South East Business Innovation and Growth Evaluation

Final Report

October 2011

Contents

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1: Introduction

1.1 In April 2011 the South East England Development Agency (SEEDA) commissioned SQW to evaluate the South East Business Innovation and Growth programme. This report summarises the findings and conclusions of the evaluation.

Background

The Innovation and Growth programme

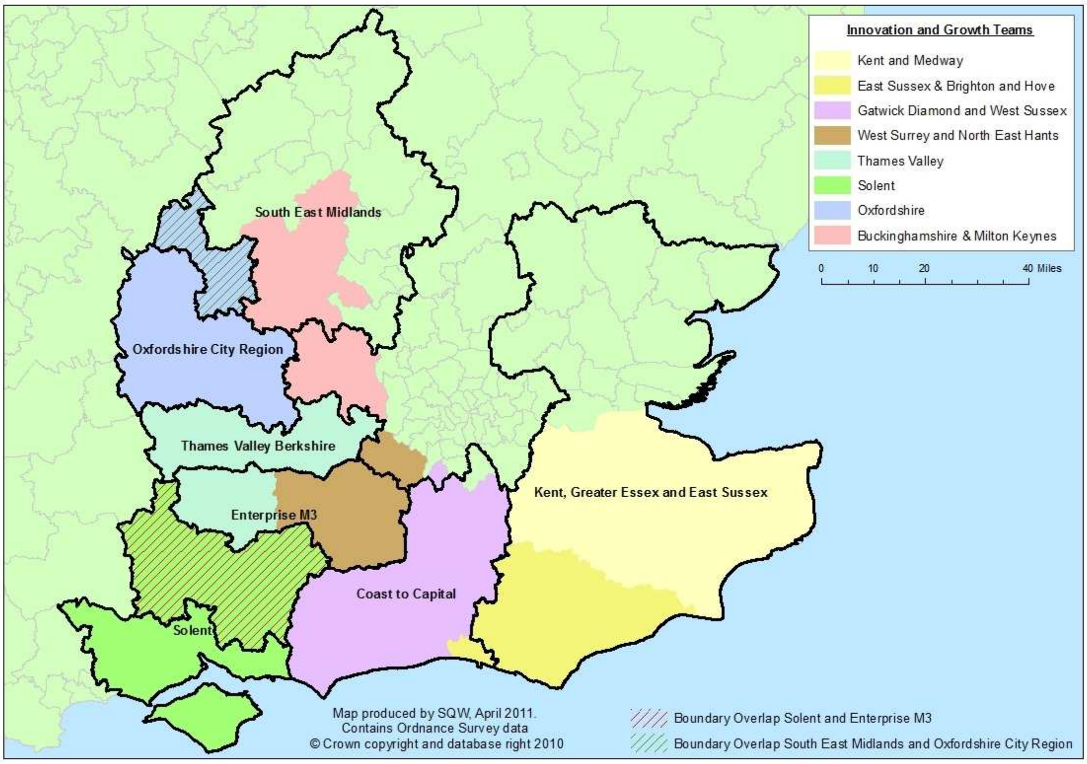
1.2 The South East Business Innovation and Growth programme was launched in 2009/10 with the establishment of eight Innovation and Growth Teams (IGTs). These teams were set up to operate across the south east region – working within a regional framework but driven by local needs – to:

- target the top 2,000 high growth businesses across the region to achieve a transformational impact by 2016 by providing intensive business expertise and collaborative opportunities to SMEs
- raise the levels of business to business collaboration and knowledge transfer across all business sectors and supporting open innovation
- bring together the local drivers of innovation to develop effective innovation ecosystems ensuring that all resources in a local area are working towards a common goal.

1.3 Each of the eight teams was launched at a different point in time throughout 2009/10, in a three phased approach. The teams – and their specific start dates – were as follows (see Figure 1-1 which shows the geographical location and boundaries of each of the IGTs within the context of the emerging Local Enterprise Partnership (LEP) geography):

- Buckinghamshire and Milton Keynes – started in June 2009
- East Sussex and Brighton & Hove – started in March 2010
- Gatwick Diamond and West Sussex – started in January 2010
- Kent and Medway – started in October 2009
- Oxfordshire – started in October 2009
- Solent – started in June 2009
- Thames Valley – started in June 2009
- West Surrey and North East Hants – started in June 2009

Figure 1-1: The location of the 8 IGTs in the context of the emerging LEP geography



Source: SQW

Enterprise Hubs

1.4 Prior to the launch of the IGT programme, SEEDA had previously invested £7.6 million in 22 local Enterprise Hubs across the region with the aim to "support fast-growing entrepreneurial companies and to facilitate the exploitation of technology from the knowledge base". The Enterprise Hubs sought to work as a close knit team of commercial experts and specialists across the South East. The Enterprise Hubs provided personalised support, advanced business insight, technical knowledge and financial investment advice to entrepreneurs, start-up and early stage companies that were seeking to commercialise a technology or knowledge-based idea. In order to qualify as an Enterprise Hub Network member, the entrepreneur or company had to be: seeking to commercialise a technology or knowledge-based innovation; have a potential market which is at least national and probably international; and, have the ambition and potential to grow. The Enterprise Hubs were delivered by local public-private partnerships from across the region.

1.5 Given the nature, location and focus of the Enterprise Hubs, they have had a direct influence on the shape of the IGT programme, integrating lessons learnt on: how best to provide support to high growth and innovative business, the geographical scope of this support and the shape and nature of the partnerships and delivery teams that were developed to deliver the IGT programme.

Innovation Advisory Service

1.6 Alongside – and complementary to – the Enterprise Hubs, SEEDA also invested £2.83 million (between 2005 and 2007) in the Innovation Advisory Service (IAS) as part of its wider innovation strategy, which sought to boost regional productivity by providing high-quality advice about innovation to knowledge-intensive businesses. This pan-regional service offered up to 10-person days of bespoke advice to client businesses on a free-of-charge basis, either through one-to-one mentoring or group events. The service targeted established enterprises with the potential to grow significantly as a result of increased technological innovation.

The evolving context

1.7 There are also two contextual issues worth highlighting upfront as they have shaped the IGT programme. The first concerns the timespan and scale of delivery. The IGTs were expected to run for a three year period, but the decision by the Coalition government elected in May 2010 to close SEEDA in line with all nine English RDAs by March 2012 meant that the absolute programme budget was cut substantially from £20.6 million to £11.6 million with a new end date of August 2011. This budget cut occurred in two phases, one in July 2010 for 2010/11 financial year (which constituted a 25% cut on the annual budget) and one in January 2011 for the 2011/12 financial year (which was worked out at five months of the funding allocated for that financial year). There is no doubt that the budget cut and premature closure had an impact on the achievements of the programme, curtailing momentum that was beginning to build and interrupting structures and procedures that were beginning to be optimised. In particular, for those IGTs that had started relatively late, these changes meant that not only were they in operation for less than one year, but that year was characterised by budget cuts and related recruitment freezes.

1.8 The second contextual issue concerns the wider economic environment. The UK entered a serious economic recession in late 2008 just as the IGT programme was being launched. This recession saw economic growth not only slow significantly but contract nationally. This had obvious implications for the programme as a number of potential clients struggled to survive – let alone grow.

Study objectives

1.9 Against this backdrop the Consultancy Brief identified four objectives for the evaluation:

- to provide an independent assessment of the economic impact of the eight IGTs
- to provide an assessment of how far the programme has met its initial objectives, and has contributed to outcomes and wider regional objectives
- to assess the overall value for money of the programme and how this compares to similar programmes
- to provide a detailed report to share with stakeholders on good practice and lessons learnt to inform future initiatives support high growth potential businesses.

Method and approach

1.10 In order to meet these objectives a methodology comprising qualitative and quantitative elements was adopted. Figure 1-2, provides detail of these different elements.

Figure 1-2: Study methodology

- A review of key background documentation including IGT business plans, project proposals, appraisals, evaluations and reviews and other contextual documents (e.g. various NESTA reports and 'Business Investments in the South East: Individual Enterprise' evaluation report).
- An email survey of IGT partners and other stakeholders – The email survey was sent to all IGT partners and relevant stakeholders (109 in total) and asked them to comment on the extent to which they agreed of disagreed strongly or not) with a series of success measures – statements relating to the success of different aspects of the programme (see Annex B for a copy of the survey questionnaire). 47 partners responded to the survey – a response rate of 43%. In general there was little variation in responses between partners from different IGTs, although where there was this is specifically highlighted in the report.
- A series of in-depth semi-structure interviews with the IGT lead director and other portfolio directors across all eight IGT. These interviews followed a common topic guide (see Annex A) with the interview focusing on those questions that were of most relevance to the role and experience of the consultee. The interviews were undertaken either face to face or on the phone, and where appropriate (largely dependent on availability) we conducted a focus group with staff in similar roles – for a number of the IGTs the interviews with Portfolio Directors were undertaken in this way. In total 44 people were consulted, these are detailed in Annex C.
- A series of consultations with other wider stakeholders. This included the Department of Business Innovation and Skills (BIS), the Manufacturing Advisory Service (MAS) Finance South East and SEEDA. These interviews followed the same topic guide and approach used with the IGT staff.
- Analysis of the survey of beneficiaries undertaken independently by Step Ahead Research. Step Ahead Research was commissioned separately by SEEDA to undertake the annual Customer Satisfaction Survey. It was agreed at the inception meeting for this project that a number of questions related to the assessment of economic impact would be added to the 2011 Customer Satisfaction Survey. This report therefore draws heavily on these economic impact questions and does not focus on the customer satisfaction questions as these are the subject of a separate report produced by Step Ahead Research.
- Analysis of the SEEDA output and expenditure data and relevant data held on the client management tool.
- A detailed assessment of the gross and net outputs of the programme and its overall economic impact and value for money.
- Comparison with other similar programmes and types of intervention.

Source: SQW

1.11 This report draws together the evidence collected from the different work streams to explore the extent to which the objectives of the programme have been met. In interpreting the findings, it is essential to keep in mind the curtailed timescale of the programme which will have prevented impacts arising from the full scale and term of activities. Because of the shorter lifetime of the IGTs this evaluation is to some extent assessing progress to date and drawing out relevant lessons and recommendations for future initiatives to support high growth businesses within the changed environment around regional governance. For example, there may be interest in the findings of this evaluation by those currently designing the national Business Coaching for Growth programme planned for launch in early 2012 (with the aim of helping "up to 10.000 high growth businesses a year to address barriers to growth and grow more rapidly"[1]). Where possible and relevant, this report will seek to look beyond the IGTs, and indeed the region, to identify wider lessons for future investment in support for high growth businesses.

Report structure

1.12 The structure of the rest of this report is as follows:

- chapter 2 provides an overview of the economic context in which the IGTs operate; building on this economic context, the chapter then provides a commentary on both the overall rationale for investing in the IGTs and the more specific and localised rationale and objectives of each of the eight IGTs, the operating models that have

[1] BIS: http://www.bis.gov.uk/policies/economic-development/leps/lep-toolbox/helping-smes/coaching

been implemented and the different approaches to management and delivery that have been adopted

- chapter 3 provides detailed information on SEEDA inputs (primarily in terms of expenditure) into the IGTs and the outputs that have been generated, both actual and expected
- chapter 4 analyses the qualitative evidence collected in the course of the evaluation project from partners and wider stakeholders and in particular discusses the appropriateness, effectiveness and benefits of the investment in the IGTs
- chapter 5 presents the quantitative evidence, in particular with respect to the economic impact of the investment in IGTs
- chapter 6 summarises findings on the strategic added value of SEEDA and the IGTs
- chapter 7 draws together the conclusions emerging from the analysis and presents a summary of the findings.

1.13 In addition there is a series of accompanying annexes that include:

- Annex A provides a copy of the topic guide used for the consultations with IGT directors, team members and wider stakeholders
- Annex B provides a copy of the questionnaire used in the electronic survey of partners
- Annex C provides a list of those consulted with as part of this evaluation
- Annex D provides a logic model which presents a summary overview of the IGT programme in diagrammatic form.

Acknowledgements

1.14 Throughout this work we have been greatly assisted by and would like to thank the SEEDA client group: Ellen Kelly, Nicola Loweth, Ruth Lyon and Anna Smart. We would also like to thank each of the lead IGT representatives – Anne Crean, Chris Dunkley, Susan Elliot, Mike Herd, Chris Panas, Wendy Tindsley, Bob Reid, Paul Walsh and Guy Whitaker – for giving up their time to not only speak with us but also in helping to facilitate the consultations with other colleagues. Finally we would like to thank all of the consultees who contributed to this evaluation, your time and contributions were much appreciated (see Annex C for a full list of consultees).

2: Context, rationale and programme specification

Economic context

2.1 Regardless of the economic measure used, the South East is an economically strong and prosperous region. It is the most economically competitive region in the United Kingdom (UK)[2] and “one of Europe’s most successful regions”[3]. Table 2-1 provides a headline summary of key economic indicators for the South East. These indicators cover the overall size of the local economy and four of the HM Treasury’s five drivers of productivity[4] as these resonate strongly with the principles of economic growth. Where sensible we have compared the regional figure to the national figure.

Table 2-1: Headline economic indicators

Indicator *(source)*	**South East**	**England**
Size of the local economy		
Working Age Population (*Annual Population Survey July 08-June 09)*	5,066,100	-
Total employees *(Annual Business Inquiry, 2008)*	3,757,710	-
Employment rate (*Annual Population Survey July 08-June 09)*	63.5	60.1
Number of active enterprises *(ONS Business Demography,2008)*	372,800	-
GVA (2007, at current basic prices) (*National Statistics 2009)*	£176,541m	-
GVA per capita (2007, at current basic prices) (*National Statistics 2009)*	£21,248	£20,458
Skills		
% of working age population with NVQ 4 plus (*Annual Population Survey 2006-2008 – three year average)*	30.9	28.1
% of working age population with below NVQ 2 (NVQ 1 and no qualifications (*Annual Population Survey 2006-2008 – three year average)*	23.8	27.0
% of working age population with no qualifications (*Annual Population Survey 2006-2008 – three year average)*	9.4	12.9
Innovation		
% of employees in the ‘knowledge based economy’ (*Annual Business Inquiry, 2008)*	20.7	18.6
% of business units associated with the ‘knowledge based economy’ (*Annual Business Inquiry, 2008)*	25.6	22.5

[2] Huggins and Thompson, *UK Competitiveness Index 2010*
[3] South East England Development Agency, *The Regional Economic Strategy 2006-2016 – A Framework for Sustainable Prosperity*
[4] The fifth driver not covered is investment as there is insufficient secondary data to comment sensibly on it.

Indicator *(source)*	South East	England
Competitiveness		
Business stock (enterprises) per 10,000 population *(ONS Business Demography Statistics and Mid Year Population Estimates 2008)*	445	394
Entrepreneurship		
Business births as a % of enterprises, 2008 *(ONS Business Demography Statistics and Mid Year Population Estimates 2008)*	10.9	11.8
Business births per 1,000 population, 2008 *(ONS Business Demography Statistics and Mid Year Population Estimates 2008)*	4.87	4.64

Source: SQW – compiled using various data sources as referenced in the Table

2.2 However, these headline indicators ignore the sub-regional variation that exists and hide much of the local economic context that has heavily shaped and influenced the operation and delivery of the eight IGTs. Table 2-2 summarises the local context by summarising information from the IGT business plans and project proposals.

