the more difficult it became to continue that growth without improving the marketing of the business.

"The grant funding helped us to develop our on-line presence and our new website allows clients to interact with us in multiple ways. We are now offering our customers the ability to book waste collections online and this new service alone has generated £7,000 revenue since May 2021.

The project involved the design and build of a modern website that enables customers to browse a catalogue of Wiser's recycling services and reuse options. It can provide online quotes, has an ecommerce functionality and a community forum for customers to log comments and book collections. The website now also has a live-chat feature and has been optimised to appear in search engine results.

Wes added: "Overall, we wanted to use the grant funding to build a website that can access new technologies and adapt our operations to a post-COVID trading environment. Specifically, the grant funding was used to commission services from a local technology company to design and build our new website.

"The grant allowed us to smoothen the hump to improve the business. The project is still ongoing, and we are confident that it is making good progress. In preparation for the anticipated growth and to harness new business opportunities, we have expanded our team with five new full-time equivalent job positions. Furthermore, we expect to grow this further by another 10 within the next 6 months."

Spurred on by Connecting Cambridgeshire, the St Ives Wiser office looked at other ways they could modernise their business and realised they had an option to upgrade their broadband package – another crucial factor to consider when running a business that they had previously highlighted but not devoted the time to. As a result, the company researched the availability and have now also successfully upgraded their broadband speed.

9 Value for Money

9.1 The national emphasis within Summative Assessment processes is to understand the net impacts of ERDF investment on job creation and generating Gross Value Added. This is a key component in ensuring value for money for European Union Structural Funds investment and is a key component of the current ESIF programme and of current Summative Assessment guidance.

9.2 The Digital Technology Grants for Business project has placed emphasis on investing in businesses to develop their digital infrastructure and capacity, to be resilient during the COVID-19 pandemic and to develop new products, service and processes. Employment creation was not a required output and only a secondary consideration to the aims of the project. Value for Money will be an important component of evaluation of any project offering an 80% grant intervention rate.

9.3 Despite this, the project has been successful in generating (and also safeguarding) a number of additional jobs. As identified in Section 5.14, the project is anticipated to have created a net additional 154 jobs for the Cambridgeshire and Peterborough economy from the 154 businesses supported.

9.4 As identified within Section 5.2, the project has defrayed a total of £1,369,384. Based on this budget, the cost per business supported has been £8,892. In terms of impacts, the cost per net FTE job created has also been £8,892 and the cost per new to the firm products/services (the project has supported 42 businesses in this area) the unit cost has been £32,604.

Benchmarked Costs

9.5 According to a report by Regeneris on the anticipated unit costs per output across the 2014-20 ERDF programme for businesses supported, the mean benchmark unit cost for a medium intensity business supported output is £34,000, with a median unit cost of £10,400.

9.6 This suggests the cost of businesses supported output for the Digital Technology Grants for Business in section 9.4 is slightly above the median for value for money. Considering the average grant was £8,184, the management and delivery of the programme offered excellent value for money at less than £1,000 per business supported. This includes the management of scheme, marketing the grants to businesses, administering the application process and monitoring and payments.

9.7 The median benchmark for jobs created across ERDF projects should be £26,000, although this was based on research undertaken in 2013. From the same source, the mean cost per job created was £71,000 as a result of the impact of capital-intensive projects including grant schemes[9].

9.8 The gross cost per job created in section 9.4 is significantly below both the Regeneris median and mean cost and the project is likely to have offered excellent value for

---

[9] Regeneris Consulting (2013) England ERDF Programme 2014-20 Output Unit Cost and Definitions

money for any jobs created – even if the actual net number of jobs created has ultimately been much lower.

9.9   The equivalent unit costs for supporting businesses to introduce new to the firm products and services is between £28,000 (median) and £94,000 (mean). On this measure the project is largely around the median unit cost range, but significantly below the mean.

9.10   On this basis and across all of these indicators, the Digital Technology Grants for Business offers very good value for money for the number of businesses it has engaged and especially for the number of jobs it is forecast to have created. This is especially impressive as the project has had to operate during the COVID-19 pandemic and has effectively had a short period of time to build a pipeline of applications.

10 Conclusions and Key Lessons Learnt

10.1 The Summative Assessment has clearly demonstrated the Connecting Cambridgeshire Digital Technology Grants for Business has been a very well managed and executed scheme, highly valued by businesses. The project has demonstrated high demand for support to assist businesses invest in transformative digital technology to improve their resilience and grow after the COVID-19 pandemic.

10.2 The project has exceeded all of targets, driven by being able to allocate and defray 154 grants over the duration of the project. Alongside the volume of grants, the scheme has delivered significant quality investments to Cambridgeshire and Peterborough businesses, investing in digital technology that has resulted in the development of new and innovative digital products and services, more flexible ways of working and an increase in jobs in supported businesses.

10.3 Businesses have had positive experiences of the grant processes involved in the application and claims of the project, with **96% of businesses stating the investment met all of their original requirements** in their application. There were many positive comments about the simplicity of the process, speed of processing and professionalism of the staff.

10.4 In terms of the objectives of the programme, it is clear that the scheme supported businesses through the difficulties of the COVID-19 pandemic, facilitating distance and home working, online engagement of suppliers and customers and the development of new processes. A number of businesses have also reported they are now well positioned for future growth and can access new markets with new products and more efficient and productive ways of working.

