

Evaluation of the GBSLEP Pivot & Prosper Grant Fund Programme

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Evaluation of the GBSLEP Pivot & Prosper Grant Fund Programme

Final Report

June 2021

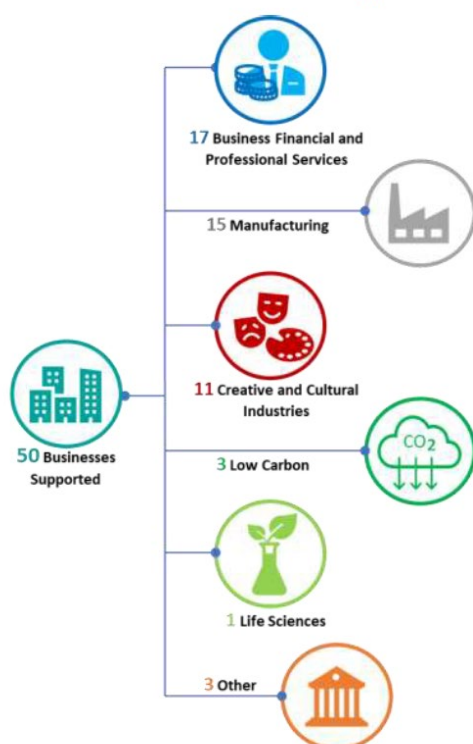
Authors: George Bramley, Alice Pugh and Juliane Schwartz

WM REDI

Summary

The Pivot & Prosper grant fund programme was aimed at helping businesses recover quickly from the COVID-19 crisis. It provided a grant for businesses that could evidence a clear plan for new ways of working, build resilience, increase employment and lead to growth in productivity and improved sustainability. 120 enquiries were received for the fund resulting in 74 full applications. 50 projects were funded with a total grant of £1,778,766 which was matched £1,410,461 in additional funding (44 percent which was more than 25 percent matching required). 2 businesses did not take up their offer.

Number of Businesses Supported



This final report is based on analysis of project documents and a small number of interviews with stakeholders. This report aims to pull out key learning from the implementation of the pilot to inform the development of a scaled provision along similar lines in the region. The main findings from the evaluation were:

Marketing and awareness

- The Pivot & Prosper grant scheme was launched on 18th June 2020 during the GBSLEP step forward campaign which started on 9th June and ran for seven weeks.
- The scheme's launch was timely. Businesses had progressed several stages in their response to COVID 19 during the period between March and July 2020 and were at the stage of being open to explore new business models and opportunities. GBSLEP partners communication channels were primed as a result of

their increased interactions with businesses seeking advice and assistance (e.g. applications to local authorities for rates relief). Social media was particularly effective with target sectors.

Application process

- Applicants were able to make an informed decision about likelihood of success because eligibility criteria were clear.
- There was high conversion rate from expression of interests to applications reported by Growth Hub account managers. Time constraints meant the Growth Hub adopted a light touch approach to diagnostic reviews with applicants.
- The application process was considered relatively straight forward by applicants.
- There was praise for the support they had received by applicants in completing their application for both Growth Hub and GBSLEP staff with several specific references to individuals who had been particularly helpful in their queries
- Some applicants reported they were unable to develop a sufficiently detailed tender documents for goods and services they needed to obtain three quotes required or in some case a single supplier.
- We found evidence of companies drawing on professional advice in developing their application (e.g. use of accountant, Growth Hub).
- Applicants with previous experience of public sector tendering saw this as an advantage in answering some of questions on the wider economic and social benefits to their locality and regional economy.
- Applicants were able to outline their value proposition and could draw on the support of their account manager
- The application process helped businesses interviewed develop a better understanding of their project might work.
- Those that resubmitted and were successful stressed the importance of not being too technical and using plain English.
- The Grant Approval Panel reported the pre-scoring and due diligence completed before they met allowed them to focus on the applications around the cut off score and through discussion of these applications were able to refine their judgements and anchor their decisions.
- The success of the application process was due to a team effort between GBSLEP and the Growth Hub

Analysis of applications

- The volume of applications varied by location reflecting: (a) local business demography with some areas having fewer eligible businesses in target sectors; and (b) overlapping LEP geographies resulting in competing programmes as was the case in North Worcestershire. Most applications included an element of digitalisation.

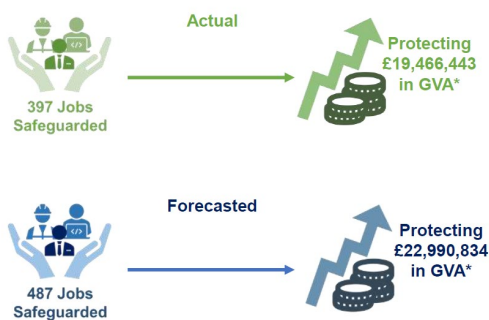
Location of Businesses Supported



- Based on the applications submitted and approved, the Pivot & Prosper pilot will potentially safeguard 397 jobs and create 145 jobs. **When this is multiplied by average GVA per employee by sector results in £29.8m retained productivity in the region.** This represented a very favourable return on investment for business support schemes.

Findings

- The scheme has clearly supported businesses in pivoting their business model. They have used the grants as intended to support everyday innovation including new products and services, developing, and implementing new business models and revisiting their value proposition. To support this, they were sourcing external advice, investing in training, and identifying new markets.
- The main impacts businesses reported were digitalisation, new products, improved skills, and growth. Over two thirds of the survey respondents reported both revenue and productivity growth.
- In terms of soft not easily quantified impacts Pivot & Prosper has resulted in firms having a new outlook and optimism and were able to test new ways of doing business.



- To date the scheme has safeguarded 397 jobs and resulted in 108 new jobs which equate to retained £19.5m GVA. Given the timing of the evaluation meant some businesses had still complete and report the outcomes of their project these figures indicate the pilot was very effective in achieving its intended outcomes. **In the absence of being able to undertake rigorous econometric modelling due to the absence of meaningful comparison group our estimates for cost per job are £3,552 and BCR of 10.9.** These figures are very favourable to typical BCRs for business support of 2.6 and innovation programmes of 7.2

Our Assessment of Pivot & Prosper

- Pivot & Prosper is example of locally designed intervention can be quickly developed and introduced. In less than 90 days, from when lockdown was announced on the 23rd March until 18th June GBSLEP conceived and implemented a totally new scheme and established new processes to manage it. To do so GBSLEP pivoted their own business plan and commitments to respond quickly and effectively to the needs of businesses in its area.
- The scheme has a sound economic rationale and clear aims that were readily understood by partners and applicants within the context of the pandemic. The scheme was well designed and executed.
- The scheme is usefully focused around supporting everyday innovation which is important for sustainable productivity growth.
- Based on our initial assessment based on actual and promised jobs safeguarded and new jobs created the scheme has provided value for money.

Future

- There are aspirations to scale up Pivot & Prosper scheme to support 1,000 firms across the three LEP West Midlands geography. This might involve agents within the region that currently deliver voucher schemes to support business access advice and consultancy support such as Aston University, Birmingham City Council and Coventry University to provide the necessary delivery infrastructure and referrals. Assuming an average grant of £30,000 which is the midpoint of the £20,000 to £40,000 made available in the pilot a full-scale programme would provide £30 million in grants and draw in at least £7.5 million in matched funding based on 25 per cent matched funding requirement. (Source: Outline Business Case)

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Disclaimer

The views expressed in this report are those of the authors and are not those of West Midlands Regional Economic Development Institute (WM REDI) or Greater Birmingham and Solihull Local Enterprise Partnership who commissioned the evaluation. WM REDI is funded by Research England.

1.0 Introduction

1.1 Context and Rationale

Context

Businesses within the region already faced several challenges before the introduction of public health measures in response to the COVID 19 pandemic. Prior to the pandemic the ONS reported¹, business productivity in the WM was 16 per cent below the national average reflecting the business base comprising of firms in the high productivity “frontier” (e.g. advance manufacturing) and low productivity “long tail” sectors (e.g. retail).

The combination of demand and supply shocks in the economy due to Covid-19 has worsened productivity in the West Midlands region. The pandemic has forced the regions employers to furlough staff mainly either due to low demand, and more recently the introduction of local tiers that have more stringent restrictions affecting job rich low productivity sectors like hospitality. The most recent State of the Region report produced by City-REDI for the Combined Authority reported that in 496,000 people in the WMCA area were furlough in May 2020, equivalent to 26.9 percent of jobs². Across the UK there has been a 3.1 percent average fall in productivity levels and given the - industrial makeup of businesses in West Midlands comprises of greater proportion of sectors more adversely affected by the pandemic there has been a greater drop in productivity in the West Midlands.

Business deaths increased when survival rates were already weak. The WM area previously had a higher business death rate which was 2 percent higher than the national average³. The shock of Covid-19 to the economy then made this worse as demand fell, and at the beginning of the pandemic the WMCA area had the highest death rate of all Combined Authorities; overall, the three LEP geography had over 4,000 business deaths. In order, to prevent business deaths rising in the region intervention would have to be introduced to help firms mitigate the shock of Covid-19.

SME's in the region are particularly vulnerable to the economic shock created by the pandemic due to lack of cash reserves and credit. According to surveys of businesses reported by the ONS during the pandemic nationally of those businesses surveyed just under a third (30 percent) had 0 to 3 months reserves of cash and this drops to a quarter (26 percent) in the West Midlands⁴. This is worrying as 99 percent of UK and 99.9 percent of West Midlands private sector businesses are SMEs (Small and Medium Enterprises), who are unlikely to have as great an access to credit as their larger counterparts. In order for SMEs to pivot their business to deal with the new demands under Covid-19, they need capital either in cash reserves or credit. Without this firms may not be able to invest in their business, to increase their survival potential through the pandemic.

The WMCA Productivity and Skills Commission made recommendations around the type of support that should be provided to businesses based around their growth trajectories. The Commission

¹ ONS, 2020. Access to data here:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygaperhourworkedandgaperfilledjobindicesbyuknuts2andnuts3subregions>

² West Midlands State of the Region Report, 2020. Access: <https://www.wmca.org.uk/what-we-do/office-for-data-analytics/>

³ ONS, 2020. Access here:

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/businessdemographyreferencetable>

⁴ ONS, 2020. Access here:

<https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessimpactofcovid19surveybicsresults>

concluded that support for the “long-tail” of less productive firms support should be generic, non-selective, and cost-effective and include the use of public sector funded business advisors, subsidised consultancy and training. Whereas for firms that are experiencing high growth episodes support should be conditional and have local flexibility and include for example, tailored support, mentors, accelerators, and incubators.