Table 2-2: Local economic context for the eight IGTs

IGT	Economic Context
Buckinghamshire and Milton Keynes	• The north of the sub-region was part of the Milton Keynes and South Midlands Growth Area, with ambitious targets for housing and employment growth stretching to 2031. • Milton Keynes has a strong representation of knowledge workers and is a thriving centre for knowledge-based industries. • Range of highly distinctive knowledge assets present in the sub-region, from Pinewood Studios in the South to the Open University and Cranfield University in the North.
East Sussex and Brighton and Hove	• Brighton & Hove has a heavy reliance on business and financial services, but this sector is under-represented in East Sussex. • Both areas depend on tourism and public sector employment. • One of the strongest business growth sectors across the IGT area is digital media • Across this IGT area there are however fewer larger firms and foreign owned companies than any other IGT - by a significant margin. • There is limited local expertise in building international businesses. • Historically the coastal strip has suffered socio-economic deprivation and this is reflected in lower wage levels than in other parts of the South East.
Gatwick Diamond and West Sussex	• Historically, unemployment is West Sussex has been lower than the South East average. • The Gatwick Diamond has the sixth largest airport in the world. • According to Experian data the Gatwick Diamond accounts for a GDP of £13 billion and around 350,000 jobs. • The Gatwick Diamond is recognised within the SEEDA RES as an area ‘for investment and growth’.
Kent and Medway	• Two of the three designated Growth Areas in the SEEDA region are located in Kent – Ashford, and the North Kent part of the Thames Gateway. • The Kent and Medway landscape characterised by micro and small businesses, with modest numbers of medium sized companies, and relatively few of the large knowledge generators. • Graduate retention is lower than elsewhere in the region, and whilst the rural economy is strong, it has a low proportion of technology based businesses. • GVA is below the average for the South East and the number of Kent businesses exporting regularly is also below the South East average.

IGT	Economic Context
Oxfordshire	• Historically, Oxfordshire's residents and politicians have often been opposed to industrial development and inward investment. • Oxfordshire has the fewest foreign owned companies of any of the IGT areas. • The IGT area is home to world-class science and technology capability but is lacking in business leaders to turn this asset into commercial success. • Start-up rates for innovative businesses are high, but there are few large companies or foreign investors.
Solent	• South Hampshire has been identified as a sub-region that is particularly active in promoting innovation. • The area is home to a number of world class innovators such as IBM UK, VT Group and EADS Astrium as well as a plethora of young high growth companies. • Economic performance – across a number of indicators – in the cities of Portsmouth and Southampton is below the regional average.
Thames Valley	• The Berkshire & Basingstoke area is a key part of the global economy and home to many market-leading multi-national companies. • The area has a very successful economy with high levels of growth and employment. • The area has a large cluster of world-leading R&D companies. • Basingstoke and Reading are two of eight Diamonds for Growth identified in the Regional Economic Strategy for the South East. • However, despite this, the area was perceived to have a lack of experienced commercial leaders to drive businesses forward.
West Surrey and North East Hants	• The area is home to three major universities with world-class research facilities. • Eight of the nine local authorities are in the top 50 most competitive localities in the UK. • The town of Guildford is the most competitive in the UK.

Source: IGT Business Plans and Project Proposals

2.3 Another important contextual indicator relates to the number and size of businesses in each of the IGT areas. It is apparent from Table 2-3 that while the size of businesses was similar across the region – with a vast majority of small businesses (96-99%) and a much smaller proportion of medium (2-3%) and large businesses (1% or less) – the actual number of businesses does vary significantly. In Oxfordshire there were over 6,500 businesses (17% of all businesses in the South East), which was more than twice the number in Solent (3,000 – 8% of all businesses in the South East).

Table 2-3: Number and size of business by IGT area

IGT	Small (1-49 emps)	% of total	Medium (50-199 emps)	% of total	Large (over 200 emps)	% of total	Total	% of SE
Buckinghamshire and Milton Keynes	45251	96%	1359	3%	368	1%	46978	12%
East Sussex and Brighton and Hove	36478	97%	945	3%	180	0%	37603	10%
Gatwick Diamond and West Sussex	52099	97%	1313	2%	304	1%	53716	14%
Kent and Medway	34430	98%	696	2%	132	0%	35258	9%
Oxfordshire	63604	97%	1692	3%	331	1%	65627	17%
Solent	30353	97%	735	2%	175	1%	31263	8%
Thames Valley	60250	97%	1631	3%	356	1%	62237	16%
West Surrey and North East Hants	45633	97%	1132	2%	228	0%	46993	12%
South East	368098	97%	9503	3%	2074	1%	379675	100%

Source: Annual Business Inquiry (not dated) taken from "Developing communities of innovation to stimulate economic growth – Invitation to Apply for Grant Funding" (August 2008)

2.4 Looking across the varied economic context for the eight IGTs, two broad observations can be made. The first is that each IGT had clear strengths, from the buoyant knowledge economy in Oxfordshire; to the recognition of the Gatwick Diamond as an area 'for investment and growth' in the Regional Economic Strategy (RES); or to the large cluster of world-leading research and development (R&D) companies in the Thames Valley. Regardless of what they were, these strengths were an important facet of the IGT programme as they provided both a solid foundation and a readily identifiable opportunity from which to support innovation and growth.

2.5 However, alongside these strengths there were clear and apparent economic weaknesses, or – to use the language of economics – market failures. As with the strengths, these weaknesses varied between the IGTs but included: a lack of larger (over 200 employees) firms in Kent and Medway; socio-economic deprivation in parts of East Sussex and Brighton and Hove; a lack of foreign investment in Oxfordshire; and weak economic performance in parts of the Solent. These weaknesses have, in much the same way as the strengths, directly shaped and influenced the rationale and objectives of the IGT programme and have formed the justification for SEEDA's intervention.

Rationale and objectives of the IGTs

The regional context

2.6 SEEDA's RES for 2006-2016 had at its heart the need for the South East to maintain its "position as a world class region"[5] by ensuring future growth and sustained prosperity. In order to achieve this the RES identified the need to mitigate three key challenges to the region's economic strength:

- the global challenge – maintaining competitiveness in the face of intensifying international competition
- smart growth – delivering higher levels of prosperity across the region without increasing the region's ecological footprint
- sustainable prosperity – securing long-term economic prosperity through the principles of sustainable development.

2.7 It is through the first of these that the over-arching rationale for the IGT programme emerged as it aimed to:

> *"Unlock the potential in businesses with real global ambition through targeted support in order to drive economic growth in the South East"*[6]

Programme objectives

2.8 The IGT programme reflected these high level challenges by addressing four objectives (as set out in the invitation to apply for grant funding):

- **developing a broader approach to innovation** – with innovation defined[7] as the successful exploitation of new (either to the sector or the organisation) ideas and developments in business processes, models, marketing and technologies that result in improved products, services and quality. The underlying rationale is the expectation that supporting and encouraging innovation results in *positive externalities* for the regional economy as it is a means of unlocking growth potential in businesses at every stage of their development
- **targeting the top 2,000 high growth potential businesses** – with growth defined[8] as 'the potential to grow (in terms of either turnover or profit or GVA) at more than 5% per annum'; and high growth defined as 'the potential to achieve average annualised growth of 20% per annum over a three year period'. While for those businesses that are 'starting up' growth is defined as 'the potential to grow turnover to £500,000 per annum or higher within three years of starting trading'. The rationale behind this objective is that by supporting those businesses with the greatest growth capability

[5] South East England Development Agency, *The Regional Economic Strategy 2006-2016 – A Framework for Sustainable Prosperity*

[6] South East England Development Agency, *Developing communities of innovation to stimulate economic growth – Invitation to Apply for Grant Funding* (August 2008)

[7] The programme's formal definition of innovation is based on the definition used in the Government's innovation Strategy – *Innovation Nation* (March 2008)

[8] The programme's definition of growth has been taken directly from the Business Support Simplification Programme (BSSP)

and potential to generate high value innovation – and addressing the *information asymmetries* that are hindering or preventing them from growing – their growth will be accelerated and enhanced, which will ultimately contribute to economic competitiveness of the South East region (*positive externalities*)

- **to raise the levels of business to business collaboration and knowledge exchange –** this objective was to be achieved through the formation of local communities of innovation and the bringing together of high growth and innovative businesses to create an elite group mitigating and overcoming the *co-ordination failures* that exist It was also hoped that this peer-to-peer support would assist in addressing *information asymmetries* as connections between businesses – larger, smaller, in the same sector or from different sectors – provide valuable first-hand knowledge and 'know-how'

- **to bring together the local drivers of innovation –** *co-ordination failures* and *information asymmetries* had resulted in a fragmentation of the available resources and expertise and as such the rationale behind this objective was to bring together all the interested parties at the local and sub-regional level to work together to create a globally competitive region.

2.9 These objectives were, in turn, developed into five outcomes – referred to as regional network targets or key performance indicators – for the IGT programme as a whole for the period 2009-2012:

- intensively assist at least 2,000 businesses over the three and a half year period[9]
- £500 million of new GVA generated by businesses supported
- £250 million cumulative investment raised by businesses supported
- over 70% of businesses supported reporting increased turnover attributable to new products or significantly improved products
- over 85% customer satisfaction rating.

Sub-regional variation

2.10 Through the development of individual business plans and proposal documents each of the eight IGTs sought to articulate its own key objectives. Some of these objectives directly reflected the programme objectives and targets; others took the programme objectives and targets and translated them to the individual sub-region; and others were specific to individual sub-regions.

The operating model

2.11 From its inception it was always the intention of SEEDA that the IGT programme would create sub-regional communities of innovation and growth. In order to facilitate the creation

[9] This outcome was split into two Key Performance Indicators: Number of Portfolio Clients Supported (i.e. those receiving more intensive assistance) and Number of Network Clients Supported (i.e. those engaged with and supported through the wider activities of the IGT but not receiving intensive assistance).

of these 'communities', SEEDA invited sub-regional partnerships to apply for grant funding to establish local IGTs. It was hoped that by requiring partnerships to apply, collaboration rather than competition at the local level would be encouraged. Moreover, it was envisaged that these partners would be embedded in the community and therefore able to collaborate effectively to identify the priorities and deliver, the most appropriate solution for their sub-region.

Role of the partnership and its membership

2.12 The invitation to apply for grant funding set out four clear roles for the managing partnerships requiring them to:

- bring together all the bodies with an interest in business innovation and growth and create a common purpose between them
- act as champions for business growth and innovation in their area
- direct the delivery of SEEDA grant funding as part of the IGT programme
- gather in one delivery arrangement all the services aimed at business growth and innovation in their area.

2.13 In addition, the intention was that the partnership would bring together delivery of not just SEEDA funded activities but also other sub-regional and local services.

2.14 The guidance suggested that the local partnerships should comprise key stakeholder, business and delivery organisations in the area. While the membership of the local partnerships varied between the eight sub-regions reflecting the specifics of their patch, there were some common characteristics, as membership generally included:

- officers from the relevant local authorities
- the local higher education institutions
- local economic partnerships (including local inward investment agencies)
- private sector organisations and their representative bodies (e.g. chambers of commerce and industry)
- local business support providers and those involved in supporting innovation (including innovation centre and science park managers and Technology Strategy Board members).

2.15 There was a notable variation was in the size of the partnerships which ranged from 11 in the Buckinghamshire and Milton Keynes IGT to 24 in the Gatwick Diamond and West Sussex and West Surrey and North East Hants IGTs. The average partnership size was 18.

Structure of the partnership

2.16 To ensure that a strong governance structure was in place – rather than partners just 'signing up' and not actively participating – SEEDA expected partners to be part of either a formally constituted organisation or linked together by a shared purpose, underlined by a charter, consortium or similar agreement. Despite this overall guidance, the formal structure of the partnerships was to be determined at the local level and there was freedom and flexibility to pursue to most appropriate form for the sub-region.

2.17 As a result of this flexible approach, three forms of partnership arrangements have emerged across the region:

- a legal entity in the form of a company limited by guarantee or not for profit where partners are directors of the company
- a number of separate organisations linked together through a written agreement such as a memorandum of understanding for the purposes of delivering the IGT and involving all parties in decision making and in the direction of the partnership (with a lead partner in the grant framework agreement, acting as the accountable body to SEEDA, on behalf of the other partners)
- a number of separate organisations sharing responsibility for the delivery of the project and linked together through a consortium agreement (with a lead partner again holding the grant framework agreement with SEEDA on behalf of the other partners).

2.18 Figure 2-1 shows which of the IGTs has adopted which approach and also indicates which organisation is the lead partner where this is required.

Figure 2-1: IGT partnership structure

Limited company	Lead accountable body	Consortium
Thames Valley Solent Gatwick Diamond and West Sussex West Surrey and North East Hants	Kent and Medway – Accountable body: Business Support Kent Community Interest Company (BSK-CIC) Buckinghamshire and Milton Keynes – Accountable body: Open University	Oxfordshire – Accountable body: Oxford Innovation East Sussex and Brighton and Hove – Accountable body: Sussex Innovation Centre (SInC)

Source: SQW

2.19 The appropriateness and effectiveness of these operating models and the different approaches is discussed in detail in Chapter 4.

IGT management and delivery

Delivery team

2.20 Each IGT put in place a team of experienced business advisors and experts able to deliver high quality support to clients on a day-to-day basis. The size and specific characteristics of these teams varied across the eight IGTs although they broadly comprised the following three components:

- a full time team director responsible for management and oversight of the team
- a number of full time and part time ‘portfolio directors’ who were attached to specific clients or who provided specialist support

- a wider network of specialist professionals who could be brought in on a needs basis.

2.21 Some of the teams also had administrative support or specific roles for network coordination but this was not common across all eight.

Delivery activities

2.22 The delivery team – supported by the partnership – was responsible for integrating a range of regional and local resources to provide intensive support to a targeted group of high growth businesses. This included the following five broad activities:

- a package of support for early stage high growth start-ups such as support for commercialisation and to develop new products and services to help these businesses grow rapidly
- highly targeted, advanced business development expertise to businesses to accelerate their growth
- support for businesses to develop a funding strategy and become investment ready
- development of communities of high growth businesses, facilitating peer to peer networking to share experience and encourage action learning
- development of a platform for collaboration between businesses in local sub-regions and across the rest of the region, including stimulating open innovation and providing links to the knowledge base.

2.23 In order to provide these activities, the IGTs were able to draw on three broad types of support:

- a range of support services funded directly by the IGT grant
- other local and sub-regional services that partnership members were able to leverage in
- wider support that the partnership could bring in as required.

2.24 While a central element of the IGT approach was that the activties provided to each client were to be individually tailored to meet their specific needs and address their specific issues, support had to be included in the Business Support Simplification Programme (BSSP) portfolio of business support products and had to be marketed as "solutions for business products" (with no other organisational branding). Figure 2-2 provides a summary of the different types of activites that the IGT could both directly deliver as well as provide access to.