10.5 As a result of the investment, the scheme has likely generated **154 net additional jobs** within the Cambridgeshire and Peterborough economy, which in turn is likely to increase sub-regional Gross Value Added (GVA) by around **£4.8m per annum**. Based on five years of GVA, the return on investment is **£35 of economic benefit for every £1 of ERDF investment**.

10.6 The project has offered **excellent value for money** for businesses supported and jobs created and has delivered in an efficient and effective manner. The project unit costs stand up well against national ERDF benchmarks.

10.7 The outcome of the Summative Assessment has proven that the Logic Model for the project has been accurate and effective, identifying that investing in digital technology in businesses in Cambridgeshire and Peterborough would help them be more resilient in response to the COVID-19 pandemic. This in turn would also mean coming out the other side of restrictions, local businesses would be more productive, could access new markets and could increase the number of jobs within the local economy.

Lessons Learnt

10.8   A number of lessons learnt are due to the positive performance of the project during a very challenging period. Firstly, the project operated flexibly against a background of significant demand, developing a waiting list but also undertaking as many approval board meetings as were required to ensure the wait for a decision was timely and transparent.

10.9   In normal circumstances, this level of excess and immediate demand would be undesirable as it reduces competition over time, allocates resources on first come first served basis and doesn't afford any time to work with businesses to improve and enhance their projects. On other projects, this could be achieved through application windows or through extending the timeframes between expression of interest and full application.

10.10   The project has worked well to encourage businesses to increase their broadband speeds, which is something that both the Leeds Digital Enterprise and LLEP Digital Growth Programmes have struggled to achieve to the same extent. The project has made sure this is a central part of the grant application and monitoring process and the links to Connecting Cambridgeshire has helped to identify candidate businesses for broadband upgrades and advise them in this area.

10.11   The project intervention rate was extremely favourable to businesses and allowed projects to come forward that otherwise could not have been funded or that may have been delivered in a cheaper and less favoured way due to finance constraints during COVID-19. There is a however, a balance to strike. The 80% intervention rate has also brought forward some opportunist projects that may not have been funded in normal times given the level of demand and that the business themselves may not have been prepared to invest their own resources in at a lower intervention rate.

10.12   Future schemes may wish to look at some of their peer schemes and incorporate (or at least work closely with) some digital business support provision to advise and steer businesses through their investment decisions and analyse how they can improve their productivity.

10.13   Although overall feedback was very positive, some businesses did struggle through the process, most notably cash flowing some of the larger projects.

10.14   There is a clear long-term demand for a scheme of this type and that there was still latent demand for the grants after the scheme committed all of their resources.

Appendix A – Logic Model

Connecting Cambridgeshire Digital Technology for Business Grants

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

Context
Edit

This project is part of the wider Connecting Cambridgeshire Programme and builds on significant public and private investment already being made to improve the region's digital connectivity. Digital technology is vital to support economic growth, enabling businesses across Cambridgeshire and Peterborough to thrive and compete in domestic and global markets.

This project proposes a grant scheme (Digital Technology for Business Grants) intended to support businesses to grow and increase productivity, competiveness and resilience through new or improved digital technology solutions. This is regarded as especially critical in the ongoing pandemic situation which is pushing businesses into new business models more quickly than they would previously have expected.

Market Failure Assessment
Edit

The Digital Technology for Business Grants will enable businesses to "pivot" how they operate to introduce new ways of working, access new markets and develop technology based business models. As a result of the global pandemic the CPCA Growth Hub was receiving c. 300 business support enquiries a day. This has now settled at c. 300 enquiries a week. This indicates significant demand for a scheme to support enhanced ICT capability and capacity across eligible business sectors, Similar schemes in other areas are understood to be over-subscribed. An open survey by Opportunity Peterborough conducted in May 2020 which resulted in just under 100 responses, shows that since the Covid-19 outbreak businesses have started to adopt a range of new systems, processes and technologies

Project Objectives
Edit

Grants will enable businesses to grow and enhance their competitiveness by:
Scaling-up existing on-line capability and provision; Enhancing infrastructure and equipment; Enhancing Website and software development; Developing e-commerce and online sales; Accessing and developing new markets; Developing new products and services; Developing supply chain and other business efficiencies; Developing new ways of working; Evidence suggests that SMEs with a strong online presence on average grow more than twice as quickly as those with minimal or no presence, export twice as much, and create twice as many jobs.

Rationale
Edit

The aim of the scheme is to support up to 150 small and medium sized enterprises (SMEs) making productive use of digital technologies. Grants will enable eligible businesses to expand while responding to challenging economic circumstances by investing in new equipment, systems and support

Inputs

What	Value
Funding from ERDF	£704,494
Matched funding from Cambs County Council/CPCA	£444,491
Private match for Digital Technologies grant scheme from	£260,000

Intended Impacts

What
The project will increase digital infrastructure, exploit our local economic strengths and contribution to UK economic growth.

Outcomes

ID	Intended Outcome	How is it Measured?	Level	Baseline	Actual
1	Businesses supported to introduce or develop digital	# SMEs receiving grants.	Business		
2					
3					
4					
5					

Outputs

What	Value
C01 - Number of enterprises receiving support.	150
C29 - New to firm products	10
P4 - Businesses taking up broadband with speeds of at	30

Activities

What
Digital Technology for Business Grant scheme