Rationale

Part of the rationale for Pivot & Prosper was during lock down companies in the region had lost their usual channels to market for their goods and services and needed to think about diversifying into new markets. After the initial shock to the system from lockdown, based on intelligence through existing support schemes providers, the leadership programmes provided through Aston Centre for Growth and networks, members of the GBSLEP Executive and Recovery Taskforce began to identify businesses coming up with innovative ideas and potential new products and services in response to the COVID 19 pandemic that needed support in their development. Also, being identified were businesses with an existing web presence providing bespoke and clearly differentiated products and services from their competitors suddenly finding themselves operating in new global markets. This was because some businesses benefited from new potential customers during lockdown going online and researching potential purchases as well as buying more on online. In both these instances, entrepreneurs needed targeted financial assistance to support them to undertake innovation in their business model, whereas the current existing provision was concerned with supporting employment (e.g. the furlough scheme) or assisting with cash flow (e.g. through rates relief scheme, value added tax payment holiday or government backed loans). National schemes that provide support for innovation tend not to support business innovation needed for businesses to pivot & prosper. In some cases, funding rounds of such cases were being orientated towards the response to the COVID 19 crisis rather than supporting innovation that would allow viable businesses to grow out the economic crisis created by the pandemic.

To some extent the elements for the economic rationale for Pivot & Prosper are not dissimilar to those developed for other schemes that support businesses to innovate in that it addresses issues around risk appetite both internally within the business and externally in terms of external investors and potential customers for new products and services. Like other innovation schemes, the Pivot & Prosper pilot provides an important signal to other non-participating businesses that it is possible to pivot their business model, enter new markets and start to regrow their business.

Based on our consultations so far there is an emerging distinctive economic rationale for Pivot & Prosper scheme and that it addresses specific gap in business provision support independently of being a response to COVID 19. Specifically, unlike other schemes that support SMEs to innovate, it enables SMEs to commence what has been termed as ‘everyday innovation’ rather than early-stage research and development and knowledge transfer activities. Everyday innovation is similar in nature to business innovation in that it can involve developing and introducing new business models but is conceived in much boarder terms of businesses adapting to new challenges and opportunities. Everyday innovation is not knowledge intensive and involves firms adopting new knowledge (to them) to do things differently and better. It can involve firms pulling good practices and ideas across from other sectors.

Alignment to government priorities

Pivot & Prosper aligns with government priorities around levelling productivity within the regions and promoting inclusive growth. The scheme focuses on sectors identified in national and regional industrial strategies. It contributes to achieving the four priorities set out in the Business Productivity Review⁵:

- Increasing leadership and management skills within businesses
- Increasing levels of adoption of new technologies and processes (which this project directly addresses)
- Increasing levels of peer-to-peer support
- Ensuring clear navigation of business support (which the wider programme enables) and this project complements by using the existing business support navigation ecosystem (specifically, Growth Hubs) to act as a first phase filter into this grant scheme.

1.2 Pivot & Prosper Grant Fund Programme

The Pivot & Prosper scheme is designed for business owners who need grant support following the COVID-19 crisis to enable their businesses to pivot and adapt their business models to deliver transformational change for business growth. It is targeted at businesses who can evidence a clear plan to change their pre-COVID-19 business model and are able to set out a clear proposal that illustrates how pivoting their business will help them adjust to new ways of working, build resilience, increase employment and lead to growth in productivity and/or sustainability.

Pivot & Prosper is aimed at the top end of the long productivity tail (i.e. those companies that may not be very productive but have the ideas and potential to thrive) and those who are looking to experience high growth. By focusing on the implementation of new business models and giving firms flexibility as to how they best spend their grant, it lets the market decide how best to thrive and prosper with a clear focus on diversification of business models.

The Pivot & Prosper grant scheme was launched on 18th June 2020 during the GBSLEP step forward campaign which started on 9th June and ran for seven weeks.

In total £2 million was made available to pilot an intervention that was designed to help businesses adapt their business models in response to the changing economic climate caused by COVID 19. Applicants could apply for a grant to the value of £40,000 against which they needed to evidence their ability to provide match funding to fund a project that would enable them to pivot their business model and regrow their business and provide employment (safeguard or create new jobs). To be eligible applicants needed to meet the following criteria:

- have a project that could be delivered by 31st March 2021 that will enable them to pivot their business model, enter new markets, start to regrow their business, and provide employment
- have between 10 and 100 employees
- be an established business (more than 3 years trading) that was growing before COVID 19

⁵ Business Productivity Review. Published November 2019. Access at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/844506/business-productivity-review.pdf.

- operate within one of the following sectors: Advanced Manufacturing & Engineering, Business Professional & Financial Services, Creative Industries, Energy & Low Carbon, Life Sciences or Food & Drink manufacturing.
- able to provide a minimum of 25 percent matched contribution to amount of grant being sought.

Grants can be used towards funding the costs of capital equipment, relocation & expansion, improvement of production processes and systems, new product development, marketing costs, and development of new markets.

This pilot scheme was designed so it could be scaled rapidly should additional public funds and resources become available.

The schemes objectives include:

- (a) Survival – increasing chances of well-established business with growth track record emerging as viable businesses post COVID 19 crisis
- (b) Supporting economic growth going forward. This included jobs safeguarded and not just jobs created. Companies needed to signal they were willing to take a step change to secure their future and contribute to inclusive growth within the region.

Scaling up

There are aspirations to scale up Pivot & Prosper scheme to support 1,000 firms across the three LEP West Midlands geography. This might involve agents within the region that currently deliver voucher schemes to support business access advice and consultancy support such as Aston University, Birmingham City Council and Coventry University to provide the necessary delivery infrastructure and referrals. Assuming an average grant of £30,000 which is the midpoint of the £20,000 to £40,000 made available in the pilot a full-scale programme would provide £30 million in grants and draw in at least £7.5 million in matched funding based on 25 per cent matched funding requirement. (Source: Outline Business Case)

1.3 Aim of Evaluation

This evaluation has two distinct stages. Stage one will provide an evaluation of the aims, execution, and response to the call for applications to the fund and an initial assessment of the level of match funding and output committed by grantee enterprises. In Stage Two we will provide a more in-depth and detailed assessment of the achieved outputs, the financial and workforce impact of the programme and an indication of the likely outcomes for grantee enterprises.

1.4 Logic Model

The logic model for the scheme is shown below in Figure 1. This report relates to stage 1 on the evaluation which focuses on implementation and activities set out in the orange boxes. The Logic Model was developed by Mark Hart and Aston University.

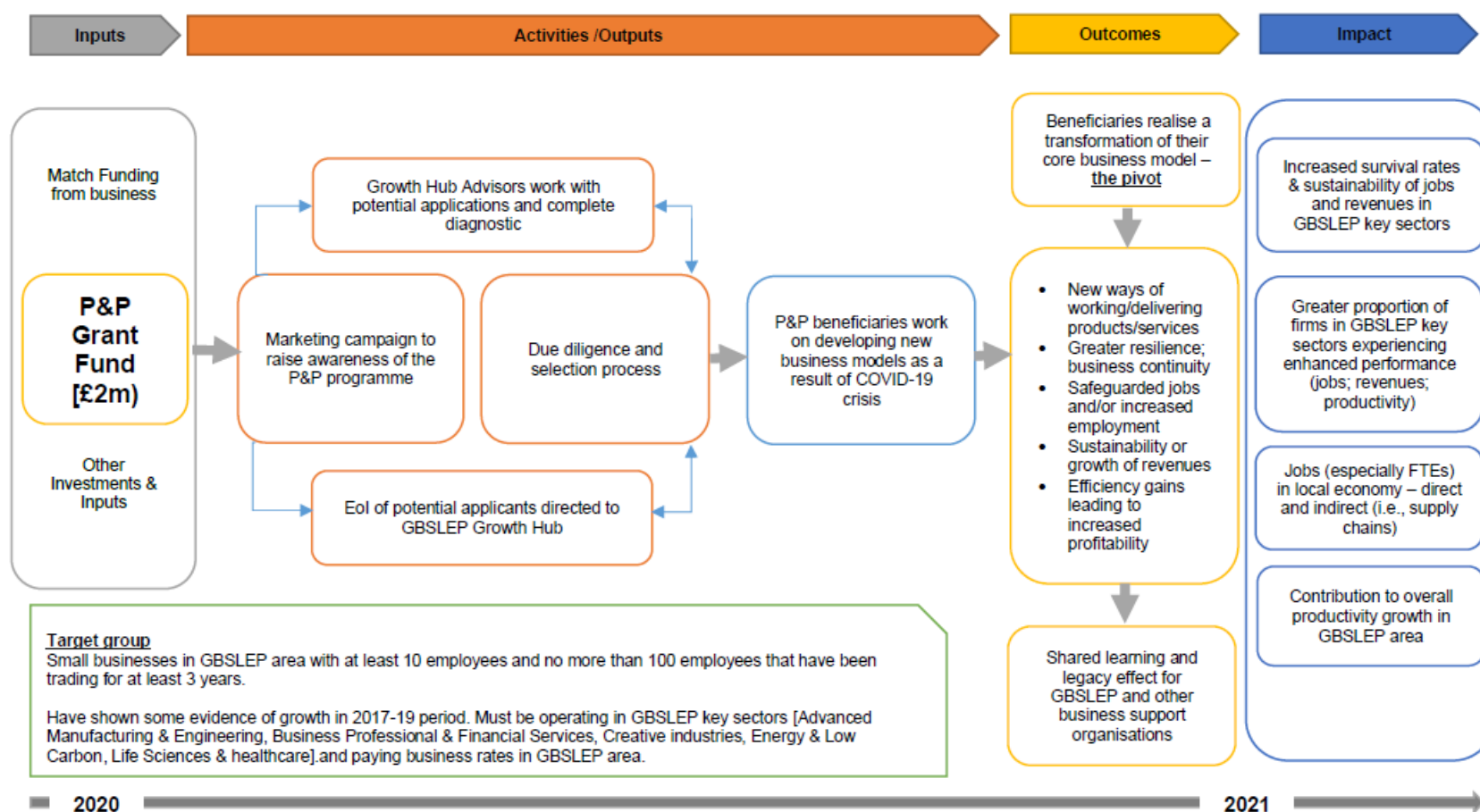


Figure 1: Logic model for Pivot & Prosper

Developed by Aston University

2.0 Evaluation Findings

This final report is based on analysis of project documents and a small number of interviews with stakeholders. This report aims to pull out key learning from the implementation of the pilot to inform the development of a scaled provision along similar lines in the region.

Our interviews included:

- Three account managers from GBSLEP Growth Hub who agreed to take part in a group interview
- Member of a chamber
- Economic Development Officer based in a local authority
- A member of the Grant Approval Panel
- Expert in support for innovation within the region and has overview of provision
- Project manager
- Eleven business owner managers or directors including two applicants that successfully resubmitted their proposal. Four of these were interviewed for the interim evaluation in autumn 2020. We achieved 75 percent follow up in the final evaluation (the fourth was unavailable because of end of financial year being a busy period). Seven additional businesses were interviewed in March and April 2021. The selection of applicants was purposeful and included requiring software customisation or planning to purchase new equipment, in the engineering, low carbon, and professional, financial, and business services sectors. To achieve a sample of ten interviews in the final evaluation we approached 15 companies and the main reasons for taking part were end of financial year or had to still to complete their project.