Figure 2-2: Summary of the activities provided by the IGTs

Activities delivered exclusively by the IGT	• Business start-up and growth • Business expertise for growth (excluding Manufacturing Advisory Service (MAS))

Activities delivered in part by the IGT	• Understanding Finance for Business • Business Collaboration Networks – helping businesses to work together to improve performance and exploit market opportunities
Access to other BSSP products	• Innovation Collaborations • Innovation Finance • Capital Investment Grants • Business Creation • Business Collaboration Teams • Environment Business Collaboration • Innovation Collaboration • Access to Finance • Promoting resource efficiency and sustainable waste management • Protecting the national environment • Globalisation • Skills Solutions for Business • Local Business Coaching
Access to other partner services	• Local or sub regional sector or cluster programmes • Business premises and flexible workspace • Training resources and programmes • University Knowledge Transfer Partnerships • Investor Development Managers • Higher Education business programmes • University technical expertise
Access to other services and resources	• UK Trade and Investment • SEEDA's Sector Consortia • Regional links to higher education and the knowledge base • Finance South East • MAS • Grant for Research and Development • Selective Finance for Investment and Enterprise (SFIE) • Collaborative R&D programmes

Source: SEEDA

Client targeting and segmentation

2.25 Given the focus of the programme on targeting individuals and businesses with growth potential and the potential to generate high value innovation, identifying and targeting the 'right' clients was vital to its success. Each IGT was supposed to work intensively with approximately 250 clients at any one time and the expectation was that this group would comprise a mixture of businesses receiving intensive support, those that had been supported in the past and those that were part of the pipeline of potential candidates.

2.26 In order to guide the targeting of clients, SEEDA identified four client 'segments' that had the greatest potential to impact on productivity growth and where intervention would help unlock this potential:

- **large knowledge generators** with £100 million plus turnover – organisations that were seen to be vital to the region's innovation performance with a wide influence on both the region's employment and its supply chain
- **step change: medium to large** with a £10 million plus turnover – organisations that were seen to have the potential to turnover £50 million plus and to be 'stars of the future'
- **step change: small to medium** with a £1 million plus turnover – organisations that were seen to have significant potential for growth but without intervention were in danger of plateauing
- **high growth starts and scalable micros** with £0 - £1 million turnover – organisations that had generally been in operation for less than two years, with limited experience of growth..

2.27 This segmentation was not intended to be a rigid definition but a tool to aid the identification of clients as the different segments had been found to be the critical stages in business growth when pinch points can occur. As well as support clients within each of the segments, the intention was that the IGT would facilitate connections between them, particularly between the large knowledge generators and high growth starts and small to medium sized firms.

2.28 However, regardless of the segment, the primary filter for assessing client suitability for the IGT programme was the ability to demonstrate growth potential or high growth potential. This approach was not about 'picking winners' but rather 'spotting potential' and as such there were no sectoral constraints, size limits, location requirements or focus on a particular technology. Instead, the assessment was based on the individual client (rather than aggregate data), with an emphasis on management team capability and aspiration and there were various filter criteria used to assess the desire and potential for growth (such as the ability and capacity of the leadership team and evidence of a strong order book).

2.29 The underlying assumption was that all growth companies would exhibit one or more of these criteria, with high growth companies exhibiting multiple indicators. Ultimately though, the onus on identifying the right clients was on the IGT themselves and the expectation was that they would employ people with sufficient relevant experience to use the criteria to support their professional judgement on whether it was worth investing time and expertise on a business.

3: SEEDA inputs and outputs

3.1 Having described the context, rationale and specification of the IGT Programme, this chapter provides details of the SEEDA inputs (in terms of expenditure) into the programme and the outputs (in terms of the programme's key performance indicators) that this has generated.

IGT inputs

3.2 Table 3-1 provides details of the SEEDA expenditure on the IGT Programme between 2009 and 2011, based on SEEDA's management information.

3.3 Table 3-1 shows that the SEEDA originally allocated £20.5 million to the IGT programme and that this allocation was to be split relatively evenly across the eight IGTs (about £2.6million each). However, as noted in chapter 1, the decision to close SEEDA and the early curtailment of the programme meant that the budget was cut substantially from £20.6 million to £11.6 million – with the cuts occurring in two phases June 2010 for the 2010/11 financial year and January 2011 for the 2011/12 financial year – and greater variation between the amounts allocated to each IGT (ranging from £1.1 million to £1.7 million). The scale at which expenditure was reduced for each IGT was largely dependent on the stage they were in their delivery. So for example while the Gatwick Diamond and West Sussex IGT had one of the highest original allocations (£2.6 million) it had the lowest revised allocation (£1.1 million) because it was at such an early stage of delivery when the funding cuts were imposed.

3.4 Of this revised allocation, Table 3-1 shows that overall the IGTs spent £9.5 million (82% of the available budget), with the actual and proportionate level of expenditure varying between the individual IGTs. The actual IGT spend ranged from £1.5 million (92% of allocated budget) in West Surrey and North East Hants IGT to £0.69 million in the Gatwick Diamond and West Sussex IGT (64% of the allocated budget). None of the IGTs spent all of their revised allocation, and only one – West Surrey and North East Hants – spent over 90% of the money they had been allocated.

Table 3-1: IGT Expenditure 2009-2011

	Original allocation	Revised allocation	Actual Spend[10]	% of revised actual
Bucks and Milton Keynes	£2,552,037	£1,718,097	£1,285,078	75%
East Sussex	£2,583,341	£1,109,669	£859,737	77%
Gatwick Diamond and West Sussex	£2,600,000	£1,078,270	£693,965	64%
Kent and Medway	£2,600,000	£1,311,450	£1,132,643	86%
Oxfordshire	£2,600,000	£1,315,190	£1,166,684	89%
Solent	£2,548,424	£1,698,875	£1,390,434	82%

[10] These spend figures have been estimated by SEEDA for the purpose of this evaluation. They are not the final audited expenditure figures.

	Original allocation	Revised allocation	Actual Spend[10]	% of revised actual
Thames Valley	£2,538,714	£1,604,551	£1,401,048	87%
West Surrey and NE Hants	£2,555,273	£1,736,437	£1,590,566	92%
Total	**£20,577,789**	**£11,572,539**	**£9,520,155**	**82%**

Source: SQW based on SEEDA management information

IGT outputs

3.5 Table 3-2 provides details of the outputs delivered by the IGTs between 2009 and 2011 based on the information returns made by the IGTs through the Client Management Tool (CMT).

3.6 At the programme level, performance was **above target** for two of the five key performance indicators:

- 125% of the target achieved for the cumulative GVA growth generated by Portfolio Clients[11] (£114 million achieved as against £91 million target)
- 183% of target achieved for the value of investment funding raised by Portfolio Clients (£224 million achieved as against £122 million target).

3.7 For the remaining four indicators performance was **below target**:

- 96% achieved in terms of customer satisfaction
- 86% achieved in terms of the number of Portfolio Clients supported by the IGT
- 82% achieved in terms of the number of Network Clients[12] supported by the IGT
- 39% achieved in terms of number of businesses reporting increased turnover performance.

3.8 The low proportion of businesses reporting improved turnover coupled with the high amount of GVA growth suggests that the GVA increase has been driven by a small number of firms with high levels of growth. However, without individualised analysis of the results it is not possible to be certain and this inconsistency may simply be symptomatic of the issues with recording and reporting GVA growth (see below).

3.9 The performance against target did vary between the individual IGTs:

- while the Bucks and Milton Keynes and Solent IGTs significantly outperformed in terms of the cumulative GVA growth generated by Portfolio Clients (370% and 490% of target respectively (although the former did have one of the lowest targets)), they struggled on the other indicators, particularly the value of investment funding raised by Portfolio Clients and the number of businesses reporting increased turnover

[11] i.e. those clients that received intensive assistance from the IGT – see footnote 9
[12] i.e. those engaged with and supported through the wider activities of the IGT but not receiving intensive assistance – see footnote 9

- the East Sussex IGT performed very well, exceeding or almost meeting all of its targets – it was also the only IGT that achieved its target for the number of businesses reporting increased turnover performance
- West Surrey and North East Hants was particularly effective at supporting its Portfolio Clients in raising investment funding, exceeding its target by 478%
- the Oxfordshire IGT was the only IGT to achieve its target in terms of the number of Portfolio Clients supported, and one of only three to achieve its target in terms of the number of Network Clients supported
- the performance of Kent and Medway IGT and the Thames Valley IGT broadly reflected that of the IGT programme as a whole as they achieved their targets for cumulative GVA growth generated and investment raised but generally struggled on the remaining four (aside from customer satisfaction in the Thames Valley IGT which was above target)
- while the Gatwick Diamond and West Sussex IGT had the highest customer satisfaction score it struggled to engage and support both Portfolio and Network clients.

Table 3-2: SEEDA Output data for IGTs[13]

		Bucks and Milton Keynes	East Sussex	Gatwick Diamond and West Sussex	Kent and Medway	Oxfordshire	Solent	Thames Valley	West Surrey and NE Hants	Total
Cumulative GVA growth generated by Portfolio Clients (£)	Target	£ 1,000,000	£ 20,000,000	£ 750,000	£ 12,650,363	£ 22,200,000	£ 2,094,010	£ 11,108,393	£ 21,289,349	£ 91,092,115
	Actual	£ 3,703,928	£ 31,001,847	£ 832,818	£ 15,679,192	£ 8,598,312	£ 10,274,628	£ 19,146,994	£ 24,325,909	£ 113,563,628
	% of Target	370%	155%	111%	124%	39%	491%	172%	114%	125%
Value of investment funding raised by Portfolio Clients (£)	Target	£ 10,350,000	£ 10,500,000	£ 7,125,000	£ 14,657,790	£ 15,200,000	£ 27,750,000	£ 11,750,000	£ 25,000,000	£ 122,332,790
	Actual	£ 4,584,891	£ 10,159,830	£ 6,039,397	£ 16,839,710	£ 41,788,660	£ 12,974,472	£ 11,728,500	£ 119,523,838	£ 223,639,298
	% of Target	44%	97%	85%	115%	275%	47%	100%	478%	183%
Number of Businesses reporting increased turnover	Target	116	51	58	104	74	115	102	100	720
	Actual	8	51	6	55	27	36	37	62	282
	% of Target	7%	100%	10%	53%	36%	31%	36%	62%	39%
No. of Portfolio Clients supported by the IGT	Target	176	145	130	133	134	183	209	203	1,313
	Actual	151	119	93	98	160	139	178	194	1,132
	% of Target	86%	82%	72%	74%	119%	76%	85%	96%	86%

[13] These data have been taken at face value from the Client Management Tool. They may not fully reflect the data held by each IGT.

		Bucks and Milton Keynes	East Sussex	Gatwick Diamond and West Sussex	Kent and Medway	Oxfordshire	Solent	Thames Valley	West Surrey and NE Hants	Total
No. of Network Clients supported by the IGT	Target	231	227	258	342	298	433	410	440	2,639
	Actual	262	287	144	220	297	130	384	436	2,160
	% of Target	113%	126%	56%	64%	100%	30%	94%	99%	82%
% of Clients satisfied with the support provided by the IGT[14]	Target	86%	85%	85%	85%	84%	90%	85%	85%	86%
	Actual	66%	92%	96%	67%	88%	74%	90%	86%	82%
	% of Target	76%	108%	113%	79%	104%	83%	105%	101%	96%

Source: SQW based on SEEDA management information gathered through the CMT

[14] The 'target' is based on a three year average; although the 'actual' figures are only based on a two year average for six of the IGTs and a single year figure for two of the IGTs. This variance is due to the availability of robust survey data and the fact that the programme was not in operation for three years.

Calculating cumulative GVA growth generated

3.10 The key performance indicator relating to cumulative GVA growth was introduced by SEEDA as a principle measure of the impact of the IGT programme, with the intention that this could be used at the end of the programme to demonstrate SEEDA's return on investment. The focus on measuring GVA growth was chosen because this enabled the impact to be assessed for all client segments regardless of size. However, throughout this evaluation a number of issues with calculating GVA growth have emerged, identified by both SEEDA and the IGTs themselves.

3.11 Company GVA measures are derived from information on operating profit, employee costs, depreciation and amortisation. In order to ensure that these measures were robust, the decision was taken at the outset of the programme that source data must be taken from audited company accounts.

3.12 This approach proved to be problematic for a number of reasons. First, Early stage and start-up businesses tend not to generate audited accounts during the early stages of their corporate life. Second, businesses focused on product development or R&D do not always generate turnover and report losses rather than profit. These problems were exacerbated by the fact that together these two types of clients constituted a large proportion of the IGT client group.

3.13 In addition, two further problems with the time of reporting GVA growth were identified – one which potentially inflates the figures, the other which results in an underestimate:

- given the focus on GVA growth, the intention was that for each client a "baseline" GVA measure would be taken against which growth would be measured in subsequent years. However for a number of companies on the CMT the base year is recorded as zero, and while this will be true for those early stage businesses it is likely to have resulted in an inflated growth figure for those businesses already in operation as there would already be generating GVA.
- GVA growth was to be measured for up to two years after the IGT intervention in order to allow an appropriate time period for growth to materialise. However, because the programme ended early, the measurement of GVA had to be based on one year of growth only, thereby potentially underestimating the accrued impact. The potential to underestimate GVA is exacerbated by the fact that it is not possible to include part year results because of the requirement to have audited data.

3.14 Given these problems, the Oxfordshire IGT undertook a separate exercise to calculate cumulative GVA growth using a method that sought to minimise and mitigate the issues noted above. On the basis of this method, cumulative GVA change (over a one year period) was calculated at £11.8 million which was £3.2 million (34%) higher than the figure recorded in the CMT. We have included this calculation simply to illustrate the issues involved and the effect they can have in the case of one particular IGT. This calculation does not provide a multiplier which could be applied to the figures in Table 3-2 in order to estimate the 'true' cumulative GVA growth generated for other IGTs or the programme as a whole.

4: Assessing the evidence – qualitative feedback from stakeholders and partners

4.1 This chapter draws on evidence collected through four work components:

- Forty-four in-depth consultations and focus groups with those directly involved in the delivery of the IGT, including the team director, portfolio directors and experts for each of the eight IGTs
- consultations with wider programme stakeholders including SEEDA, BIS, Finance South East, and MAS
- an email survey with 47 IGT partners across the eight IGTs
- a number of short client case studies provided to us by SEEDA and the IGTs.

Rationale and objectives

A strong rationale

4.2 The consensus across those involved in delivering the programme as well as the wider stakeholder community was that the programme was based on a strong rationale. Consultees were referring to a multi-faceted market failure with the following components: the fact that the growth potential of small companies was not being realised – coupled with a reluctance to use limited budgets to access support; a gap in provision of support specifically tailored and targeted at high growth companies; the significant amount of work required to make businesses 'investment ready' which financial intermediaries were reluctant to support; a lack of co-ordination and networking between large and small businesses operating in similar sectors or supply chains; and a general reluctance amongst business owners of all sizes to seek out and pay for help – in part because some publically funded support (such as Business Link) appears not to be valued, but also because private sector support is seen as costly and not generating value for money.

4.3 There was also widespread consensus that the focus of the IGT programme was appropriate. Consultees especially valued the fact that the programme sought to move beyond supporting lifestyle businesses and target those that could significantly contribute to the economic competitiveness of the regional economy.

4.4 The objectives that sought greater coordination and collaboration were also widely welcome with the 'communities of innovation' and 'peer to peer support' seen as vital components not only to the success of the programme but also continued local partnership working beyond the lifetime of SEEDA.

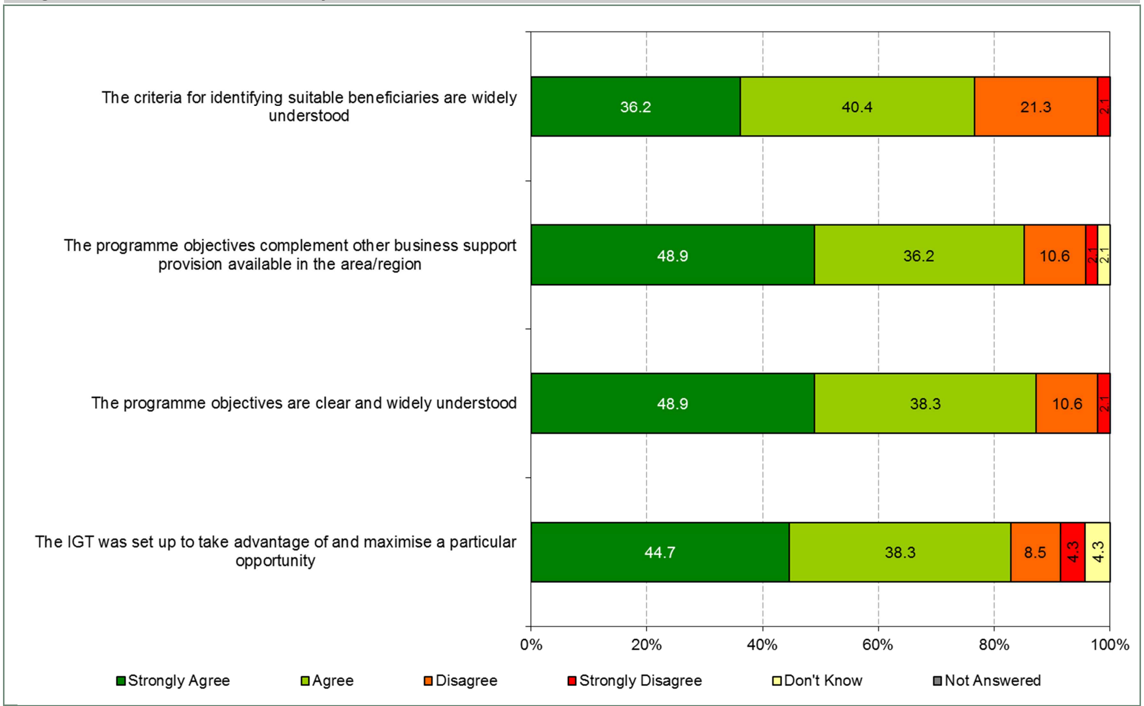
4.5 It was also noted positively that the IGT programme had been informed by other previous programmes, most notably the Enterprise Hubs; both the success and limitations of the Enterprise Hubs was seen by a number of consultees to have directly influenced the shape and nature of the IGTs. Two lessons were most commonly highlighted. First, the importance and value of providing ‘localised’ support as this was seen as a key asset in knowing who the high growth companies are and in understanding the context in which they operate. Second, the need to expand the product offering from that provided through the Enterprise Hubs; this included the focus on securing investment, creating networks, and the ability to work with established and larger firms.

4.6 This generally positive view of the programme’s rationale and objectives is mirrored by the responses of partners and wider stakeholders gauged from the email survey.

4.7 When asked to rate the four success measures relating to the programme’s rationale and objectives over 70% of respondents either ‘agreed’ or ‘strongly agreed’ (see Figure 4-1). In particular, all respondents who were partners of the Oxfordshire IGT ‘strongly agreed’ that the programme objectives were *clear and widely understood*; similarly all the partners of the West Surrey and North Hants IGT (who responded) ‘strongly agreed’ that the programme objectives *complement other business support provision available in the area/region*.

4.8 When invited to comment on their responses, the partner views remained positive as they noted that they valued the focus on the local area so that services were tailored, as well the wide range of business support available. Partners also felt that *“it was the right product in the right place”* with many commenting that it was a shame that the IGTs were stopping.

Figure 4-1: Rationale and objectives – success measures



Source: SQW Partner Survey

A realistic target?

4.9 Some of those involved in the programme did question whether it was ever going to be feasible to work with 2,000 high growth potential businesses as there was some concern that even if 2,000 high growth businesses[15] did exist in the south east it was never going to be possible to engage them all. Linked to this some also questioned the logic of simply splitting the 2,000 evenly across the eight IGTs (i.e. 250 each) with no in-depth analysis of the local context and the variation that exists between different sub-regions with some of the IGT areas perceived to be much more fertile ground than others. However, this latter point requires the caveat that while these numbers were given as an indication, the programme specification did explicitly state that: "the exact targets for each individual partnership, including the stocks and flows of clients, will be negotiated as part of the grant application and subsequent business planning process with SEEDA".

The operating model

An effective approach

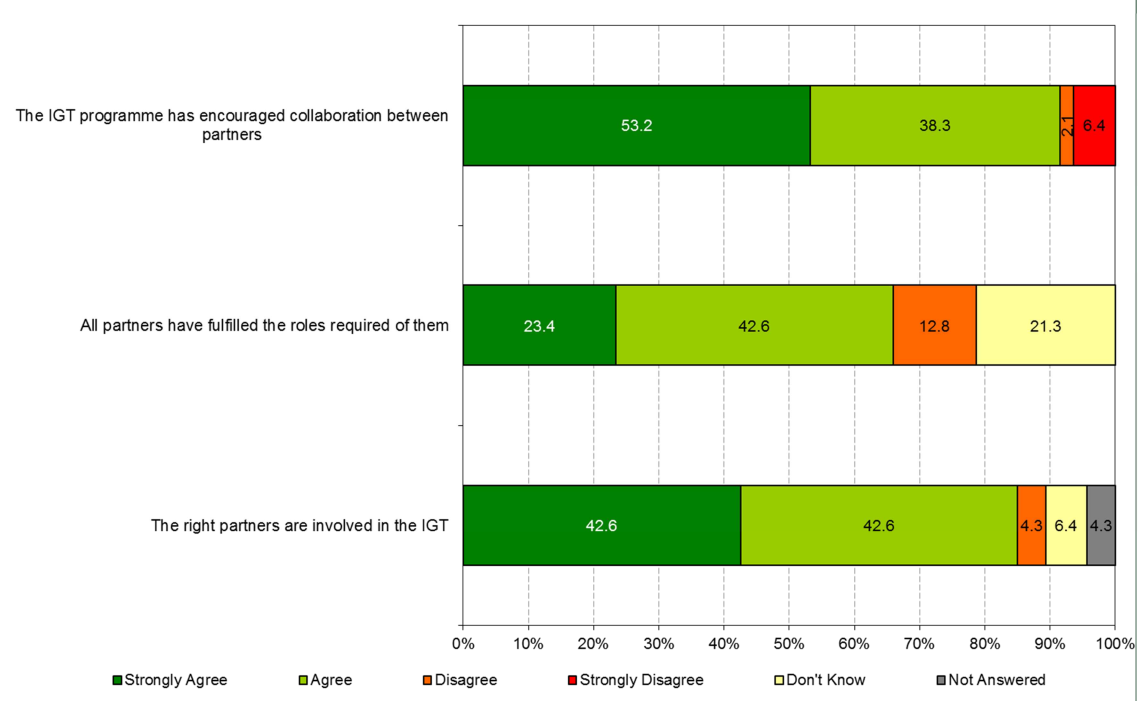
4.10 A central characteristic of the IGT programme was that it would be delivered by 'sub-regional partnerships', thereby fostering local communities of innovation. It was apparent through the various consultations and the survey that this approach was seen as being effective to deliver high quality business support. It was argued that the sub-regional approach had brought together the key local players and created a 'team' with the necessary breadth and depth of experience; the requisite range of skills, competencies and knowledge; and the capacity to be able to identify and work towards addressing needs. The partnership approach was also attributed with reducing local competition (as intended); created a broad but complimentary knowledge base on which to draw; added credibility and legitimacy to delivery by enabling issues to be addressed by the most appropriate organisation; and provided access to a much wider network than would have otherwise been possible (which as discussed below was vital in identifying referrals to the IGT).

4.11 In many instances, the individual partners had not worked together before, and in some cases they would not have even spoken to each other. The IGT provided the necessary focus around which a (somewhat) diverse group of organisations could engage and begin to work together – highlighting opportunities and challenges in the sub-region and joining up to unlock and address them as appropriate. As a result the view across consultees was that generally the partners worked well together with good relationships developing between them.

4.12 These findings were also corroborated by the electronic survey (see Figure 4-2) with over 90% of respondents agreeing that collaboration between partners had been encouraged and 85% agreeing that the right partners were involved. While the positive responses were high across the board, *all* respondents linked to the Oxfordshire IGT 'strongly agreed' that the IGT had encouraged collaboration between partners and that the right partners were involved.

[15] This target was based on research published by NESTA that showed that the 6 per cent of UK businesses with the highest growth rates generated half of the new jobs created by existing businesses between 2002 and 2008. NESTA *'The Vital Six Per Cent'*, October 2009

Figure 4-2: Operating model – success measures



Source: SQW Partner Survey

The drivers of effective partnerships

4.13 The formal **structure** of the partnership (which was determined at the local level) was seen to have had little impact on the subsequent operation and effectiveness of the partnership; the general consensus was that **membership** rather than **structure** was the greater driver of effectiveness.

4.14 Two aspects that affected the partnership's success were stressed. The first was '**who**' the members were, although there was no pattern around particular 'types' of partner. For instance in some IGTs the local authority was seen as a valuable partner while in others their involvement was seen as more of a hindrance as it required time to be spent providing clarity about what the IGT was doing rather than focusing on delivery.

4.15 The second was '**how**' the partners were engaged, seen to be of high importance as it revolved around the extent to which partners were committed to making the IGT a success. Across the IGTs it was apparent that whilst all partners generally bought into the IGT vision, a number did not then provide the necessary resource and support to realise this vision. As a result, a number IGTs generated a situation where there was a 'core' and 'peripheral' group of partners. The core group was seen as essential to the IGT's success due to their engagement and commitment. The peripheral group on the other hand did not contribute to achieving the programme's objectives because they thought (wrongly) that the IGT was an opportunity for accessing resources, because they had unrealistic expectations about what the programme would entail or because they sought to use the IGT for their own purposes. The gap between a core and peripheral group of partners is likely to explain the electronic survey finding that just over half (66%) of the respondents felt that all partners had fulfilled the roles required of them while 13% felt that they had not and 21% were unable to make a judgement (see Figure

4-2). It may also explain why some consultees felt that their IGT partnership was too large to create a highly collaborative relationship.

4.16 However, despite this and the added complexity brought about by the partnership structure, the over-riding conclusion was that the advantages of this operating model outweighed the disadvantages and added significant value to the IGT programme.

IGT management

Delivery team credentials

4.17 With regard to the effectiveness of the delivery team, there was widespread agreement that all teams had the necessary skills to deliver the IGT programme. Consultees noted in particular: the complementarity of the skills held by different team members; the commitment of the team to delivering the most appropriate and effective solutions to their clients; the credibility of their experience and skills derived from direct involvement in the management and operation of a business. As a result, the credentials of the teams were widely regarded as one of the strengths of the programme. This finding was reflected in the electronic survey where 91% agreed that the team had the requisite skills and capacity to provide appropriate support to businesses (57% of whom 'strongly agreed' – see Figure 4-3 below).

4.18 Some consultees did question the need and value for money of having eight separate teams. Some consultees argued that a more centralised, regional team working with a number of local experts might have been more cost effective. Others highlighted the fact that there was little collaboration between the teams (something that was felt to have worked better with the 22 Enterprise Hubs) and that the initial intention for each IGT to lead on a different specialist topic had not materialised (with few exceptions). It is likely that the lack of collaboration and allocation of lead responsibilities across the IGTs was influenced by the premature closure of the programme which may have made individual organisations protective and hold on to their intellectual property, contacts and networks as they thought about their future prospects in the new business support landscape.

IGT delivery

4.19 There was extensive feedback on the effectiveness of the delivery activities and six broad points were made.

Delivery of tailored bespoke support

4.20 Across all eight IGTs, support to businesses was provided in a tailored and bespoke way, directly addressing the specific needs of individual clients. This approach required a significant investment of time to understand both what clients wanted and what they actually needed (with the two often being different as many clients needed help and support with issues they had not been aware of). A number of consultees identified this investment of time and human contact as central to the programme's effectiveness as it enabled trust to be built with the businesses which was considered vital if the advisors were really to 'get under the skin' of the business and for clients to be honest about their issues and needs.

4.21 Having identified a client's particular issues and needs, the IGT programme was then flexible to provide the necessary support. This included assessing management structures, exploring specific ways and means of enabling growth, examining staffing and human resource issues or facilitating access to finance. It was a response that consultees noted was both agile and applied – rather than rigid and generalised – and as such enabled specific weaknesses to be addressed and particular growth drivers to be utilised: often getting to the heart of the longer term problem rather than just mitigating short term symptoms. It was a package of support that was largely delivered through one to one mentoring and coaching along with some events and workshops (often focused on specific reoccurring themes such as product development).

4.22 While the bespoke nature of the support was regarded as an asset of the programme and was felt to have enabled individual business needs to be met, it was noted by some consultees that this made the unit cost of delivery expensive. Some consultees thought – admittedly with the benefit of hindsight – that the programme could have benefited from a degree of 'commoditisation' of the support provided through diagnostic tools and standardised solutions. Alternatively, greater cost effectiveness could have come from grouping companies with similar issues and needs together and providing one to many mentoring and coaching.

4.23 Some IGTs offered such solutions and also included the provision of training programmes as a tool to increase cost effectiveness. Such training was seen to be particularly relevant for smaller start-up companies for whom the programme was not primarily designed but who nevertheless seem to have constituted a significant proportion of beneficiaries.

Delivered in line with – but not driven by – the BSSP portfolio

4.24 In order to deliver tailored and bespoke solutions to clients, activities were fitted into and delivered in line with the BSSP portfolio rather than being driven by it. This had two broad implications that set the IGT apart from other business support provision. First it avoided confusion amongst clients as the BSSP products were never explicitly referred to and second it meant that the portfolio directors were not put in a position of having to 'sell' a particular business support product but could focus their energy on delivering the most effective solution for their client. Consultees felt that being able to use the BSSP toolbox but not being constrained by it made the IGT an attractive support programme for client businesses.

Target clients

4.25 Across all eight IGTs, there have been more pre-start and early stage companies with less than £1 million turnover ('high growth starts and scalable micros') than larger and more mature businesses. Consultees noted that the 'large knowledge generators' and 'medium to large companies' have been significantly harder to engage than expected. A range of different reasons were given for why this might have been the case. Some queried whether the IGT 'toolbox' contained services of interest to large companies, despite the flexible offer; others referred to a general reticence about public sector business support and the length of time required to build credibility with larger organisations. Having more large and mature businesses amongst client companies would have been advantageous to the programme, as in the limited instances where they had been engaged they did enable smaller companies to benefit from the resulting supply chain and networking benefits.