2.1 How companies became aware of Pivot & Prosper

Table 1: Referrals made by Growth Hub Team

	Pivot & Prosper	Apprenticeship & Employment Triage	Digital Welcome	Retail Recovery	Click & Drop	Digital Skills
Birmingham	68	2	13	5	2	60
Bromsgrove	5					1
Cannock Chase	7		1		1	4
East Staffordshire	3		3			2
Lichfield	8		4	1		3
Redditch	6					
Solihull	17	1	2	3		8
Tamworth	3		2	2		1
Wyre Forest	2		1			2
Blank/other	1					1
Total	120	3	26	11	3	82

Source: GBSLEP

Pivot & Prosper referrals made up almost half of referrals resulting from the Step Forward Campaign. The campaign was initiated by GBSLEP and its partners including local authorities and Business Improvement Districts to publicise the first wave of initiatives designed to support resilience and

recovery by businesses in the Greater Birmingham region⁶. The Step Forward campaign ran for seven weeks between 9th June and 17th July and resulted in 395 business enquiries that resulted in 245 referrals being made to six pilots including 120 to Pivot & Prosper (see Table 1)

In the interim evaluation we interviewed stakeholders including a small number of businesses (n=4) who applied for Pivot & Prosper, partner organisations and account managers identified **a range of communication channels and strategies being deployed**. Because of the range of communication channels one of the applicants was not exactly sure which channel they initially became aware of Pivot & Prosper. For this report we interviewed an additional seven business owners as well as following three businesses previously interviewed. Based on their response most already had existing links with business support in that they found out about Pivot & Prosper through a newsletter from an organisation they had been in contact with or in some cases had been directly approached by an advisor.

The **launch of the scheme and communication of its aims was timely** as the businesses it was aimed at had gone through several stages in their response to COVID 19. During the first stage from March to May, the focus was very much on keeping the business alive during lockdown. In June as plans for relaxing lock down were being developed, they had moved on to the next stage having had time to reflect on how they could adapt their business model. They had got over the shock and had applied for government emergency support measures such as furloughing staff, rates relief and bounce back loans and ready for more targeted schemes that would help them pivot and start re-growing their business.

Increased interactions because of COVID 19 between businesses and partner organisations meant that communication channels had been primed in several cases. In addition to communication by GBSLEP, individual local authorities had their own communication channels to promote the scheme. For example, in Lichfield, companies applying for the rates relief scheme were encouraged to sign up for their newsletter and this provided a means to promote the scheme to c.1,500 business signing up (out of c.3,500 businesses).

Newsletters were referred to as being one of the sources of information that applicants became aware of Pivot & Prosper. Four businesses out of eleven interviewed indicated they became aware of Pivot & Prosper through newsletter including newsletters from their local authority, Solihull Enterprise, Growth Hub and Goldman Sachs 1000 Small Business Programme. It was not unusual to receive information from more than one source including in two cases a direct approach from a Growth Hub account manager. One owner manager mentioned that their office manager had signed up to every relevant newsletter and registered with organisation that either provided grants or information on grants which they actively monitored. One business owner specifically mentioned checking GBSLEP website as they had previously worked with the LEP as part of exploring what support was available to them.

Partners and their staff individually pushed the scheme through social media, and this was very effective with target sectors such as professional services that have a strong presence on Linked in. Stakeholder referred to it be straightforward to publicise through social media as the aims and purposes were clear and commonly referring to 'is does what it said on the tin'. From our interviews

⁶ Further information, see press release 'GBSLEP LAUNCH STEP FORWARD SCHEMES TO AID BUSINESS RECOVERY' 8th June 2020. Available at: <https://gbslep.co.uk/news-and-events/news/gbslep-launch-step-forward-schemes-to-aid-business-recovery/>

Aston University promoted Pivot & Prosper to alumni of programmes it runs for small businesses with two of the interviewees mentioned having previously completed leadership programmes.

Finding out about support available was often a team effort in companies that applied for Pivot & Prosper, and this continued throughout the application process. For example, the office manager registering for different newsletters briefed and made initial enquiries around eligibility by following up with a business advisor. Who along with colleagues, briefed the Finance Director about eligibility criteria and what was needed to put in an application.

There was **a view that being marketed as part of Step Forward campaign caused confusion amongst businesses that were both in eligible or ineligible sectors.** The scheme was launched after the campaign had started and there had been a promotion of scheme aimed the retail sector. Previous communication around retail may have resulted in some eligible businesses with good propositions not coming forward.

There was a view amongst some delivery partners that **eligibility criteria were clear, and this allowed businesses to make an informed assessment about the likelihood of their application being successful.** This meant businesses were self-screening to a certain extent and reduced the number of applications from business owners applying for any source of financial support. This reduced the level of triage required by business advisors before referring promising prospects to account managers in the Growth Hub who worked with businesses in developing their applications.

Headline information about the scheme was also provided by web board, with initial expression of interest being made through the website.

2.2 Application process

There was a high conversion rate from expression of interest to full application amongst the companies that Growth Hub account managers worked with indicating effective triage by Business Advisors. The quality of initial enquiries they dealt with were high as companies needed to have a pivot in mind. Most initial contacts to the account managers, the companies concerned had, 'suitable oven ready projects.' The Growth Hub allocated companies to sector specialist account managers though it was necessary for account managers in some instances to work with companies outside their sector specialism.

Three account managers were deployed fulltime for three weeks in supporting companies. It was necessary to adopt a flexible and light touch approach to diagnostics which was seen as part of the due diligence process by the Growth Hub which was not an issue in that GBSLEP also undertook due diligence as part of the selection process. In some cases, it has been necessary to go back and do a full diagnostic after the application was submitted: companies were amenable because they saw value because of the relationship they had formed with their appointed account manager.

The success of the application process was due to a team effort between GBLEP and the Growth Hub. Growth Hub account managers were able to draw on the support of marketing officers, administrative staff side and business advisors for referrals, triage, and delivery. The Executive of the GBSLEP had four people contributing significant amount of time to establishing the scheme.

Discussions with account managers provided the opportunity for businesses to develop their proposition prior to submissions. One professional services applicant who was seeking funding for

software customisation to provide an enhanced online service to their clients in the care sector, who had previously been resistant to online provision, used their conversations with their account manager to develop their idea. They started with a sense of the concept of what the business might do and thought through with their account manager what might work and how they would map onto the eligibility criteria for Pivot & Prosper. Not all businesses took advantage of the support available from account managers in developing their proposal. For example, businesses that became aware of the scheme towards the end of application window had pull together their application in more compressed timescale. Also, businesses that had previous experience of grant applications were more able to draw on their own resources.

There is **limited anecdotal evidence of some companies drawing on professional advice** in putting together their application. Though in one example it was clear in terms of a better-quality application from the perspective of an account manager who checked it before submission. **None of the applicants interviewed used external advisors in putting together their applications.** One did however refer to deploying an associate to help develop their application so their staff could focus on the day job.

Those involved in delivering the scheme reported there were inevitable traffic jams at different stages of the process (e.g. meetings with applicants to discuss their proposal, reviewing and commenting on draft applications, undertaking diagnostic review, due diligence). This was to be expected given the quick turnaround of the scheme and staff capacity and availability at different stages including due diligence. Delays were relatively short because of the scheme milestones and the commitment of those delivering it. There was no indication that these traffic jams constituted significant delays or consequence of the scheme's design.

The **application process was seen as relatively straight forward by the eleven applicants interviewed,** but they needed time to do their research to support the application.

Putting in applications was very much a team effort. For example, one Director worked with one of his engineers to work through what was required and the costs. This engineer was adept at explaining complex concepts in intelligent layperson terms and believed in avoiding acronyms so was tasked to do the final proofread. In other cases, the assigned account manager at the Growth Hub undertook this role and acted as a critical friend and sought clarifications from scheme managers.

Account managers at the Growth Hub valued the split in roles that meant they were not involved in assessment of proposals which allowed them to provide more support to their clients.

Ideally as **part of the application process applicants were expected to have a diagnostic review** undertaken by their account manager or a business advisor. The timescales and demands on applicants and account managers time meant at best this was light touch during the three-week window. However, the following up after the submission between account manager and client with regards to diagnostic review is seen by both as important part of the process and in forming a more long-term relationship.

The level of support provided by advisors in preparing application to businesses counted towards the required 12 hours to be considered an intensive assist by the Growth Hub⁷. This included initial and follow up meetings online or by phone, reviewing and providing feedback on applications and undertaking diagnostic review. Typically, a first-time applicant received between 2½ to 3 hours

⁷ An intensive assist is considered as 12 hours for ERDF claim purposes. Pivot & Prosper is not ERDF funded activity.

support. This was made up of initial conversation of 30 minutes to assess whether they had a project that could qualify for a grant. This was usually then followed up with a further call to discuss a project in more detail and then help draft up an application in the region of 1 - 1 ½ hours. Then they were offered the service of a review of a completed application to help strengthen it requiring typically half an hour to 1 hour of advisor time. To qualify as intensive assist applicants would need to access a variety of ongoing support, although we have also run some programmes which have offered 12 hours plus over a period of time (e.g. Peer Networks). Some applicants were unsuccessful but were then invited to reapply as not all funds were initially allocated. Those that did typically received a further. Some applicants were unsuccessful but were then invited to reapply as not all funds were initially allocated. Those that did typically received a further 1 ½ hours of support

In terms of companies who applied, the Growth Hub stayed in touch with 100% of them. Some have gone on to complete 12 hours plus of support (e.g. if they subsequently went on to undertake Peer Networks), others have just had the odd account management meeting (1-2 hours) or attended the odd event (1 hour). Typically, therefore, most Pivot & Prosper companies have received 4 hours plus from the Growth Hub, with a lot of variation and some exceeding 12 hours (by varying amounts).

Applicants who have experience of public sector tendering based on the interviews we undertook were better placed to answer some questions including describing impact on environment and social capital.

While there were **concerns expressed that having only three weeks to develop an application would favour companies experienced in making grant applications, we have found no evidence to support these concerns.** Based on our consultations so far, the provision of support by account managers in assembling applications was valued and found useful by applicants.

Potential hurdles

Generally, the view of the application form was appropriate and had struck the right balance in terms of level of information sought. Business owners interviewed reported it being generally straightforward but would have appreciated automatic notification when it had been submitted and subsequently received. One business owner who described their idea as being half formed and been on the back burner until the opportunity of Pivot & Prosper arose, commented that the application form usefully required them to set out their idea and test the logic behind it which has given them more confidence in it.

The design of the application form was developed at speed and there is therefore scope to revisit it for a future version of the scheme. Interviews with account managers and businesses suggested potential improvements included making clearer what information was required in different sections and checking the current structure to avoid potential repetition as a result of some sections requiring similar information to be provided or appearing to ask the same information twice. How the form was perceived by businesses was shaped by whether they had any previous experience of completing grant applications and the expectation it should be rigorous because of disbursement of public funds. Growth Hub Account Managers offered to proofreading application forms prior to the businesses submitting, some businesses took up this offer. This proved invaluable in that it picked simple mistakes such as having milestones beyond 31st March. Amongst those businesses interviewed as part of the evaluation, there was praise for the support they had received in completing their application for both Growth Hub and GBSLEP staff with a number of specific references to individuals who had

been particularly helpful in their queries. While we only interviewed one in five successful applicants, the can-do attitude, and supportive approach adopted by the team delivering the scheme meant most queries related to applications were effectively dealt with.

Some additional guidance would have been helpful for some applicants given that this was a new scheme on completing the form, type of projects and best how to present them to secure funding.