Identifying high growth potential

4.26 Consultees highlighted difficulties in identifying high growth potential in companies, especially in smaller pre-start companies (which, as noted, formed a large share of the IGT client base). Identification of clients relied solely on the judgement call of the relevant portfolio director. While on balance consultees argued that the experience and competence of team members enabled them to make appropriate decisions about selecting client companies, others reasoned that the imperative of recruiting companies at the required target levels may have meant that companies without strong growth potential were admitted. This may have been mitigated by clearer selection criteria and/or a reduction in target client numbers.

A reliance on partner networks for referrals

4.27 In considering the effectiveness of the process of referring clients three separate, but inter-related, points were made.

4.28 The first point concerns referrals from Business Link. The original intention of the IGT programme had been that four out of five referrals to the programme would come via Business Link. For a number of reasons, this did not happen. Some consultees argued that Business Link would never been never a viable channel of referral of high growth businesses which go elsewhere for support and/or consider Business Link a ‘damaged brand’. Others noted that a massive restructuring of Business Link at the national level had significantly reduced its capacity to deliver and prevented it from engaging fully in the IGT programme. Whatever the reason, the lack of referrals from Business Link had significant implications on the success of the programme.

4.29 The second point, which exacerbated the lack of referrals coming from Business Link, was the fact that the IGTs were not able to market their services as (as noted in chapter 2) under the rules of BSSP all products had to be marketed as “solutions for business products”, with no other organisational branding. A number of consultees felt that this lack of marketing negatively impacted on the uptake of the programme.

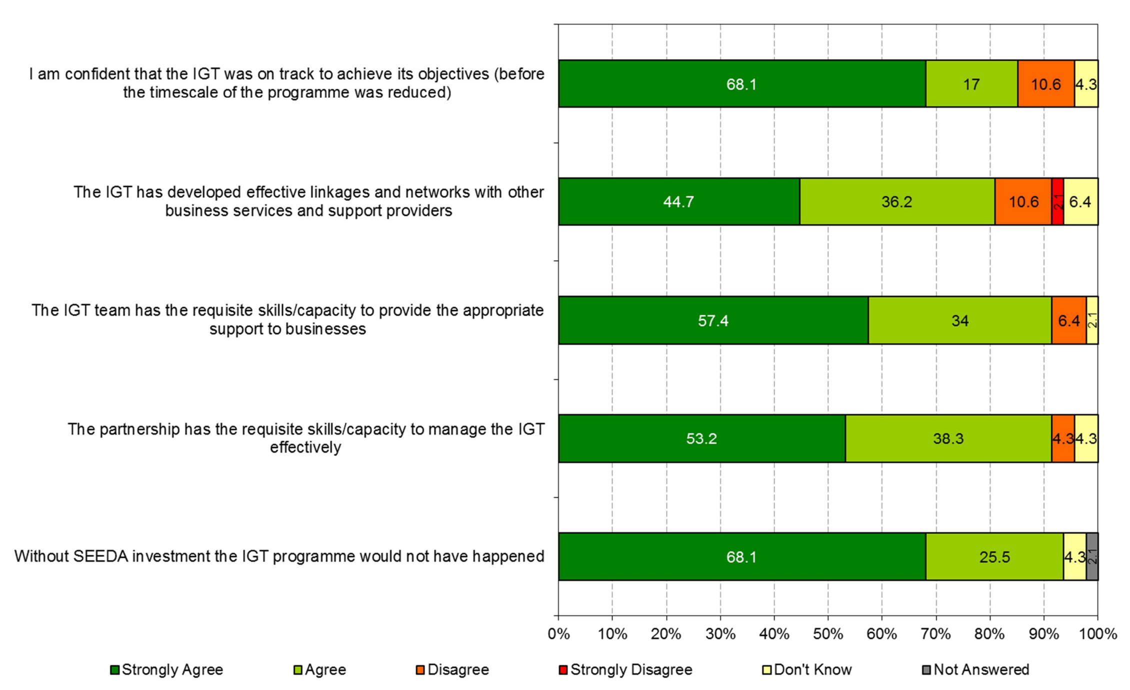
4.30 In order to fill the gap in referrals, the programme was heavily reliant on the wider networks of its partners which over time became increasingly important. Developing these referral networks and identifying the ‘right’ clients did however take up a significant amount of time and effort – although the general consensus was that this investment had paid off.

The Client Management Tool (CMT)

4.31 There were many comments with respect to the significant levels of administration that the programme required. This was seen to be best exemplified (and indeed compounded) by the Client Management Tool which was noted to be difficult to use and highly bureaucratic. The overwhelming view was that it did not add value and that it was not even functional – with a number of consultees noting that they created the own spreadsheets to manage client information, transposing relevant data across to the CMT when required.

4.32 Overall and despite the issues around targeting, referrals and administration the general response from partners responding to the electronic survey was that the IGT was serving local businesses well, that it had developed effective linkages, that is was well managed and that it was on track to achieve its objectives (before the programme timescale was curtailed) (see Figure 4-3).

Figure 4-3: Management and delivery – success measures



Source: SQW Partner Survey

The difference made

4.33 When asked about the difference made by the IGT consultees generally caveated their responses with two points. The first was that the IGTs have not been operating long enough for quantifiable impacts to be readily available. The second was that where impacts were identified these were primarily anecdotal and based on feedback or testimonials from individual clients. In aggregate form across all eight IGTs, the following impacts were most commonly cited:

- providing highly valued support to companies, addressing long-term underlying issues rather than short-term symptoms (such as a poor cash flow)
- raising investment for high growth companies through a combination of working with individual clients to improve their investment readiness and improving linkages into angel networks and the wider funding landscape. The IGT was felt to have created a more cohesive funding picture in parts of the region than there had been before the programme
- increasing the speed of growth in terms of GVA, levels of investment and size of business – it was seen likely that a number of clients would have grown but it was felt that without the IGT this would have taken significantly longer to realise
- improving the survival chances of clients by providing access to services that they would not have been able to fund themselves; playing the role of critical friend and

advising against bad ideas and opportunities; and mentoring and coaching them through a period of change and supporting them to develop and grow their business

- helping to build and nurture an innovative community across key partners and companies – including businesses of differing sizes. The IGT was praised for having integrated the right people and organisations in its networks and to have facilitated the creation of genuine connections between them (including peer to peer support and open innovation)
- creating belief in the value of business support and overcoming the scepticism about engaging with public sector support.

Additionality and displacement

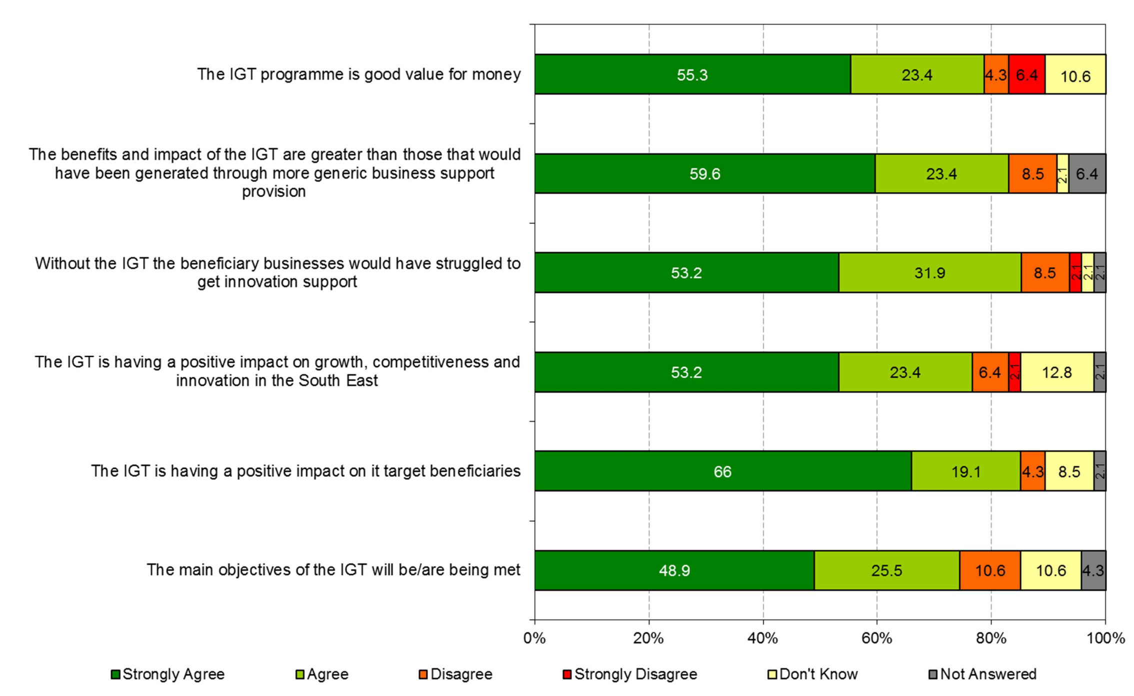
4.34 The majority of consultees thought that the impact of the IGT was largely additional – particularly in terms of speeding up growth – with minimal displacement, simply because the vast majority of companies could not have or would not have paid for similar support from the private sector. However, some consultees did voice concern that while there had been minimal displacement there was a danger that the IGT programme had actually 'spoiled the market' for private sector business support as it had created an expectation amongst businesses that support is free and rather than encouraging businesses to source business support in future had actually reinforced the reticence and reluctance to pay for it.

4.35 These findings are supported by the views of the different partners surveyed electronically (see Figure 4-4), with:

- 83% agreeing that the benefits and impacts of the IGT are greater than those that would have been generated through more generic business support provision – 60% of whom 'strongly agreed'
- 85% agreeing that without the IGT the beneficiary businesses would have struggled to get innovation support – 53% of whom 'strongly agreed'
- 77% agreeing that the IGT is having a positive impact on growth, competitiveness and innovation in the south east – 53% of whom 'strongly agreed'
- 85% agreeing that the innovation and growth teams are having a positive impact on the target beneficiaries – 66% of whom 'strongly agreed'
- 74% agreeing that the main objectives of the IGT will be/are being met – 49% of whom 'strongly agreed'.

4.36 Interestingly, all of the partners who responded from the Kent and Medway IGT agreed or 'strongly agreed' to all of the statements in this section. While respondents from the Thames Valley and Oxfordshire IGTs all 'strongly agreed' that 'the benefits and impact of the IGT are greater than those that would have been generated through more generic business support provision'. When asked to comment on their responses partners were positive about the focus on the 'local area' that the IGTs had and compared them favourably to the 'broad brush', 'cover all' business support which had received government funding previously. While the ‘don’t know’ answers were reflective of the fact some partners felt that funding was cut before any real impact or value could be felt.

Figure 4-4: Impact and value for money – success measures



Source: SQW Partner Survey

5: Assessing the evidence – economic impact and value for money

5.1 This chapter analyses the *quantitative* evidence with respect to the programme's economic impact and value for money. It is based on the results from the economic impact questions in the customer satisfaction survey undertaken by Step Ahead Research to estimate the economic benefits to businesses of engaging with the IGT programme. While the survey was undertaken with individual businesses and at the individual IGT level, the results are presented in aggregate form in order to prevent the identification of individual businesses and to avoid potentially unfair comparisons between the different IGTs.

Statistical reliability

5.2 The statistical reliability of the survey results is driven by two factors: (i) the number of people responding to the survey, and (ii) the proportion of the total population of beneficiary businesses that this group (i.e. those responding) represents. Based on a population of beneficiary businesses of 1,002 and a varying response rate to each of the economic impact questions, the survey results have a confidence interval of between +/-5.8% to +/-9.0% at the 95% confidence level.

Assessing impact

5.3 In order to assess the economic impact of the investment in the IGT programme, it is necessary to estimate the additionality of the benefits generated from receiving support from the IGT – in other words, what was truly additional as compared to what would have happened anyway in the absence of the IGT.

5.4 To enable this calculation to be made the survey asked a number of questions around the extent to which businesses self-assessed the support and intervention provided by the IGT to have contributed to a change in their performance. These questions covered the various different elements of *additionality*: deadweight, displacement, substitution and leakage.

5.5 What follows is a detailed description and explanation of the three step methodology involved in taking these results and using them to assess the impact of the IGT programme investment.

Step 1: Estimating the additionality of the IGT programme

5.6 The first step was to estimate the overall additionality of receiving support from the IGT programme. This is done in Table 5-1 below which sets out the line by line approach to calculating additionality using the result of the customer satisfaction survey.

Table 5-1: Addressing of different components of the additionality logic chain

Component	Customer Satisfaction Survey	Survey results
Deadweight equals…	Proportion of beneficiaries indicating would have achieved benefits in full without the IGT	20%
	+ proportion of beneficiaries indicating they would have achieved some benefits but on a smaller scale **multiplied** by the proportion of the benefit that would have been gained anyway (midpoints of ranges used: 1-25%, 26-75%, 76-99% for partial additionality)	12%
	+ proportion of beneficiaries indicating that they would have achieved benefits later **multiplied** by 0.5 (0.5 used as a proxy for partial additionality)	13%
	+ proportion of beneficiaries indicating that they would have achieved benefits in a different way **multiplied** by 0.5 (0.5 used as a proxy for partial additionality)	9%
	= Total (sum of above)	**54%**
Leakage equals…	This is the average proportion of benefits that have been generated outside the South East	**19%**
Displacement equals…	This is the average proportion of sales which are made in the South East **multiplied** by the proportion of competitors based in the South East	**23%**
Substitution equals…	Proportion of growth that beneficiaries would have achieved if they had received other business support instead of that provided by the IGT (midpoints of ranges used: 1-25%, 26-50%, 51-75%, 76-99% for partial additionality)	**23%**
Multiplier effects equals…	The IGT Customer Satisfaction Survey did not ask about multiplier effects as self-assessment of this by businesses is generally considered unreliable. The multiplier is therefore based on a benchmark provided by BIS (see below and Footnote 18)	**45%**

Source: SQW based on Customer Satisfaction Survey results

5.7 Having calculated the figures above, the extent of additionality can then be calculated by bringing all the elements together to yield an overall estimate of the proportion of assisted businesses likely to have generated outputs and outcomes that would not otherwise have been produced (this is done by subtracting the figures in Table 5-1 (excluding multiplier effects) from 100%). Our evaluation of the IGT programme estimates this proportion to be 32% – otherwise expressed as a net to gross output ratio of 0.32 (see Table 5-2) .

Table 5-2: Additionality factors for survey results and overall ratio

Component	Calculation
Non Deadweight, i.e. proportion of benefits that would not have happened without assistance	1-0.54 = **0.46**
Non Leakage, i.e. proportion of benefits staying in the region	1-0.19 = **0.81**
Non Displacement, i.e. proportion of benefits not causing adverse effects on other businesses	1-0.23 = **0.77**
Non Substitution, i.e. proportion of benefits not causing diversion of resources to take advantage of assistance	1-0.23 = **0.77**
Multiplier effect, i.e. knock-on effects through supply and income linkages	**1.45**
Overall ratio, i.e. multiplication of the components above	**0.32**

Source: SQW

5.8 This additionality ratio is derived on the assumption that everything else is equal, particularly that the turnover increase is the same for each assisted business. It ignores the fact that those businesses for which the business support was more additional might have experienced higher (or indeed lower) turnover growth than the other businesses.

Step 2: Benchmarking the results

5.9 In October 2009, the Department for Business Innovation & Skills (BIS) published the results of research it had commissioned to improve the assessment of additionality[16]. The research analysed new evidence gathered on additionality to provide a series of 'benchmarks' with which evaluation results can be compared and contrasted. Table 5-3 compares the results above with the benchmarks provided by BIS for both additionality at the regional level and additionality for those interventions specifically focused on business development and competitiveness[17] (again at the regional level).

Table 5-3: Benchmarking the additionality results – national figures

	IGT Evaluation	BIS – Mean additionality at the regional level	BIS – Additionality of business development and competitiveness interventions
Deadweight	54%	43%	46%
Displacement	19%	30%	29%
Leakage	23%	11%	12%
Substitution	23%	3%	3%
Multipliers	45%[18]	45%	51%
Overall Ratio	32%	50%	50%

Source: SQW and BIS

5.10 A quick comparison of the results with the benchmarks shows that the IGT evaluation has generated: a higher leakage ratio, a notably higher substitution ratio and a marginally higher deadweight ratio; the displacement ratio is however lower. However, as noted in the BIS report, this does not suggest that any of our results are 'wrong' but it does provide a useful process of checking the estimates for their plausibility.

5.11 It is also pertinent – and indeed perhaps more important – to compare the results generated through this evaluation with the results from an evaluation that is similar to this one in both policy and geographic focus – a comparison that would also provide a further check and challenge of the results. In our opinion the *Evaluation of SEEDA Business Investments in the South East: Individual Enterprise*, undertaken by Regeneris Consulting in September 2008, was highly suitable for this purpose. First it is focused on activity delivered entirely in the South East and second it focuses specifically on SEEDA funded business support. More specifically, the evaluation was a programme-level evaluation that explored the three

[16] BIS, '*BIS Occasional Paper Number 1: Research to improve the assessment of additionality*', October 2009

[17] This is one of three themes against which results were analysed. The other two were 'People and skills' and 'Regeneration through physical infrastructure'. Given this we have assumed that 'Business development and competitiveness' is the most appropriate comparator for this evaluation.

[18] We felt that it was most appropriate to adopt the benchmark multiplier of 1.45 for this evaluation (rather than the multiplier of 1.51) because it relates to additionality at the regional level and is therefore more relevant to this programme

investment themes of Enterprise Gateways, Enterprise Hubs (the predecessor of the IGT programme – see paragraphs 1.4 and 1.5) and Broadband and ICT advice.

5.12 This evaluation presented an overall additionality ratio for each of the three investment themes as well as an overall total for all enterprise themes[19]. These results are shown in Table 5-4.

Table 5-4: Benchmarking the additionality results – similar SEEDA investment

	Enterprise Gateways	**Enterprise Hubs**	**Broadband & ICT Advice**	**All Individual Enterprise Themes**	**Innovation and Growth Teams**
Overall additionality ratio	13%	35%	25%	28%	32%

Source: SQW drawing on results from the Evaluation of SEEDA Business Investments in the South East: Individual Enterprise

5.13 This comparison shows that the IGT programme has generated a similar ratio to those generated for the previous *Evaluation of SEEDA Business Investments* (Enterprise Gateways aside). In fact the ratio is virtually the same as that used for the Enterprise Hubs programme.

Step 3: Estimating the impact of the IGT programme

5.14 In order to identify the proportion of benefits which were additional as a result of the IGT support, the overall additionality ratio needs to be applied to the relevant key performance indicators (see chapter 3): cumulative GVA generated by Portfolio Clients and value of investment funding raised by Portfolio Clients. This calculation provides an estimate of the 'net' impact of the programme and is shown in Table 5-5 below.

Table 5-5: Regional net impact

Key performance indicator	**Gross output**		**Additionally ratio**		**Regional net impact**
Cumulative GVA generated by Portfolio Clients	£113,563,628	x	0.32	=	£36,796,593.54
Value of investment funding raised by Portfolio Clients	£223,639,298	x	0.32	=	£72,463,027.93

Source: SQW

5.15 Table 5-5 shows that the regional net impact of the IGT programme was an additional £36.8 million of GVA to the regional economy and an additional £72.5 million of investment raised for businesses in the South East.

A note on the results

5.16 Before discussing the value for money of the IGT programme based on these results it is important to note two points:

[19] The overall ratios were also split across the outputs of GVA, Turnover and Jobs, however for the purpose of this evaluation we have just used the GVA figure. The ratios were also shown as a range based on the margin of error associated with the relevant survey questions, however in order to enable comparison we have simply taken the mid-point of these ranges.

- First, while this is a robust estimate of impact, it is likely to be a conservative impact for two reasons. First, as discussed in chapter 3, it is likely that the GVA impact has been under-reported; the second is that this assessment of impact takes no account of persistence effects (i.e. the extent to which benefits are likely to persist because the IGT programme has built the capacity of the individual or firm to sustain or continue to achieve further benefits). It has not been possible to take account of persistence effects because the outputs in question are cumulative over the (albeit limited) lifetime of the programme rather than annual snapshot and therefore some degree of persistence will already be built into the results. However, it is not possible to ascertain from the data available 'how much' and consequently not feasible to calculate a level of persistence that can be applied to the results.
- Second, when commenting on the impact of the programme, it is not possible to aggregate the impact (i.e. add the cumulative GVA figure to the value of investment raised) as this would involve double counting the benefits. Rather, the two indicators are simply different lenses through which the impact and value for money (see below) of the IGT programme can be viewed.

Assessing value for money

5.17 The value for money of IGT programme is assessed under the three headings of effectiveness, economy and efficiency and compared to relevant benchmarks where these are available.

Effectiveness

5.18 Effectiveness considers the ratio of achieved outputs against the target outputs. Table 5-6 shows the overall performance of the IGT programme against each of its key performance indicators (with chapter 3 providing a discussion of how this performance varies across the eight IGTs). Table 5-6 shows that the effectiveness of the IGT programme was mixed: while it was effective in generating GVA and raising investment, it was less effective in the number of Portfolio and Network Clients it supported and their satisfaction with the support, and it was much less effective at increasing turnover.

Table 5-6: IGT Key Performance Indicators

Key Performance Indicator	Target	Actual	% achieved
Cumulative GVA generated by Portfolio Clients (£)	£ 91,092,115	£ 113,563,628	125%
Value of investment funding raised by Portfolio Clients (£)	£ 122,332,790	£ 223,639,298	183%
Number of Businesses reporting increased turnover	720	282	39%
Number of Portfolio Clients supported by the IGT	1,313	1,132	86%

Key Performance Indicator	Target	Actual	% achieved
Number of Network Clients supported by the IGT	2,639	2,160	82%
% of Clients satisfied with the support provided by the IGT	86%	82%	96%

Source: SQW based on SEEDA management information

5.19 This mixed performance is however unsurprising. The *Impact of RDA Spending* report (2009)[20], prepared by PwC, reviewed the performance against objectives for 28 'individual enterprise support interventions' (14 of which related specifically to business assistance) and found "varied performance" with only 25% of evaluations either exceeding or meeting their objectives; over a third of the interventions had a "mixed" performance against their objectives; and 14% of the evaluations "largely met" their objectives. Also, as noted in chapter 3, the failure to meet the targets related to the number of clients supported could in part be attributable to the early shut-down of the programme and the resulting scepticism this stimulated amongst potential clients around committing to something that will end shortly.

Economy

5.20 Economy considers the unit costs of delivery, i.e. the costs per activity undertaken by the project. In the case of the IGT programme, the relevant figure is the key performance indicator that relates to the number portfolio clients supported.

5.21 In total 1,132 portfolio clients were assisted and the total cost of the IGT programme was £9,520,155. Dividing the total cost by the number of portfolio clients supported show that the IGT programme cost £8,410 per portfolio client assisted.

5.22 Comparing this figure with the results presented in the PwC *Impact of RDA Spending* report of £8,502 per 'businesses assisted' shows that the average cost per business assist is remarkably similar. Although, comparison with *Evaluation of SEEDA Business Investments in the South East* did find a lower unit cost of £4,841 per business assist. However this figure did vary between the three themes covered by the evaluation from: £650 for Broadband and ICT, to £4,200 for the Enterprise Gateways, and £7,100 for the Enterprise Hubs.

5.23 However, we question whether it is wholly appropriate to benchmark this figure against other programmes as the IGT figure of £8,410 is likely to be high given that it takes no account of the less intensive support provided to Network Clients. But also, and perhaps more significantly, these comparisons take no account of what the 'assistance' actually involved: for some programmes assistance is any support over two hours whereas for others – the IGT included – the support involved could have lasted days if not weeks.

5.24 With these caveats duly noted, this finding does nonetheless add weight to the point made by various consultees (and noted in chapter 4) that the unit cost of delivery of the IGT programme was expensive.

[20] BERR (now BIS), '*Impact of RDA Spending – National Report*', March 2009

Efficiency

5.25 Efficiency is measured by the benefits of the IGT programme set against its costs. For the purpose of this evaluation efficiency has been calculated for both the additional cumulative GVA generated by Portfolio Clients and the additional investment funding raised by Portfolio Clients (as calculated above).

5.26 The estimated net additional cumulative GVA generated as a result of the IGT support was £36.796,593, while the total cost of the IGT programme was £9,520,155. Based on these figures the GVA:SEEDA cost ratio can be calculated as 3.9:1 – or put another way, for every pound invested by SEEDA £3.9 of GVA was generated for the local economy.

5.27 The same calculation can also be made based on the value of investment funding raised which was £72,463,027. Based on this figure the Investment funding raised:SEEDA cost ratio is 7.61:1.

5.28 Both of these calculations show that the IGT programme is making a positive return on investment.

5.29 The GVA cost ratio[21] can also be compared with those found in the *Impact of RDA Spending* report and the *Evaluation of SEEDA Business Investments in the South East.* The *Impact of RDA Spending* report provides averages for GVA:cost ratios for 'individual enterprise support' across the RDAs and the *Evaluation of SEEDA Business Investments in the South East* provides GVA:cost ratios for each of the three enterprise themes and average across them all. These figures along with the GVA:SEEDA cost ratio for the IGT programme are shown in Table 5-7.

Table 5-7: Comparison of IGT GVA:cost ratio with available benchmarks

Programme	GVA cost ratio
IGT programme	3.9:1
Enterprise Gateway programme	1.5:1
Enterprise Hub programme	10.7:1
Broadband and ICT programme	1.6:1
All Individual Enterprise Themes (SEEDA)	4.5:1
Individual Enterprise Support (National RDA impact)	4.9:1

Source: SQW

5.30 Table 5-7 shows that the return on investment delivered through the IGT programme is similar to the national RDA impact and SEEDA figures for individual enterprise support; higher than two of the individual SEEDA themes (Enterprise Gateways and Broadband and ICT); but lower than the third (Enterprise Hubs). However, limited weight should be given to these comparisons as the IGT programme's ratio is based on cumulative GVA with the others based on a single year. Therefore while none of them take account of persistence effects some persistence is implicitly built into the results for the IGT programme (as noted above). As a result this is not a direct 'like for like' comparison.

[21] Similar comparator figures for investment raised are not available

Value for money – conclusions

5.31 Overall and based on an assessment of the effectiveness, economy and efficiency of the IGT programme it is possible to conclude that the IGT programme has broadly been good value for money. The programme has delivered a positive return on investment, albeit at a high unit cost and with mixed performance. Comparisons with other similar programmes also show that this conclusion is typically true for RDA investment in enterprise support.

6: Assessing the evidence – Strategic Added Value

6.1 The third and final assessment of the evidence looks at the extent to which the IGTs have provided strategic leadership; coordination and networking opportunities; and influence and leverage. This chapter uses the findings of the in depth consultation and the partner survey to discuss the strategic added value of the IGTs. The chapter begins with a brief discussion on the definition and forms of strategic added value.

The definition and forms of SAV

6.2 Strategic added value (SAV) is the term used across the network of the English Regional Development Agencies (RDAs) to refer to the effects of their strategic co-ordinating, catalytic and influencing role. These effects are over and above those generated from direct RDA project or programme funding (as discussed in the previous chapter). Assessment of SAV requires consideration of an IGT's contribution to economic development through the strategic influence it exercises on partners' policies, priorities and the scale and nature of their investments.

6.3 Due to the significant strategic dimension of RDAs' roles, the guidance contained in the IEF Plus states that "the examination of SAV must be integral to future RDA evaluations". SEEDA acknowledges the importance of SAV in its work and defines it according to the three SAV sub-categories, the same typology that is adopted in the most recent version of IEF Plus:

- Leadership and catalyst – which includes articulation and communication of long term development needs, opportunities and solutions in relation to innovation and high growth business support; articulating the role of the IGTs and inspiring confidence in their capacity to deliver; and defining the roles for partners and stakeholders
- Synergy and engagement – which includes the promotion of intelligence sharing between IGTs and its stakeholders and partners; encouraging greater strategic alignment or consistency of approach in the design, development and delivery of high growth business support; and facilitation of mutual trust, innovation and adoption of best practice, or reduced duplication
- Influence and leverage – which includes the development of knowledge and intelligence in relation to innovation and high growth business support; influencing partners' strategic priorities in relation to innovation and high growth business support; and influencing the scale, nature and allocation of partner funding, activities and outputs in relation to innovation and high growth business support.

6.4 The remainder of this chapter uses these three sub-categories to discuss the SAV of the IGTs.

Leadership and catalyst

6.5 The leadership and catalytic role played by the IGTs is perhaps best exemplified by the role they had in driving forward the development of business networks and communities of innovation. The IGTs have not only raised the importance attached to innovative and high growth businesses (see below) which encouraged partners to engage, but, by requiring a partnership approach to delivery they have catalysed collaboration between partners at the sub-regional level. A collaboration that was felt to have helped foster mutual trust and respect between partners – the value of which will be retained beyond the lifetime of the IGT.

6.6 The IGT focus on peer to peer networking and creating a more cohesive funding landscape was thought to have had equally significant impacts on businesses. In particular the IGTs were seen to have played a valuable leadership role in the initial engagement, and the subsequent enhancement of credibility, with business angel networks and banks. As with the partners, the value of these networks should be sustained beyond the lifetime of the IGT.

6.7 A second aspect of leadership identified by some consultees was the simple fact that the IGTs have help to ‘create’ – or indeed rekindle – belief in the benefit of business support. By providing tailored and bespoke provision, ensuring that needs and issues are addressed and by encouraging and supporting growth (as discussed in chapter 4) the IGTs have played an important wider role in highlighting the value of external support (putting aside temporarily the concern noted in chapter 4 about the danger of future displacement and the spoiling of the business support market). It is this aspect of SAV that should perhaps be of most benefit to the soon to be launched Business Coaching for Growth programme as it seeks to engage and work with a similar ‘high growth’ client group.

6.8 Finally, the leadership and catalytic effects of simply providing the vision and resources to make it happen cannot be ignored. A number of consultees noted that without SEEDA’s involvement and funding the IGT programme would not have been developed.