The main non-financial benefit of the application process reported by businesses interviewed was understanding their project better. Putting together the proposal provided an opportunity to think through concepts and do project planning.

While **applicants were good at setting out their value proposition for their project, they tended not be able to set the wider economic and social benefits to their locality and regional economy.** There are potentially several approaches that might be adopted and could be equally applicable to other schemes with similar objectives. The first approach would include additional information in accompanying guidance on the type of information required and what constitutes wider economic benefits and social benefits and how projects might generate them. This could be augmented with examples based on projects completed during the pilot. The Growth Hub account manager or GBSLEP scheme administrators have an important role in exploring with applicants how their proposed project will create these benefits and potentially coaching them in developing their wider regional economic and social benefits value proposition in their application.

Businesses found that getting quotes was challenging because on some occasions they were dealing with a limited number of potential providers who were all in high demand or because the applicants needed more time to develop specifications prior to requesting a quote. Two business owners interviewed stated that because of the short time scale in which businesses developed their idea for funding and, or complexity of the digital services they needed to purchase, it was not possible to develop a sufficiently detailed or workable specification to ask potential suppliers to quote against. They needed to do further research on potential suppliers and establish whether they needed a bespoke digital solution or whether there were suppliers who provided off-shelf modules that could be easily adapted to their needs and would be intuitive to their customers. In practice these became issues they worked through once they had started their project. Whereas those in the creative sector who needed to buy a new Apple MAC computer because it runs specific software they need for example, can easily obtain multiple quotes because there are several vendors who typically adhere to the recommended retail price.

The positive pragmatic and 'can do' attitude of GBSLEP and the Growth Hub instrumental to the scheme success in supporting businesses at a time of crisis was reflected in their response to the requirements for quotes to support applications. **GBSLEP were flexible where applicants could only provide one quote and could provide clear rationale for their choice of supplier.** Account managers mentioned where the project involved digitalisation, the company often wished to continue with the same provider they previously used to develop their website as they had already developed a relationship and an example of one business planning to buy a second-hand machine for which there was only one source.

2.3 Selection process and feedback to applicants

Successful applicants were told their proposal had been successful but were not given detailed feedback.

The only feedback according to one successful applicant was that their proposal had been approved. They positively compared this to their **previous experience in making grant applications to support innovation by their business commending the much shorter timescale** than other organisations that took months to decide. They also referred to the **perfunctory nature of the feedback they received from other grant awarding bodies** about how their application could have been improved.

The applicant who was asked to resubmit their proposal was given an indication of where their proposal was lacking and received support from their account manager at the Growth Hub who provided tips and reviewed their application. Their **key learning point was not to be too technical and make their application more accessible to the selection panel**.

The **selection panel benefitted from the bids being pre-scored by the GBSLEP team who had also undertaken due diligence**. This allowed the three panel members to focus on the applications around the cut off score and through discussion of these were able to refine their judgements and anchor their decisions around a shared consensus of what constituted a sound and fundable proposal.

2.4 Analysis of applications

In total 120 enquiries were received resulting in 74 applications. The value of grant requests was £2,665,209, which was with £5,372,906 of additional funding committed by the applicants, with a Total Project Value of £8,038,115 (see Table 2).

43 of these 72 applications scored above the agreed cut off threshold when scored and were funded. The total value of grant requests was £1,586,911, the value of matched funding was £1,174,780, making the total project value £2,761,691. Resulting in a matched funding of 43 percent, well in excess of 25 percent, the minimum required level of matched funding. Without sight of the original applications, it is difficult to comment on why lower scoring applications had significantly higher level of matched funding. Our analysis was limited by both University of Birmingham ethics and requirements of the General Data Protection Regulations.

Following this initial first round of funding, the panel focused its discussion on proposals around the funding cut off threshold which helped develop a consensus on what types of projects might be funded and identification of projects near the threshold that could be funded with reminding funds who were asked to resubmit. In all 16 applicants resubmitted their application and nine were re-scored above the cut off and were funded. However, two companies did withdraw from the scheme after approval.

In all, 50 projects were selected for funding resulting in grant requests to the value of £1,778,766, with a matched value funding of £1,410,461, with a total project value of £3,189,226. Resulting, in a matched funding value of 44 percent (rounded), well over the 25 percent minimum requirement.

Table 2: Volume and Value of Applications Reviewed by Panel

Score band at shortlisting	Number of Applications	Value of Request	Value of Match Funding	Total Project Value	Percentage Match Funding
Approved in first panel meeting					
>22	43	£1,586,911	£1,174,780	£2,761,691	43%
Applications not approved in first panel meeting					
>19 and <22	13	£473,489	£288,994	£762,483	38%
>10 and <19	10	£370,409	£331,024	£701,433	47%
<9.99	8	£234,400	£3,578,108	£3,812,508	94%
Total	74	£2,665,209	£5,372,906	£8,038,115	67%
Revised proposals assessed in second panel meeting					
>22	9	£251,855	£288,680	£540,534	53%
>17 and <22	7	£248,804	£231,605	£480,409	48%
Total	16	£556,339	£450,622	£1,006,961	45%
Total funded	52	£1,838,766	£1,463,460	£3,302,225	44%
Withdrawn	2	£60,000	£52,999	£112,999	47%
New Total Funded	50	£1,778,766	£1,410,461	£3,189,226	44%

Source: Management information provided by GBSLEP

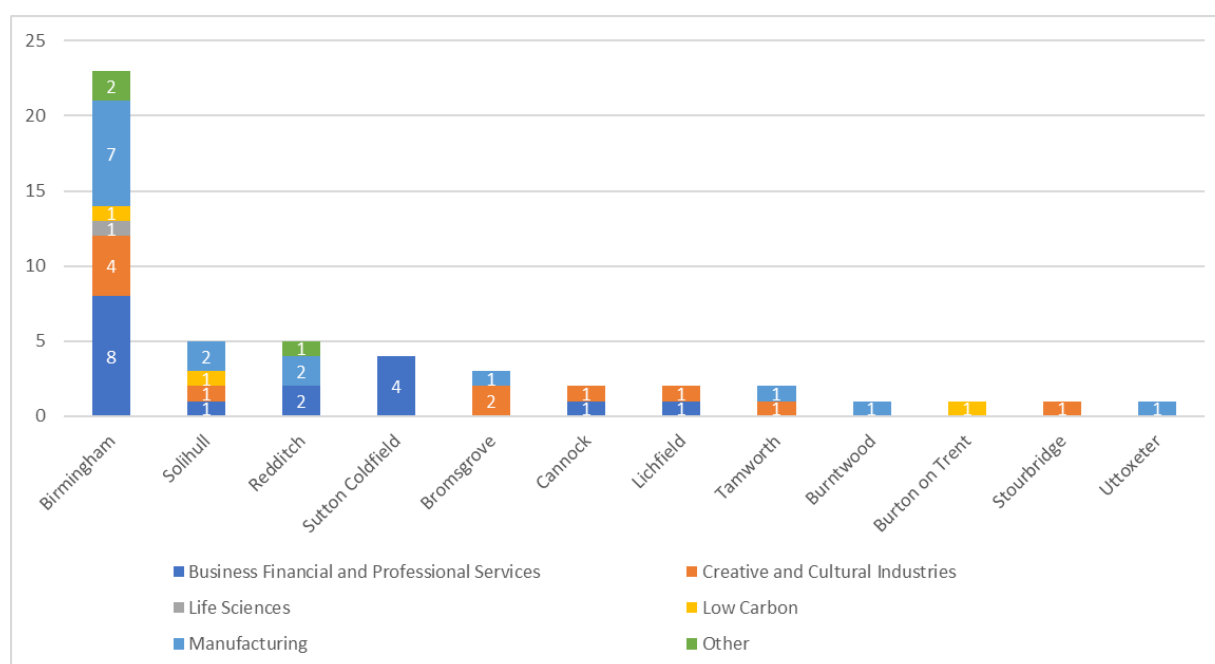


Figure 2: Breakdown of applications by industry and location

The volume of applications varied by location and this was a function of:

- Business demography in that some areas had fewer eligible businesses in target sectors
- Overlapping LEP geographies which meant that intermediaries had competing programmes that could refer potential applicants, as was the case for businesses in North Worcestershire.

Figure 3 below shows what the successful applicants used their grants for in order to pivot their businesses during the pandemic.

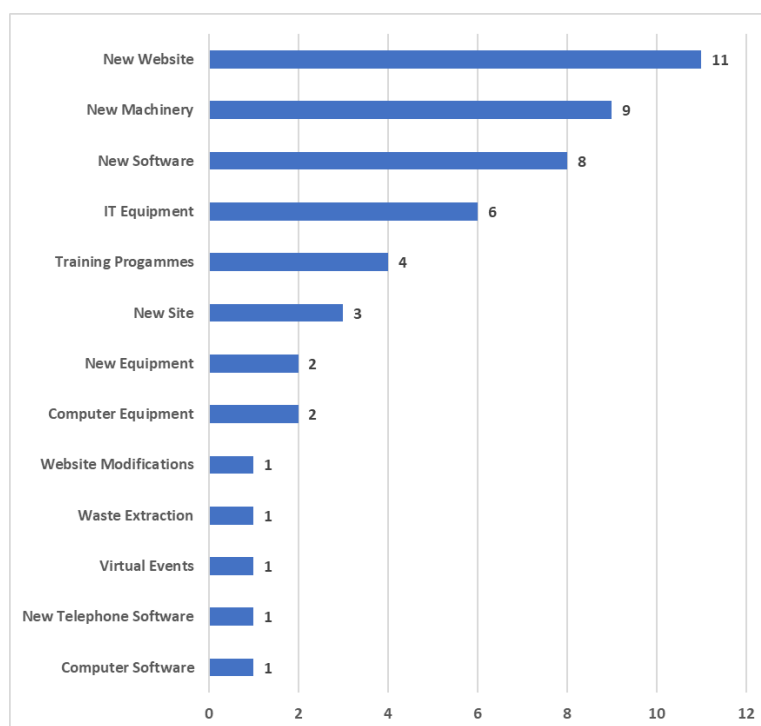


Figure 3: Project type of all funded applications

Table 3: Categorisation of all funded projects

Category	N	Example
Digitalisation ^①	31	Virtual conference delivery
		Bespoke systems for staff recruitment in the care sector
		Data migration
		Development of app
		Purchase computer equipment and software
Equipment	11	Installation of new print equipment
		Confirm machine specification
Training Programmes	4	Training programmes for employees
Premises / relocation	4	Planning application
		Site evacuation

Note: ^①We included purchase of IT equipment under digitalisation

Table 3 above shows that more than 60 percent of the projects or 31 out of 50 will involve some form of digitisation. 11 of the businesses used the grant to buy new equipment, 4 used it for training programmes for employees and 4 for new premises/relocation. However, whilst few businesses stated that they used the grant for training, many had improved their digitisation or bought in new equipment; it is likely therefore, that whilst businesses may not have stated that they used the grant to train staff, they may have had to train staff around new digitisation or equipment once implemented.