Synergy and engagement

6.9 While there has been limited synergy and engagement across the IGTs at a regional level (as noted in chapter 4) and where it has existed it has been informally driven by the IGT directors and portfolio directors speaking to one another rather than through a formal, organised and facilitated process. At the sub-regional level there has been far greater added value, with consultees noting that the IGTs had:

- improved relationships with and access to various intermediaries including banks, accountants and lawyers
- ensured greater alignment across the myriad of different business support providers
- removed the element of competitiveness between partners as they helped to ensure that there was an understanding and clarity about the strengths, skills and competencies of each partner – and perhaps most importantly how they can collaborate to best effect

- created a process of two-way referral between partners so that clients receive the most appropriate support for their needs rather than being protective of their 'own' clients
- ensured that there is a shared view across partners of the need to support high growth and innovative businesses – even though the specific means of delivering this support may differ.

Influence and leverage

6.10 It is in this final aspect of SAV that the curtailing of the programme has had most impact as the effective influence and leverage of partner resources takes time and requires a significant degree of evidence to change minds and realign budgets. However, despite the limited time the IGTs have had, it is apparent that they have been able to exert influence over two main 'groups'.

6.11 The first is the relevant local authorities, and while there is a mixed picture across the eight IGTs, it is apparent in at least three that the IGT has had a significant influence over the 'thinking' of the relevant local authority or authorities as they have realised that high growth companies are a local asset that needs to be supported; and that the IGT is an effective vehicle through which to do this. As a result, in these areas, the local authority has been lobbying hard to sustain the IGT in some form or another, and in one IGT the local authority has agreed to sustain the coaching and networking elements of the IGT on an interim basis until the national picture around future business support is clarified.

6.12 The second group is the emerging Local Enterprise Partnerships (LEPs). For this group, the IGTs added value has been one of influence, particularly over the language and focus of the LEP, with the result that supporting high growth businesses is central strand of their delivery plans. The IGTs were also felt to have 'helped' the LEPs to recognise what is needed in their areas in terms of supporting innovation with the IGT acting as a valuable local knowledge source: providing clarity around both what the issues are and what is in place to address them. For one IGT all of its partners are also LEP partners so there is potential for even greater added value in the future.

Conclusions

6.13 The IGTs have added strategic value in the South East in both different forms and different ways. In terms of their leadership and catalytic role the IGTs were seen to have driven forward the development of business networks and communities of innovation. With their focus on peer to peer networking and creating a more cohesive funding landscape also considered to have had a catalytic impact on business growth. The programme was also attributed with a valuable leadership role in the engagement with and enhancement of business angel networks and banks.

6.14 With regard to synergy and engagement, the IGTs were thought to have improved relationships with and access to various intermediaries; ensured greater alignment across the myriad of different business support providers – in some cases resulting in greater collaboration; created a process of two-way referral between partners; and ensured that there is a shared view across partners of the need to support high growth and innovative businesses. It is early days but there is some evidence that the focus of the programme and its delivery model have shaped emerging thinking in LEPs on the best way of providing and focusing business support.

7: Summary and conclusions

Summary

The IGT programme…

7.1 Driven by the over-arching aim to maintain the South East's position as a world class region, and in particular the need to 'invest in success', the South East Business IGT programme was launched in 2009/10 to: "unlock the potential in businesses with real global ambition through targeted support in order to drive economic growth in the South East"[22].

7.2 The IGT programme was to be delivered by eight sub-regional partnerships that were either a formally constituted partnership organisation or linked together by an agreed shared purpose. These partnerships were responsible for putting in place a team of experienced business advisors and experts able to deliver high quality support to businesses –of varying sizes and stages of development – on a day-to-day basis. This support included both SEEDA funded services but also other sub-regional and local services – all of which were delivered under the "Solutions for Business" national brand. These partnerships and teams were established with the specific objectives of:

- developing a broader approach to innovation
- targeting the top 2,000 high growth potential businesses
- raising the levels of business to business collaboration and knowledge exchange
- bringing together the local drivers of innovation.

7.3 SEEDA originally allocated £20.5 million to deliver these objectives across the eight teams. However, the decision to close SEEDA and the subsequent curtailment of the programme meant that the budget was cut substantially in July 2010 from £20.6 million to £11.6 million. This premature closure of a programme, that was originally expected to run for three years, had impacts on its achievements as some of the teams were in operation for little over a year.

7.4 However, despite the reduced resources and limited lifetime of the IGT programme it has been possible to identify a number of different findings about the operation, delivery, impact and value for money of the IGTs.

..Its operation

7.5 Across the range of different partners and stakeholders consulted there was consensus that the IGT programme had been based on a strong rationale, addressing a multi-faceted market failure that limited the growth potential of companies of all sizes. The programme's intention to move beyond supporting lifestyle businesses and specifically to target those that could significantly contribute to the economic competitiveness of the regional economy was

[22] South East England Development Agency, *Developing communities of innovation to stimulate economic growth – Invitation to Apply for Grant Funding* (August 2008)

particularly welcome. The programme's focus on coordination and collaboration and to establish communities of innovation were widely seen as vital components to both the success of the programme and local partnership working beyond the lifetime of SEEDA. The programme itself was also felt to have been positively informed by other previous business support programmes (most notably the Enterprise Hub programme).

7.6 Perhaps the only major concern with the programme's planned operation was whether it was ever going to be feasible to work with 2,000 high growth potential businesses as there was some uncertainty if there was even 2,000 high growth businesses in the south east, and that even if there were it was never going to be possible to engage them all.

7.7 The partnership approach was seen as an effective means of delivering high-quality business support as it helped bringing together the key local players and created a 'team' with the necessary breadth and depth of experience; the requisite range of skills, competencies and knowledge; and the capacity to be able to identify and work towards addressing needs. The partnership approach was also attributed with reducing local competition between support providers; creating a broad but complimentary knowledge base on which to draw; adding credibility and legitimacy to delivery by enabling issues to be addressed by the most appropriate organisation; and providing access to a much wider network than would have otherwise been possible. The membership of the partnership (as opposed to its structure) was seen as key to its effectiveness, both in terms of who was involved (which varied between the eight IGTs) but also how they were involved, and their commitment to making the IGTs a success.

7.8 Similar findings were also true of the delivery teams with partners and stakeholders noting in particular the complementarity of the skills held by different team members; the commitment of the team to delivering the most appropriate and effective solutions to their clients; and the credibility of their experience and skills derived from direct involvement in the management and operation of a business. As a result, the credentials of the teams were widely regarded as one of the strengths of the programme.

…Its delivery

7.9 Across the consultations and electronic survey with a wide range of partners and stakeholders there was extensive feedback on the effectiveness of the delivery activities – with six broad points emerging:

- across all eight IGTs, support to businesses was provided, within the context of the five national Solutions for Business (SfB) products, in a tailored and bespoke way, directly addressing the specific needs of individual clients. This required a significant investment of time to understand both what clients wanted and what they actually needed (with the two often being different as many clients needed help and support with issues they had not been aware of). This investment of time and human contact was seen by some as central to the programme's effectiveness. It did however make the unit cost of delivery expensive;
- whilst the support was delivered in line with the SfB portfolio, it was tailored to the individual needs of businesses. This approach was felt to set the IGT apart from

other public funded business support provision. The SfB products were never explicitly referred to and the portfolio directors were not put in a position of having to ‘sell’ a particular business support product but could focus their energy on delivering the most effective solution for their client;

- the IGT programme’s client base has as a whole been focused more on pre-start and early stage companies (with less than £1 million) turnover rather than larger and more mature businesses – which were felt to have been significantly harder to engage than expected. A range of different reasons were given for why this might have been the case, the most common of which were: doubts about whether the offer contained services of interest to large companies. Equally it was felt there was a general reticence about public sector business support and a lack of credibility amongst larger organisations; and difficulties in engaging with larger companies

- it was apparent across all of the IGTs that identifying high growth potential in companies is difficult, especially in smaller pre-start companies (which formed a large share of the IGT client base). Identification of clients relied solely on the judgement call of the relevant portfolio director, and while on balance consultees argued that the experience and competence of team members enabled them to make appropriate decisions about selecting client companies, others reasoned that the imperative of recruiting companies at the required target levels may have meant that companies without strong growth potential were admitted

- the IGT programme relied heavily on partner networks for the referral of clients – something that was not the intention at the outset of the programme. In accordance with the principles of the SfB framework, Business Link was to act as the primary access channel for the IGT programme. For a number of reasons this did not happen. IGTs were not permitted under the SfB framework to market their services. So, in order to fill this gap the teams had to press heavily on their partner networks to ensure that a suitable flow of quality referrals – something that, while it took up a significant amount of time and effort, was felt to have paid off eventually.

…Its impact

7.10 Through the evaluation it has been possible to identify both qualitative and quantitative impacts. In terms of the former, the following impacts were apparent through various anecdotes and client testimonials, as the IGT programme was considered to have:

- provided highly valued support to companies, addressing long-term underlying issues rather than short-term symptoms (such as a poor cash flow)

- raised investment for high growth companies through a combination of working with individual clients to improve their investment readiness and improving linkages into angel networks and the wider funding landscape

- increased the speed of growth in terms of GVA, levels of investment and size of business

- improved the survival chances of clients by providing access to services that they would not have been able to fund themselves; playing the role of critical friend; and mentoring and coaching them through a period of change
- helped to build and nurture an innovative community across key partners and companies
- created belief in the value of business support and overcome the scepticism about engaging with public sector support.

7.11 In terms of the quantitative impacts the evaluation identified the proportion of benefits which could be considered additional as a result of the IGT support. The regional net impact of the IGT programme has been estimated at an additional £36.8 million of GVA to the regional economy and an additional £72.5 million of investment raised for businesses in the South East.

…Its value for money

7.12 Based on an assessment of the effectiveness, economy and efficiency of the IGT programme the IGT programme has broadly been good value for money. The programme has delivered a positive return on investment, albeit at a high unit cost and with mixed performance in terms of the outputs delivered. However, comparisons with other similar programmes show that this result is typical for RDA investment in enterprise support.

…Its Strategic Added Value

7.13 The IGTs have added strategic value in the South East in both different forms and different ways. In terms of their leadership and catalytic role the IGTs were seen to have driven forward the development of business networks and communities of innovation. With their focus on peer to peer networking and creating a more cohesive funding landscape also considered to have had a catalytic impact on business growth. The programme was also attributed with a valuable leadership role in the engagement with and enhancement of business angel networks and banks.

7.14 With regard to synergy and engagement, the IGTs were thought to have improved relationships with and access to various intermediaries; ensured greater alignment across the myriad of different business support providers – in some cases resulting in greater collaboration; created a process of two-way referral between partners; and ensured that there is a shared view across partners of the need to support high growth and innovative businesses. It is early days but there is some evidence that the focus of the programme and its delivery model have shaped emerging thinking in LEPs on the best way of providing and focusing business support.

Conclusions

7.15 Through this evaluation we have been able to draw the following conclusions about the IGT programme:

- **identifying high growth businesses is difficult**, particularly when they are at a pre- or early-start stage. While the general consensus was that the **experience, competence and intuition** of the team members enabled them to make appropriate decisions around the selection of clients their **skills could have been supported with the use of relevant dat**a. It is the intention of the soon to be launched Business Coaching for Growth Programme to combine a data driven approach with personal expertise and given the experience of the IGT programme this is commendable

- for some IGTs, **the imperative of recruiting clients** – coupled with the difficulty of identifying high growth businesses – **took away from the focus of only working with high growth innovative businesses**. Delivery became caught up in the 'numbers game' as the **achievement of targets became more important that the original rationale** for the programme to: "unlock the potential in businesses with real global ambition"

- the **limitations imposed** under the SfB framework, in particular the restrictions on IGTs marketing their services, has **implications on the ability of the IGT's to engage customers** resulting in IGT **struggling to achieve the level of referrals** that enabled them to be truly selective about who they worked with

- the **positive return on investment** delivered by the IGT programme **could have been increased if the high unit cost of delivery had been reduced**. This is not to say that the programme should have lost its focus on bespoke, tailored support – this was one of its unique selling points (USP) – but rather it could have **improved its cost-effectiveness with greater 'commoditisation' of the support provided** making better use of diagnostic tools, standardised solutions and the provision of training programmes (as some IGTs did).

- **further efficiency gains could also have been made through working with groups of companies with similar issues and needs**. An approach that would have also enhanced the delivery of peer-to-peer support and helped foster communities of innovation – another of the programmes USPs.

- the **unit cost of delivery could have been further reduced by delivering the programme through a more centralised, regional team working with a number of local experts** rather than eight separate teams each with their own associated infrastructure/back office

- there was **little collaboration, formal learning or indeed sharing of good practice between the IGTs** and the initial **intention of each IGT leading on a different specialist topic did not work**. In part this was due to the premature closure of the programme and the impact that this had on forcing the delivery teams and associated partners to look inwardly and protect their 'assets'. However, it does raise the question as to whether such a devolved approach is the most effective use of resources and knowledge

- each of the IGTs took a **different approach to engaging large companies and seeking to drive forward a process of open innovation**. For some the **challenge of**

engaging and working with large companies was too significant a barrier – notably harder than originally expected. However, for others **where they were able to engage larger businesses there were significant benefits** to smaller companies, particularly in terms of supply chain opportunities and networking. Had this good practice been better shared across the IGTs (see point above) the benefits could have been maximised

- the IGTs have helped to **develop and foster sub-regional communities of innovation**. The partnership approach has achieved what it set out to do as it not only **created an effective and experienced delivery team but it helped to reduce local competition between solutions providers and had a catalytic effect in creating a sub-regional network and knowledge base**. In doing so the IGTs have **provided access to a much wider network than would have otherwise been possible** (including various intermediaries such as banks and accountants) as well as helping **foster a level of trust and respect between partners and businesses that will be retained beyond the lifetime of the IGT**

- through the **provision of tailored business support, the IGTs have provided highly valued support to companies** that has **helped them to address long-term underlying issues rather than just short-term symptoms**. In doing this the IGTs have also created – or rekindled – **belief in the value of business support** helping to overcome a widespread scepticism around engaging with public sector support. However, despite this there is a danger that the IGT programme – and others like it – have actually **'spoiled' the business support market as it has created an expectation that support it free and reinforced a reticence and reluctance to pay for it**

- the **quality of the delivery team has been one of the strengths of the programme**. The teams not only had the necessary support, coaching and mentoring skills but many of them **remained directly involved in the management and operation of a business**. This gave them a **credibility and respect with clients and was central in building trust and openness**

- the **membership of the delivery partnerships rather than the formal structure of the partnership was the greater driver of effectiveness**. In particular **who the members were and how they were engaged as this was the central determinant in not only how committed they were to making the IGT a success but the extent to which they could make it happen**

- the interpretation of the performance management framework, in particular the **measurement of GVA, resulted in data discrepancies**, in terms of over- and under-reporting as well as consistency of the reporting

Annex A: Consultation topic guide

Rationale and objectives

1. **Rationale.** Why was this Innovation and Growth Team (IGT) developed? Was it in response to a particular set of problems/market failures in the area or a particular opportunity, how was this evidenced? Did you support the rationale behind the development of local innovation and growth teams from the outset? Has the rationale remained valid throughout the operation of the IGT?

2. **Programme objectives.** What were the main objectives of your local IGT? What is it seeking to achieve? Are the programme objectives clear and widely understood? How do the programme objectives complement or compete with other business support provision available in the area/region?