2.5 Projections of jobs safeguarded and created and GVA

This section assesses the economic impact of Pivot & Prosper based on the number of jobs safeguarded and created. However, it is important to note that GBSLEP is still waiting on responses from some businesses regarding the implementation of their projects and how many jobs have been safeguarded and protected. As a result, the analysis below will show both the forecasted and the actual to date figures that have been confirmed by businesses so far. Therefore, when observing the 'Actual (to date)' figures it should be noted that this is not the final figure, as some businesses have yet to respond to requests for information on the implementation of the project from GBSLEP.

Forecasted, figures for Pivot & Prosper originally suggested that 487 jobs would be safeguarded. When multiplied by average GVA per employee by sector, results in £37,083,546 retained productivity in the region (Table 4). While we provide figures for potential deadweight, displacement and leakage these figures may not be as relevant in the context of the current economic shocks caused by the COVID 19 pandemic. The three sectors that contribute the most to safeguarded jobs were Business and Financial Professional Services (177), Creative and Cultural Industries (138) and Manufacturing (136) (Figure 4).

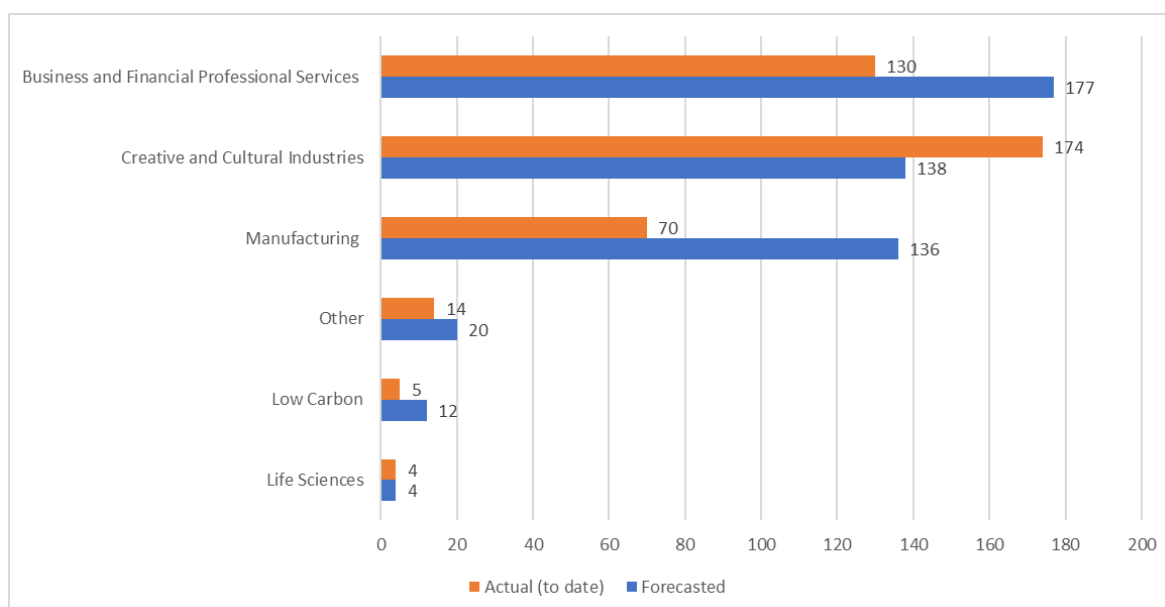


Figure 4: Number of 'Forecasted' and 'Actual (to date)' jobs safeguarded by industry

Table 4: Estimated GVA of safeguarded jobs promised by applicants in their proposals

Forecasted							
Sector	GVA ①	Total number of safeguarded jobs per sector ②	GVA per sector per year safeguarded jobs	Deadweight loss 19% ③	Displacement 14% ③	Leakages 11% ③	Total GVA per year safeguarded jobs
				19%	14%	11%	
Business and Financial Professional Services	£78,364	177	£13,870,428	£2,635,381	£1,572,907	£1,062,835	£8,599,305
Creative and Cultural Industries	£88,635	138	£12,231,630	£2,324,010	£1,387,067	£937,261	£7,583,293
Life Sciences	£56,877	4	£227,508	£43,227	£25,799	£17,433	£141,049
Low Carbon	£156,764	12	£1,881,168	£357,422	£213,324	£144,146	£1,166,275
Manufacturing	£56,877	136	£7,735,272	£1,469,702	£877,180	£592,723	£4,795,668
Other	£56,877	20	£1,137,540	£216,133	£128,997	£87,165	£705,245
Total		487	£37,083,546	£7,045,874	£4,205,274	£2,841,564	£22,990,834

Source: ① West Midlands State of the Region Report 2020; ② Management information provided by GBSLEP ③ Taken from PACEC (2011) Evaluation of Smart Scotland

GVA Key information:

Some sectors did not have a GVA calculated or like the manufacturing industry is split into different sectors e.g. food manufacturing, automotive, metals and materials etc. Therefore, the average GVA per employee for the WMCA was used, £56,877.

However as can be seen in Figure 4, the 'forecasted' and the 'Actual – to date' figures are different. This is mainly due to some participants having not yet responded to requests for information from GBSLEP surrounding the implementation of their Pivot & Prosper grant. Additionally, there was also a change in the actual number of safeguarded jobs in the Creative and Cultural Industries businesses. These businesses were some of the worst impacted by lockdown and social distancing rules throughout the pandemic and at the beginning of this programme many did not know for how long we would be subject to these rules. Thus, it may be that the applicants in this industry underestimated the number of jobs that would be safeguarded by their chosen project and when approached again the estimated figure was much higher than they had anticipated at the beginning of the application and the pandemic.

Table 5 below shows the GVA per employee calculation for 'Actual – to date' responses that have been collected by GBSLEP, so far.

Table 5: Estimated GVA of safeguarded jobs confirmed by applicants following the implementation of their Pivot & Prosper Project

Sector	GVA ^①	Total number of safeguarded jobs per sector ^②	Actual (to date)				Total GVA per year safeguarded jobs
			GVA per sector per year safeguarded jobs	Deadweight loss 19% ^③	Displacement 14% ^③	Leakages 11% ^③	
				19%	14%	11%	
Business and Financial Professional Services	£78,364	130	£10,187,320	£1,935,591	£1,155,242	£780,614	£6,315,874
Creative and Cultural Industries	£88,635	174	£15,422,490	£2,930,273	£1,748,910	£1,181,764	£9,561,543
Life Sciences	£56,877	4	£227,508	£43,227	£25,799	£17,433	£141,049
Low Carbon	£156,764	5	£783,820	£148,926	£88,885	£60,061	£485,948
Manufacturing	£56,877	70	£3,981,390	£756,464	£451,490	£305,078	£2,468,358
Other	£56,877	14	£796,278	£151,293	£90,298	£61,016	£493,672
Total		397	£31,398,806	£5,965,773	£3,560,625	£2,405,965	£19,466,443

Source: ① West Midlands State of the Region Report 2020; ② Management information provided by GBSLEP ③ Taken from PACEC [2011] Evaluation of Smart Scotland

The 'Actual – to date' figures show that so far 397 jobs were confirmed by businesses to having been safeguarded through the application of their chosen Pivot & Prosper project. Again, whilst GVA has been calculated for potential deadweight, displacement, and leakage these figures may not be as relevant in the context of the current economic shocks caused by the COVID 19 pandemic. Therefore, when multiplied by average GVA per employee by sector, the result is **£31,398,806 retained productivity in the region**. This is not a projection this is an 'Actual- to date' result, and there are still more firms yet to confirm their official 'Actual' numbers.

Based on the applications submitted and approved, Pivot & Prosper will potentially create 145 new jobs. The 3 main sectors where these jobs had been expected to be created were Manufacturing (62), Business and Financial Professional Services (39) and Creative and Cultural Industries (33) (see Figure 5).

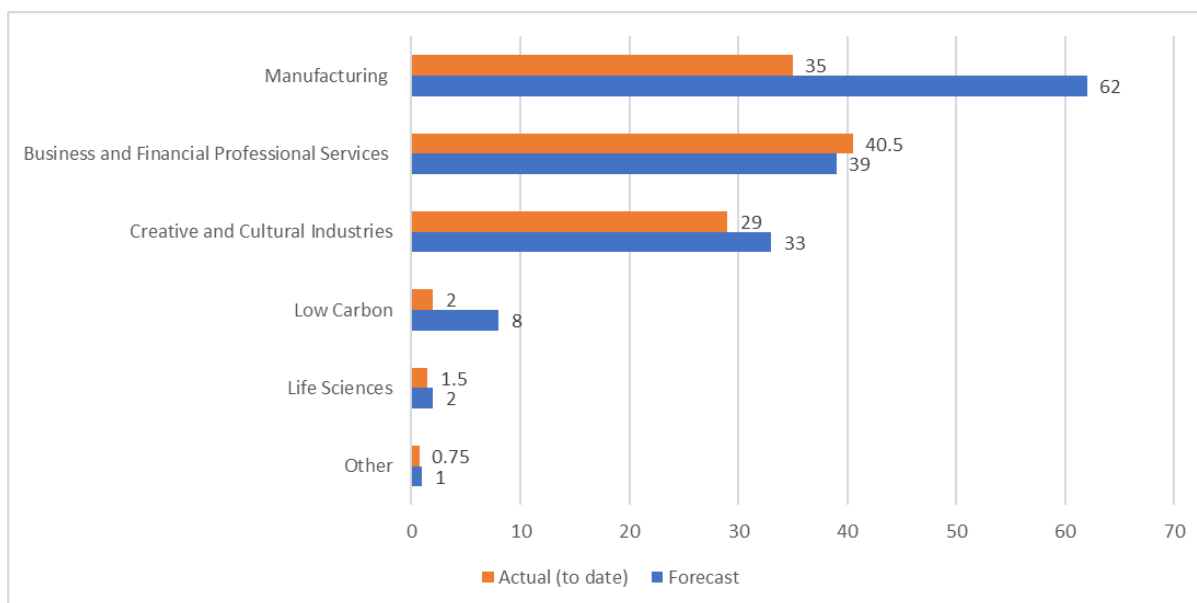


Figure 5: Number of 'Forecasted' and 'Actual (to date)' new jobs by industry

These 145 forecasted new jobs would bring a total of £10,932,268 GVA to the region, foregoing the deadweight loss, displacement, and leakages, all though this have been calculated (Table 6).

Table 6: Estimated GVA of new jobs promised by applicants in their proposals

Forecasted							
Sector	GVA①	Total number of new jobs per sector②	GVA per sector per year new jobs	Deadweight loss 19%③	Displacement 14%③	Leakages 11%③	Total GVA per year new jobs
				19%	14%	11%	
Business and Financial Professional Services	£78,364	39	£3,056,196	£580,677	£346,573	£234,184	£1,894,762
Creative and Cultural Industries	£88,635	33	£2,924,955	£555,741	£331,690	£224,128	£1,813,396
Life Sciences	£56,877	2	£113,754	£21,613	£12,900	£8,717	£70,525
Low Carbon	£156,764	8	£1,254,112	£238,281	£142,216	£96,098	£777,517
Manufacturin	£56,877	62	£3,526,374	£670,011	£399,891	£270,212	£2,186,260
Other	£56,877	1	£56,877	£10,807	£6,450	£4,358	£35,262
Total		145	£10,932,268	£2,077,131	£1,239,719	£837,696	£6,777,722

Source: ① West Midlands State of the Region Report 2020; ② Management information provided by GBSLEP ③ Taken from PACEC [2011] Evaluation of Smart Scotland

GVA Key information:

Some sectors did not have a GVA calculated or like the manufacturing industry is split into different sectors e.g. food manufacturing, automotive, metals and materials etc. Therefore, the average GVA per employee for the WMCA was used, £56,877.

However, again not all businesses have yet responded to GBSLEP regarding the 'Actual' number of safeguarded jobs. Although some have and based on these figures so far to date 108 jobs have been confirmed, as having been created thus far. Generating, an estimated £8,097,971 GVA, to date (Table 7).

Table 7: Estimated GVA of new jobs confirmed by applicants following the implementation of their Pivot & Prosper Project

Actual (to date)							
Sector	GVA ^①	Total number of new jobs per	GVA per sector per year new jobs	Deadweight loss 19% ^③	Displacement 14% ^③	Leakages 11% ^③	Total GVA per year new jobs
Business and Financial Professional Services	£78,364	41	£3,173,742	£603,011	£359,902	£243,191	£1,967,638
Creative and Cultural Industries	£88,635	29	£2,570,415	£488,379	£291,485	£196,961	£1,593,590
Life Sciences	£56,877	2	£85,316	£16,210	£9,675	£6,537	£52,893
Low Carbon	£156,764	2	£235,146	£44,678	£26,666	£18,018	£145,784
Manufacturing	£56,877	35	£1,990,695	£378,232	£225,745	£152,539	£1,234,179
Other	£56,877	1	£42,658	£8,105	£4,837	£3,269	£26,447
Total		108	£8,097,971	£1,538,615	£918,310	£620,515	£5,020,532

Source: ① West Midlands State of the Region Report 2020; ② Management information provided by GBSLEP ③ Taken from PACEC [2011] Evaluation of Smart Scotland

The total estimated GVA from confirmed jobs safeguarded and created at the time of the evaluation is **£39,496,777** (£31,398,806 (Table 5) + £8,097,971 (Table 7)) before the deduction of estimates of deadweight, displacement, and leakages.

2.6 Case study interviews

2.6.1 Other support sought and used by applicants

The most common form of support reported by businesses interviewed was the use of the furlough scheme and probably considered the most valuable in that allowed them to bring back staff. The extent to which the furlough scheme was used depended on the staffing model in place before the pandemic and need to release working capital. One company had to make some staff redundant before they received their Pivot & Prosper grant to free up cash to invest in information technology and another had a lean employment model in that they subcontracted out work.

The process of applying for rates relief resulted in economic development officers in local authorities having a better understanding of their business base and in the case of Lichfield they significantly increased their database which enabled them to send newsletters which promoted Pivot & Prosper. One of the larger businesses interviewed reported it was too big for rates relief.

The introduction of deferral of value added tax assisted with cash control. Businesses reported the use of Business Bounce Back Loan to assist with credit flow and because it was prudent to do so as they might not get similar terms later. One business at the time of interview had still to use their funds. Given the limit on the length of interviews it was not possible to explore the relationship between BBL and Pivot & Prosper in delivering funded projects when invoicing in arrears.

Business owners during interviews often referred to their Growth Hub account manager though this was usually about how they became aware of the scheme and in the preparation of their applications. Though a small number mentioned they had plans to undertake a full diagnostic review when they were able to do so. Whereas two specifically mentioned they were alumni of the Aston leadership programmes which had equipped with them with the skills they needed to pivot their business.

2.6.2 How grants were used

This analysis is based on ten interviews undertaken in March and April with grant recipients towards the end of pilot. Examples of how businesses interviewed used their grants included:

- **Development and implementation of a new online training service.** The company concerned used Pivot & Prosper to develop a detailed specification of a new learning management system which they have integrated into their website. The grant has allowed them to expand the range of training they provided, enter new business sectors, and bring everything on site without relying on outsourcing (B1).
- **Upgrading of tired premises and pay for a venue consultant has allowed a cultural sector social enterprise to enter a new market as a wedding venue.** This will provide a much-needed source of future revenue that complements its existing activities as community venue providing space for the performing arts. The upgrade has improved the reputation of the building within the community making it more attractive place to visit and use by community as well providing a new business opportunity as a wedding venue. (B2)
- **Investing in new computer equipment and software to enable staff to work productively at home.** The business concerned experience an initial drop in demand for its services but opening of the housing market created demand that it was not able to respond to as staff working at home lacked access to suitable IT. This has enabled the business to bring back staff from furlough by providing them with the necessary technology to work at home. Without the grant the business concerned would have had to make staff redundant (B3).
- **An energy consultancy used their grant towards the recruitment of an engineer to develop their technical aspects of their project and obtaining planning permission for site they would deliver their project.** (B4)
- **Investing in equipment that allowed work to be brought in-house when a subcontractor retired.** The business prior to the pandemic used to subcontract work to a longstanding supplier, who choose to take early retirement because of the pandemic. Finding a new supplier would have been difficult and Pivot & Prosper allowed the company to buy their suppliers machinery. This allowed the business to deliver work they would have otherwise lost and also take on new work. As a result, they have created 2 new jobs for machine operators and are nimbler and more responsive to customer needs by being able to undertake more elaborate work and enter a new market sector for their product. (B5)

- **A care provider used their grant for a garden project for their client base of disabled students and making their site accessible for clients.** They employed a member of staff for sourcing materials and ensuring the accessibility and usability of the garden. (B6)
- **A specialist recruitment business used their grant to invest in new software platform and developing best practice amongst their staff making them more agile and responsive to the needs of their clients in the care sector.** The investment has allowed them to serve smaller care chains and provide new services. (B7)
- **Developing and delivering a virtual trade show which included sourcing a suitable platform, developing a new business model.** The new business model included consumers attending the event for free to boost traffic for commercial exhibitors and creating a new value proposition and products that could form part of future blended events. This included videos of boat tour and demonstrations that potential customers could re-watch after the event in making the decision whether to purchase and pre-recorded technical seminars on the technical aspects of boat buying. (B9)
- **Investing in more efficient machine to cut plastics that has allowed them turn orders around more quickly and meet to the demand for plastic visors created by the pandemic.** (B10)

2.6.3 Reported benefits

In December 2020 when stage 1 reported we described the following early outcomes:

- One business interviewed has lost staff members who were involved in putting together their bid, but the idea funded has enabled them **to reskill and redeploy staff as they pivoted their business model to online delivery**
- One business has made the **significant step of putting in the planning application** for the site they plan to use. They have also employed an interim engineer to develop their business proposition.
- **Increased understanding and/or ability to articulate amongst applicants interviewed of how their proposed venture contributes to social development goals.** Linked this was the ability to provide examples of how their venture helps other businesses in the region develop their value proposition around the circular economy and enabling the transition of new recruits into working into the social care sector.
- **The specific aims and targeting of Pivot & Prosper has potentially raised the profile of the Growth Hub and GBSLEP amongst potential growth companies who perceived the scheme as being more directly relevant to their immediate needs.** It has provided a useful hook to encourage these businesses to use other support that is available.

This analysis is based on ten interviews undertaken in March and April with grant recipients. Examples of how businesses used their grants included:

- **Contributing to environmental goals and green economy.** The business concerned was able to take forward a planning application and pay for an engineer to develop project to utilise off grid production of bio-gas by compressing it so it can be transported and feed into the grid or used as fuel for heavy goods vehicle. The business concerned is an engineering consultancy that identified there were several sites where biogas is being produced as side product and was being flared or lost rather than being used. Also, there is a potential for businesses wishing to provide a more circular approach to generate biogas produced from waste material which when compressed can be used in machinery.

- **The ability to bring work inhouse thereby providing greater security in terms of supply chain and customisation** to meet the need of customers.
- **Retaining staff** was reported across all interviewed businesses.
- **Training opportunities for young people.** One care provider reported plans to use the garden they created to provide e apprenticeships for young people.
- **Improved market segmentation and customisation of services.** The development of online product has enabled the company to identify what aspects of their offer could command a premium and what could be provided as freemium to existing clients. The online platform and focus on knowledge management has allowed them to charge clients for smaller service components such as competitor analysis that might shape their recruitment strategy generating further potential business.
- **Increased resilience and business sustainability** from becoming less dependence on a small number of large contracts making up most of the fee income. Pivot & Prosper has created the to provide a service to smaller care chains
- **The introduction of new technology has changed staff mindsets** and consider new ideas, approaches, and solutions
- **Digitalisation** supported by the grant has allow an events company gained new clients who would have stuck with their previous provider if the pandemic had not up ended the old delivery model of in person events. The business concerned has been able to provide greater customisation of virtual events and ability to provide more bespoke offering.
- **Several businesses interviewed reported they had been able to build back turnover through new customers and markets.** Those that did not were businesses that tended to use Pivot & Prosper more to develop their business idea more during the pilot than launch a new product or service.
- Several businesses interviewed mentioned that the projects funded supporting their and their staff **understanding new technology and the opportunities it provided in terms of everyday business innovation.**
- Those businesses interviewed who invested in new machinery reported **increased productivity.** By taking fabrication work inhouse through purchasing equipment has enabled one business to **increased margins and by extension future profits**

2.6.4 Unexpected benefits

When asked about unexpected benefits, business owners interviewed mentioned the following:

- Increase digital skills of staff because of projects supported.
- A social enterprise reported improved confidence, skills, and reputation enabled them successfully to apply for additional external funds. They also have been able to attract volunteers to come forward, some of whom will be employed when restart events business.
- Confidence within the management team to test ideas and project this confidence when encouraging staff to engage in everyday business innovation.
- Improved working conditions for staff through the provision of new IT equipment.
- Entered new international market.
- Increased ability to meet specific customer requirements – one business reported it was able go from drawings to delivery in a week – from investing in new equipment and staff training.

- Used opportunity to develop shared language and knowledge between different parts of the business, breaking down silos that has allowed the business to be more responsive to new opportunities.
- Develop a much stronger understanding of their project. Writing the proposal provided an opportunity for several businesses interviewed to think through the value proposition and how it could be delivered.
- Still learning what their new machine is capable of and how it can increase their product range.

2.6.5 Business Model and Everyday Innovation

Amongst the businesses interviewed several examples of everyday innovation and changes in business models were identified supportive of social inclusive and sustainable growth.

Box 1: Examples of Business Model and Everyday Innovation in the delivery of events and conferences

Businesses delivering live events and conferences have been amongst the most effected by the pandemic. Within the sample of businesses interviewed they were two businesses that delivered events. One which focused on corporate events and the other consumer trade shows. The first example (B8) used its grant to develop virtual capability in the form of the events arena which has evolved and accelerated over the period since the grant was issued. This involved assessing what products were on the market in terms of its competitors and available platforms on which to host its own events for clients. They were keen to run virtual events for a range of different clients to different requirements and develop ways of creating delegate engagement and recreate as far as possible the live experience of attending conferences. They have developed a platform that integrates different elements which clients can pick and mix features for events and will have longevity. To differentiate their offer from their competitors they have introduced:

- a studio that allows them to broadcast in high quality panels and keynote presentations using professional audio-visual team
- a remote control app which delegates can load on their phone and broadcast to their television allowing them to create a space to participate away from their computer and engage in the conference by uploading their photos, meet other delegates and respond and react
- supporting networking by recreating dinner tables at conferences which differ from normal breakout rooms in that they can both listen to speakers while talking to people at their table.