3. **Target beneficiaries.** Who are the intended beneficiaries? What evidence was gathered on the target market? How did you identify high growth businesses in your local area? Did you prioritise by sector? Did you prioritise by size? How did you segment and target high growth businesses in your area?

4. **Change in rationale and objectives.** Has the programme's rationale and objectives been adapted to respond to recent changes in: a) economic conditions (e.g. recession, reduced public finances); b) policy developments (at the local/regional/national context); c) other factors? What impact have these changes had on the projects outputs/outcomes?

Management and delivery

5. **IGT delivery.** Has the delivery of the IGT been as expected? What aspects of the IGT have been more or less successful? What are the reasons for this?

6. **Activities and Support.** What services and support are unique to your local IGT? What activities delivered by the IGT have worked particularly well?

7. **Business Products.** How were services developed in line with the national solutions for business framework? Which products were deployed the most and of most value?

8. **IGT team.** What proportion of the team is employed directly compared to those that are contractors? How did you attract high quality staff that would be credible within the business community? Do they have the requisite skills/capacity to provide the appropriate support? How has the private sector been utilised? How were the specialists recruited? Have they encountered any difficulties in delivering the programme and how were these managed?

9. **IGT investment.** Has the investment in the IGT been spent as profiled? Did the cost of the project meet the original target? Has match funding been drawn down as profiled? If not why?

10. **SEEDA involvement.** What did the SEEDA investment pay for? How significant was this in relation to the project as a whole? What would have happened without SEEDA support? Did this investment help to lever in other investment from public or private sources that would not have been forthcoming otherwise? Were the objectives of SEEDA's investment clear?

11. **IGT Governance and partnership management.** Who are the key partners? How effective has the partnership been? Have all partners pulled their weight? Are these the right partners, or should others be involved? Does the partnership have the requisite skills/capacity to manage the IGT effectively?

12. **Local Ownership.** Do partners feel like they have more ownership over delivery of business support on the ground and can influence the activities and benefit from the results?

13. **Regional Collaboration .**Do you think your IGT work as part or in isolation from the rest of the network? How effective did IGTs collaboration? Was best practice shared?

14. **IGT linkages.** How does the IGT interact with the other business services and support providers? How effective are these linkages?

15. **Achievement of objectives and outcomes**. How confident are you that the IGT was on track to achieve its objectives (before the timescale of the programme was reduced)? Has the project achieved what you expected?

Impact and value for money

16. **Evidence of impact.** Are there any data that suggest that the main objectives of the IGT will be/are being met? Is there any evidence to show that the IGT has had an impact in general and to its target beneficiaries in particular?

17. **Levels of additionality.** Without the IGT is there any evidence that these benefits would have: a) been achieved at the same level and in the same time frame; b) been achieved but at a smaller scale; c) been achieved but at a later date; or d) not happened at all?

18. **Displacement**. Is there any evidence that the IC has displaced activity from elsewhere in the area? Is there any evidence that the public investment in IGTs has crowded out private sector investment and activity?

19. **Multiplier effects.** Is there evidence of wider benefits from the IGT?

20. **Deadweight.** What was likely to happen in the area anyway without the IGT – is there any evidence that the private sector would have delivered the support (but perhaps later, lower quality etc.)? Where do you think beneficiary businesses would have accessed support had the IGT not existed? What impact do you think this would this have had on business performance and growth?

21. **Leakage.** Is there any evidence that businesses that were located in the area move out of the (i) area and (ii) region when support from the IGT ends?

22. **Particular benefits when compared with other business support.** Is there any evidence to show the benefits of the IGT in comparison to more generic business support provision?

23. **Value for money.** Is the programme delivering (or on track to deliver) value for money? Why do you say this?

Strategic Added Value

24. Has the IGT Programme

    a. encouraged greater alignment between, or consistency of approach in the design, development and delivery of high growth business support and innovation – ensuring more effective collaboration

    b. facilitated mutual trust, innovation and adoption of best practice, or reduced duplication in the design, development and delivery of high growth business support and innovation

    c. influenced partners' strategic priorities in relation to high growth business support and innovation

    d. increased the scale, nature and allocation of partner funding, activities and outputs in relation to high growth business support and innovation.

Good practice and lessons learnt

25. **Lessons learnt.** From your experience to date, what lessons can be learned (positive or negative) for the future design and implementation of high growth business support and innovation activities, particularly in respect to the new Business Coaching for Growth programme? If there are such lessons, are they currently being disseminated and how do you expect they will be disseminated in future?

26. **Good practice.** Are there any examples of genuine good practice emerging? Why do you say this?

27. **Final thoughts.** Is there anything else you would like to discuss that we have not covered?

Annex B: Partner survey questionnaire

SQW has recently been appointed by SEEDA to undertake the evaluation of the South East Business Innovation and Growth programme. As part of this work we would like to gather the views of the different partners involved around a range of issues including: the rationale and objectives of the programme; its management and delivery; its impact and value for money; the strategic added value it has brought; and any good practice and lessons learnt.

The survey should take between 5 and 10 minutes to complete.

How to complete the questionnaire:

You can navigate between the pages of the survey using the 'Next' and 'Back' buttons at the bottom of the page.

If you cannot complete the survey all at once, please use the ‘click here to save your answers and finish later’ button located at the bottom of your screen which will allow you to then return to the survey when you are ready by using the link in your original email invite. As long as you access the survey using this link, it will allow you to continue from your last saved response.

If at any point you do have any questions about the survey please contact Rachel Redman (telephone: 01223 209 400 or rredman@sqw.co.uk) who will be pleased to assist you.

Submitting your response:

Once you have completed the survey, please remember to press the 'submit' button on the final page as the survey will not be submitted unless you have pressed this.

Thank you very much for your willingness to complete this survey.

Involvement with the Innovation and Growth Team (IGT)

1. Please explain what kind of involvement you have had with the IGT

2. How did you become involved with the IGT

Rationale and objectives

Please say whether you agree or disagree with the following statements

(1 – Strongly disagree; 2 – Disagree; 3 – Agree; 4 – Strongly agree; 5 – Don't Know)

28. The IGT was set up to take advantage of and maximise a particular opportunity

- Comment on response (if applicable)

29. The programme objectives are clear and widely understood

- Comment on response (if applicable)

30. The programme objective complement other business support provision available in the area/region

- Comment on response (if applicable)

31. The criteria for identifying suitable beneficiaries are widely understood

- Comment on response (if applicable)

7. Do you want to make any other points about the rationale and objectives of the IGT

Management and delivery

Please say whether you agree or disagree with the following statements

(1 – Strongly disagree; 2 – Disagree; 3 – Agree; 4 – Strongly agree; 5 – Don't Know)

8. Without SEEDA investment the IGT programme would not have happened

- Comment on response (if applicable)

9. The IGT programme has encouraged collaboration between partners

- Comment on response (if applicable)

10. The partnership has the requisite skills/capacity to manage the IGT effectively

- Comment on response (if applicable)

11. The right partners are involved in the IGT

- Comment on response (if applicable)

12. All partners have fulfilled the roles required of them

- Comment on response (if applicable)

13. The IGT team has the requisite skills/capacity to provide the appropriate support to businesses

- Comment on response (if applicable)

14. The IGT has developed effective linkages and networks with other business services and support providers

- Comment on response (if applicable)

15. I am confident that the IGT was on track to achieve its objectives (before the timescale of the programme was reduced)

- Comment on response (if applicable)

16. Do you make any other points about the management and delivery of the IGT

Impact and value for money

Please say whether you agree or disagree with the following statements

(1 – Strongly disagree; 2 – Disagree; 3 – Agree; 4 – Strongly agree; 5 – Don't Know)

17. The main objectives of the IGT will be/are being met

- Comment on response (if applicable)

18. The IGT is having a positive impact on it target beneficiaries

- Comment on response (if applicable)

19. The IGT is having a positive impact on growth, competitiveness and innovation in the South East

- Comment on response (if applicable)

20. Without the IGT the beneficiary businesses would have struggled to get innovation support

- Comment on response (if applicable)

21. The benefits and impact of the IGT are greater than those that would have been generated through more generic business support provision

- Comment on response (if applicable)

22. The IGT programme is good value for money

- Comment on response (if applicable)

23. Do you want make any other points about the impact and value for money of the IGT

Strategic Added Value

Please say whether you agree or disagree with the following statements

(1 – Strongly disagree; 2 – Disagree; 3 – Agree; 4 – Strongly agree; 5 – Don't Know)

24. The IGT Programme has helped to define and shape the roles for partners in delivering high growth business support and innovation

- Comment on response (if applicable)

25. The IGT Programme has provided coordination and networking opportunities that have promoted the sharing of knowledge, information and good practice between partners

- Comment on response (if applicable)

26. SEEDA has provided coordination and networking opportunities that have facilitated, innovation and adoption of best practice

- Comment on response (if applicable)

27. SEEDA has stimulated the development of knowledge and intelligence in relation to high growth business support and innovation

- Comment on response (if applicable)

28. SEEDA has influenced partners' strategic priorities in relation to high growth business support and innovation

- Comment on response (if applicable)

29. SEEDA has influence the scale, nature and allocation of partner funding, activities and outputs in relation to high growth business support and innovation.

- Comment on response (if applicable)

30. Do you want to make any other points about the strategic added value of SEEDA's involvement in the management and delivery of the IGTs

Good practice and lessons learnt

31. Please identify up to three lessons that you have learnt (positive or negative) about the design and implementation of high growth business support and innovation activities

32. Please identify up to three examples of genuine good practice that have emerged through the delivery and management of the IGT

Finally

33. Would you we be willing to discuss you responses in more detail with one of the SQW team responsible for evaluating the IGTs?

Annex C: Consultees

Table C-1: List of consultees

Name	Organisation
Max Adam	BSK-CIC/ Kent and Medway IGT
Mark Addy	Surrey and North Hants IGT
Philip Blowfield	Buckinghamshire and Milton Keynes IGT
David Burns	Buckinghamshire and Milton Keynes IGT
David Caddle	Manufacturing Advisory Service
Jim Christy	East Sussex and Brighton and Hove IGT
Costa Chrysson	ISIS/Oxfordshire IGT
Steve Cleverly	ISIS/ Oxfordshire IGT
Ed Cooper	Thames Valley IGT
Anne Crean	Surrey and North Hants IGT
Martin Dare Edwards	Oxfordshire IGT
Steve Davis	Solent IGT
Tony Diment	Buckinghamshire and Milton Keynes IGT
Ken Dueck	Solent IGT
Susan Elliot	Thames Valley IGT
Ian Elwick	The Werkshop CIC/East Sussex and Brighton and Hove IGT
Placi Espejo	Oxford Innovation/Oxfordshire IGT
Stephen Fowler	Surrey and North Hants IGT
Amanda Geel	Gatwick Diamond and West Sussex IGT
Sally Goodsell	Finance South East
Ian Goodyer	Reydoog Consultancy Services/East Sussex and Brighton and Hove IGT
Anne Gray	Buckinghamshire and Milton Keynes IGT
Allan Gray	Buckinghamshire and Milton Keynes IGT
Paul Haley	Solent IGT
Colin Hayhurst	Gatwick Diamond and West Sussex IGT
Mike Herd	East Sussex and Brighton and Hove IGT
Philip Cox Hyde	Thames Valley IGT
Paul Jordan	East Sussex and Brighton and Hove IGT
John Lee	Oxford Innovation/Oxfordshire IGT

Name	Organisation
Don McLaverty	Oxford Innovation/Oxfordshire IGT
Chris Panas	Gatwick Diamond and West Sussex IGT
Malcolm Parry	Surrey Research Park/ Surrey and North Hants IGT
David Pollard	Solent IGT
Warren Ralls	SEEDA
Bob Reid	Oxford Innovation/Oxfordshire IGT
Gillian Reid	Buckinghamshire and Milton Keynes IGT
Cally Robson	Oxfordshire IGT
Peter Russell	Oxford Brookes/Oxfordshire IGT
Kevin Sharpe	Department for Business Innovation and Skills
Marie Smith	Buckinghamshire and Milton Keynes IGT
Kim Tan	Spring Hill Management/ Surrey and North Hants IGT
Wendy Tindsley	Oxford Innovation/Oxfordshire IGT
Paul Walsh	Kent and Medway IGT
Matt Weston	The Werkshop CIC/East Sussex and Brighton and Hove IGT
Guy Whitaker	Solent IGT
Emma Williams	Wired Sussex/East Sussex and Brighton and Hove IGT
Stephen Wood	Gatwick Diamond and West Sussex IGT

Annex D: Programme Logic Model

Contextual conditions and problems

- Innovation plays a crucial role in achieving sustainable global competitiveness (RES 2008)
- Distinctive knowledge assets present in the region (universities, R&D facilities)
- Region is home to a number of market-leading multi-national companies
- Three designated Growth Areas in the region
- Need to address local labour force skills levels to meet the skills needs of employers to ensure regional growth
- Innovation, entrepreneurship and competitiveness in some parts (e.g. Oxfordshire, South Hampshire) of the region lags behind other parts and the regional average as a whole
- Number of identifiable barriers/market failures in relation to innovation and growth (e.g. investment readiness, lack of relevant skills and knowledge, access to finance)
- Information asymmetries in relation to business/innovation support provision

Aims and objectives of the interventions

- To support a broader approach to innovation, where innovation is not restricted to new products or technological breakthroughs and includes new services and new business models or processes
- To support high growth potential businesses by delivering specialist innovation services to those businesses that have potential for significant growth and focus primarily, but not exclusively, on areas of the region where there is an existing or developing concentration of innovation
- To target the top 2,000 high growth businesses across the region to achieve a transformational impact by 2016 by providing intensive business expertise and collaborative opportunities to SMEs
- To raise the levels of business to business collaboration and knowledge transfer across all business sectors and supporting open innovation
- To bring together the local drivers of innovation to develop effective innovation ecosystems ensuring that all resources in a local area are working towards a common goal

Theory of change

- By targeting those businesses with growth potential resources are focussed on those that will have greatest impact on the regional economy
- If high growth companies do not innovate they could fail, be taken over or leave the SE
- High growth start ups are often unaware of or inexperienced in developing and implementing a business growth strategy/programme that will help them commercialise their ideas faster and reduce their chances of failure

Inputs

- Innovation and Growth Team staff
- Time and resources of key stakeholders within the local partnerships
- Time and resources of wider stakeholders (e.g. banks, private sector providers, other business support providers)

Activities & processes

- Reviewing business models
- Business coaching
- One-to-one advice and guidance
- Identifying funding requirements and potential funding sources
- Seminars and workshops on innovation themes
- Additional support services
- Improving HE linkages and knowledge transfer
- Improving business to business linkages
- Facilitated business collaboration networks

Outputs

- 1,132 Portfolio Client supported
- 2,160 Network Clients supported

Outcomes

- £224m investment funding raised by clients
- £114m cumulative GVA generated
- 282 businesses reporting increased turnover
- 82% of clients satisfied with support provided
- Built and nurtured a community of innovation across key partners and businesses of different sizes
- Created belief in the value of business support
- Created a more cohesive funding landscape
- Built credibility and relationships with business angels, banks and other intermediaries
- Greater alignment across business support providers

Impacts

- £36.8m Cumulative GVA generated
- £72.5m investment funding raised by clients