The second example (B9) is a company specialising in publications and trade shows. While the publication side of the business was relatively resilient the events side was significantly impacted by COVID 19. They used their grant to develop a virtual trade show and change their business model in that consumers could attend for free to increase the virtual foot flow for exhibitors. They introduced several new innovations to support exhibitors including virtual tours and recorded seminars that were made available after the event so that consumers could watch them again when deciding to make a purchase.

Box 2: Examples of Business Model and Everyday Innovation - development of online training in safety critical sectors

One of the businesses interviewed was a training provider that traditionally provided training face-to-face training in a sector where health and safety is paramount all training initially stopped. Pivot & Prosper can enable them to invest in systems to take their training online.

One social enterprise that runs a venue for performing arts and community events and meetings has used Pivot & Prosper to bring forward plans to become a wedding venue thereby providing a much needed source of revenue.

A care provider for disabled young people used their grant to develop online support for their customers and families who could not access day care facilities as a result of COVID and take forward their plans to develop a garden as an educational resource.

2.5.6 Skills and additional staff training

Except for one business that only employed highly skilled flexible workers who were able to adapt and were too small to provide training businesses interviewed mentioned:

- Investing in digital skills of staff generally and more specifically in the use of digital media in delivering services and marketing
- Appointing a talent coordinator to work across the business
- Providing training in internal auditing because of winning work with the public sector
- Free training from providers of equipment. This included training as Baristas as part of pivot towards becoming a wedding venue as well as training in programming and operating new machinery for fabrication
- Research and negotiation skills
- Investing in knowledge management and identifying and adopting good practice across the company.
- On job learning

Two businesses interviewed referred to leadership training provision they had previously accessed from Aston University.

2.6.7 Culture and morale

The process of applying for the grant and subsequent receipt of a Pivot & Prosper grant had a positive impact on both management and staff morale. Those business owners and managers interviewed mentioned:

- (they) always had a strong focus on work culture and supporting staff.
- Management has invested time to increase morale.
- Investment in premises and systems has signalled commitment to staff.
- The benefits of online meeting over travelling for face-to-face meetings. The use of online meetings has increased the ability to follow up opportunities and gain traction as it has removed delays from the need the need to travel. One business owner felt he got more out

of meetings online and has taken the opportunity to reduce his business office space with staff working remotely.

- Culture being a key part of their brand and being able to bring back staff from furlough has been important to maintaining their company culture.
- The boost to morale and the company was in danger of being in drift prior to Pivot & Prosper.
- The importance of bringing back staff who they considered vulnerable.
- The benefits of external acknowledgement through awards for new products and services
- More supportive culture has developed with staff helping each other.

2.6.8 Employment

From the companies interviewed the main employment effect to date has been safeguarding jobs and bringing people back from furlough as might be anticipated at this stage.

As result of pivoting some companies have taken on new staff to meet specific skills and demand for new product and services including:

- As a result of winning a new big contract one of the businesses interviewed is recruiting 3 new staff to act as assessors and considering taking on two apprentices. (B1)
- One business while not able to bring back all its staff is anticipating recruiting staff who are 'better fit' on terms of skills for the new business area they are moving into. (B2)
- One company reported they dropped from 26 to 20 employees and now back to 23 having taken on staff with specific skills to develop their business project and now directly employ four people on the project. (B4)
- A fabrication business that has recruited and trained two staff to use the machinery they were able to purchase using their grant. (B10)
- An events company has brought back 15 staff who were on furlough and is using all their freelance staff which is equivalent to additional 10 fulltime staff. (B8)

Some businesses interviewed have lost staff because they have sought and found new employment opportunities elsewhere. This was either because their area of work seemed no longer viable, and the individual concerned decided to make a career change. Or they had skills they were in demand in other sectors.

One business interviewed indicated they had maintained a stable staffing level. This was because they had the strategy of only employing highly productive skilled and flexible staff inhouse who were able to adapt to new opportunities and subcontracted out less skilled work. As result they reported no change in employment during the pandemic.

Another business reported relatively stable staffing over the last three years avoided losing people due a combination of furlough, spotting the business opportunity in making visors and Pivot & Prosper reported it would like to replace an apprentice who left and replace with another graduate.

A medium sized professional business service company reported they had to make 10 staff redundant prior to Pivot & Prosper to free up cash to invest in new IT equipment. Their grant allowed them to bring back staff from furlough and safeguard around 90FTE.

Table 6 below attempts to summarise our discussions with businesses around changes in employment. In calculating change in employment during the period of the pilot we have excluded

changes that took place prior because of the pandemic. Based the interviews we completed our sample of ten companies generated 21 jobs or the equivalent of 2.1 jobs per business assisted.

Table 5 Overview table of reported changes in employment in businesses interviewed

	Sector	Safeguarded	Recruited/recruiting	Lost	Change
B1	PBFS		3 staff for new contract 2 apprentices 7 staff for recruit for HS2		+10 (+2 apprenticeships)
B2	Creative and Cultural	10 staff remain supporting use of venue as vaccination centre	Anticipate recruiting volunteers	13 staff left	0
B3	PBFS	90 staff		10 redundancies prior toward Pivot & Prosper award	0
B4	Low carbon	Brought people back from furlough	4 people working on project. Had dropped from 26 to 20 staff now back to 23		+3
B5	Manufacturing	Stable employment, introduced new shift pattern to meet demand		1 person retired	0
B6	Care sector	65 staff none were furloughed	1 new staff member to manage project		+1
B7	PBFS	Brought back 6 furloughed staff	1 new marketing manager for digital platform 1 additional staff member to deliver new market sector 3 homeworkers 3 office staff Net increase 5 FTE	2 furloughed staff found other work opportunities,	+5
B8	PBFS	15 brought back from furlough	10 FTE working freelance		0
B9	PBFS		Staff multiskilled and adaptable so have not needed so far recruit additional staff	1 staff who has left and found another job	0
B10	Manufacturing	21 staff remained relatively stable	2 new staff Like to recruit graduate and apprentice		2

It should be noted that we draw a purposeful sample to get a representative mix of companies assisted by Pivot & Prosper rather than a random sample and there is potential bias in the findings resulting from some businesses declining to be interviewed. Reasons given by these companies included they had still to complete their project, or there had been delays. These represented a third of companies approached for interview. If we assume on this basis 17 of the 50 assisted businesses have delayed projects and therefore had little opportunity to develop employment effects, we are left with 33 businesses. If we assumed an average job creation of 2.1 jobs based on the interviews, then the estimated number of jobs created would be 69.3FTE.

2.6.9 Markets

Businesses were asked about whether they had pivoted towards new markets or seize new opportunities. Comments from the ten businesses included:

- The new online services they have developed has enabled them to diversify their offer and expand their markets as it has made it easier for new clients to approach them.

- Have been able to enter a new complementary market as a wedding venue.
- Benefited from upturn in housing market with the investment in new systems and now feel able to set up a team to sell life insurance that complements their existing business as a mortgage broker.
- Have always operated within the national market and through talking to customers finding out about their need have identified new market opportunities created by their project to compress biogas. They have identified a market for bio-methane for trucks and will be able to use the facilities and equipment they have invested to enter this market.
- Entered US market.
- The ability to do bespoke smaller orders with a faster turnaround has opened new market opportunities they were previously closed to them.
- Able to serve smaller clients as result of digitalisation and their investment in best practice and as result employed a new marketing person and salesperson to work with smaller care chains.
- While focused on UK market through testing an online trade show they saw an increase in overseas attendees, but these were still a very small proportion of attendees
- Now able to provide a wider product range and be more competitive with small volumes. Pre-COVID markets starting to pick up

2.6.10 Turnover

Responses ranged from having no turnover for five to ten months to having large contract to deliver that delayed the impact of the pandemic on sales and fee income. At the time of interview some companies assisted had only started to see the benefits of Pivot & Prosper on their turnover. When asked about turnover, how this had changed and the effect of receiving Pivot & Prosper responses included:

- A training provider reported having no revenue for ten months and the introduction of online offer using Pivot & Prosper funds saved them. At the time of interview, they had completed their first month delivering online training.
- A social enterprise operating an events venue had expected to break even in 2020 before the pandemic. Pivot & Prosper has enabled them to improve their premises increasing its attractiveness and prepare to enter a new market by being a wedding venue. They have managed to reduce the level of expected trading loss in last financial year and on course to break even this financial year.
- A mortgage broker reported their turnover being back to pre-COVID levels with this being made possible by using Pivot & Prosper to invest in IT that allowed them bring staff from furlough by enabling them to work at home.
- An energy consultancy and engineering company reported their turnover fell by 40 per cent and is now starting to come back. Pivot & Prosper has enable them to invest in a project that captures bio-gas being generated off grid, compress and transport it and feed into the grid at site which they have secured planning permission which provide a new revenue stream.
- A recruitment consultancy reported there was a delay in the impact of the pandemic on their fees because they had a large contract to deliver. They experienced 25 percent fall in fees in the second quarter and fees income is now starting to recover through the full benefits are

not expected to 2021-22 financial year. The same company estimated year to date their project has generated in the region of £250,000 in new revenue.

- Two other businesses reported a drop in turnover of 40 per cent. One of whom reported clawing back a little bit of turnover from their project to deliver an online trade event which while not generating significant revenues has enabled them to develop their value proposition for exhibitors at future events. The other estimated that their investment in new machinery could contribute additional turnover of £250,000 to £300,000. They are still learning what their machine can do and what new products they can produce which could result in new markets and customers.

2.6.11 Additionality

When asked what would have happened if they had not received the grant businesses interviewed answers included:

- A professional business service company that provides training reported many businesses in the same industry have in fact closed over the pandemic period. They have managed to survive, due to the grant enabling them to innovate and pivot their business plan. This has meant that they have more customers approaching them that previously received training from now non-existent competitors. If they had not received the grant to enable them to pivot and innovate their business model, they would have likely met the same fate. Being award the grant and being able to furlough staff that could no longer train face to face kept the business from going under. Would have closed without the grant.
- A social enterprise operating a venue stated: The grant raised their game, and they operate in a different category now and the future looks good. Before [the grant they were] always firefighting and were not inspired and rather ashamed of their venue.
- A professional services company commented they 'Wouldn't been able to invest in the tech that allowed them to continue trading.'
- A green technology business provided estimated a 20 percent contribution to profits and 25 percent on turnover from the project funded. Overall additionality was estimated at around 50 percent.
- A manufacturer simply stated, 'they are still open' and they would not have won US business without the grant that made up for lost UK business.
- A professional service company reported Pivot & Prosper had made a difference to their survival but cannot easily quantify how much difference it made. If they had carried on with existing business model would have struggled to keep going. They had been dependent on a small number of large contracts that were coming to an end – including an NHS Trust which took work inhouse. Now only have one rather than four large contacts contributing to sales as a result of being deliver needs of smaller customers and more differentiated offer.
- An events company stated it would not have been able to secure as many new clients and has taken on new suppliers with 60 per cent of its suppliers based in the region. The grant has also secured the future of one its suppliers who helped them delivered their new business offer to clients.
- A manufacturer reported that grant had enabled them met the demand from a new opportunity making visors which they would not have been able to do so without the

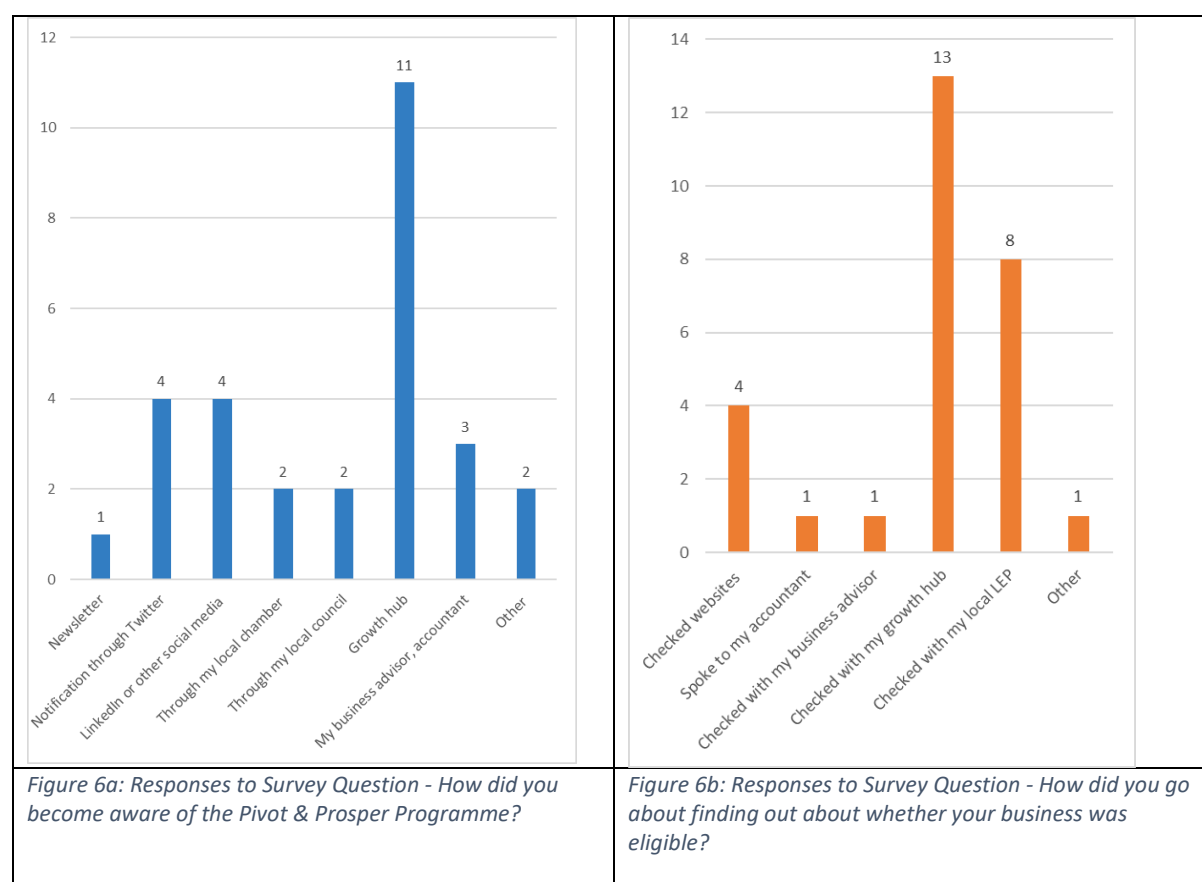
equipment they purchased. The turnover created by this new business opportunity has helped offset losses from its usual business.

2.7 Survey Results

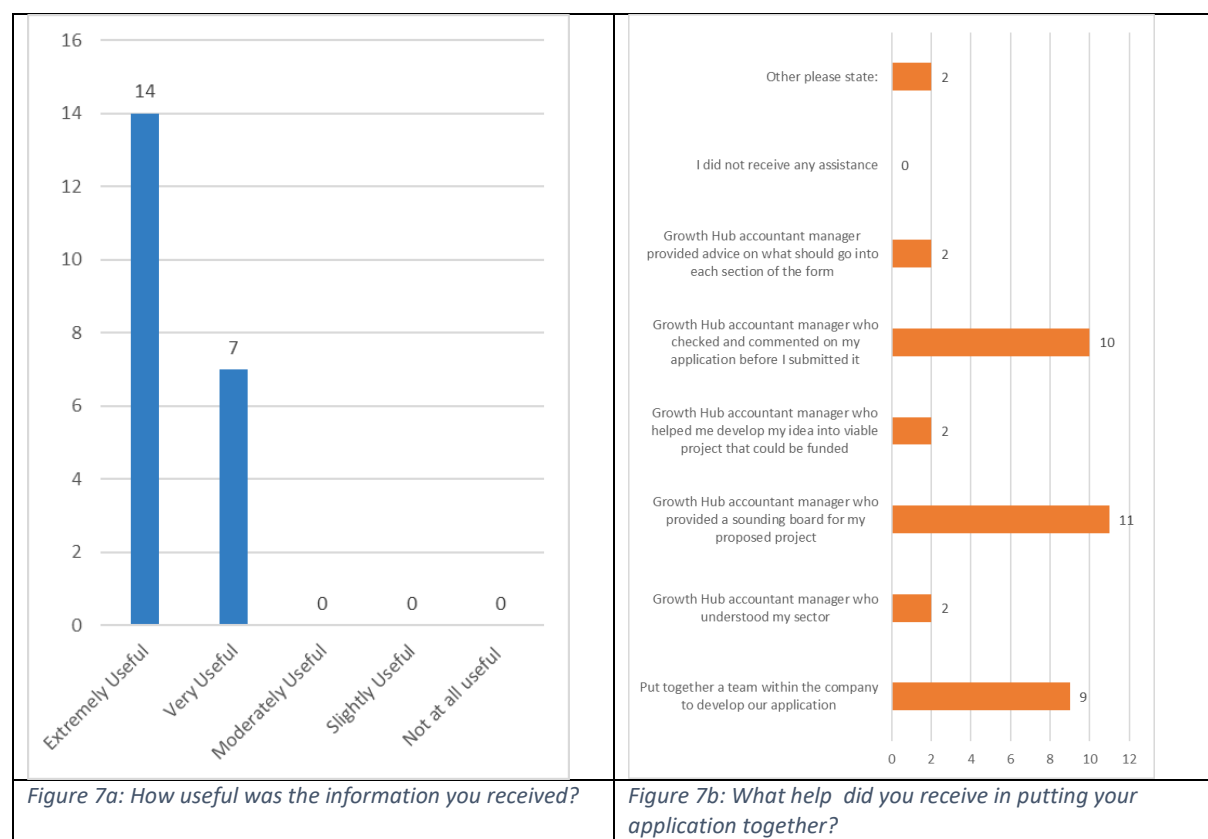
In addition to in depth interviews with eleven businesses we asked the reminding companies to complete online survey. A request to complete the survey was sent by GBSLEP to participants who had not been interviewed. The survey ran from 19th May to 11th June, 22 of the Pivot & Prosper participants had either completed (17) or partially completed (5) the survey.

2.7.1 Applying for Pivot & Prosper

‘How did you become aware of the Pivot & Prosper programme?’ 21 out of 22 participants answered this question, the results can be seen in Figure 6a. Participants could select more than one source of information from a predefined list of options. Half (11/21) reported the Growth Hub and over a third (8/11) saw Pivot & Prosper being promoted on social media outlets including Twitter (4) and LinkedIn (4). Unsurprisingly, as can be seen in Figure 6b this is also where many participants (13 out of 22) had also found that they were eligible to apply for the scheme.



‘How useful was the information you received?’ Two thirds (14 out of 21) of respondents stating that the information they received was extremely useful, with a further third (7) considered it very useful. Thus, all participants that participated in the survey found the information they received during the application process helpful to them. None of the participants found the information received from GBSLEP or the Growth Hub as ‘not useful at all’ (Figure 7a). This was similar to the responses during in the interviews, in which many of the respondents had praised GBSLEP and the Growth Hub for their help during the application process. Figure 7b shows what help participant received when putting their application together, the majority stated the help they received had been in the form of help from a Growth Hub account manager. This had either been the Growth Hub account manager helping by being a sounding board for project proposals (11 participants) or by checking and commenting on applications before submitting (10 participants). All in all, the responses here substantiate the responses that were found in the interviews, with the majority of the applicants finding the help provided by the GBSLEP and the Growth hub as ‘extremely useful’, especially before the submission of their application.



Figures 8a to 8f, show the results of the extent of challenges faced by applicants when putting their proposals together.

- When asked whether **‘The time available to develop your business idea was not long enough’** the majority of participants either strongly disagreed (4) or disagreed (11), meaning the majority (68%) of applicants found that the time available to develop their proposal was enough time, given what was being requested.
- Almost half of respondents (10) reported struggling to **‘Developing a specification for equipment and services you needed to be obtain quotes from suppliers’** (Figure 8b). With over 50 percent

either strongly agreeing (3) or agreeing (9), that they struggled to obtain 3 quotes from suppliers. This may be due companies needing bespoke machinery or software being made, for which there was few suppliers available. Also, some firms may have been hindered by changing supply chains because of Brexit.

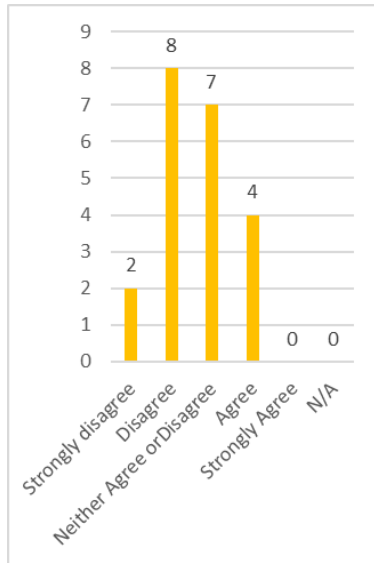


Figure 8a: - To what extent do you agree putting the proposal together was a challenge because - The time available to develop your business idea was not long enough

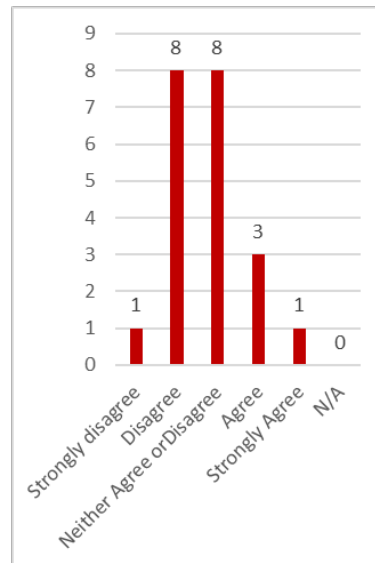


Figure 8b: - To what extent do you agree putting the proposal together was a challenge because - Developing a specification for equipment and services you needed to be obtain quotes from suppliers

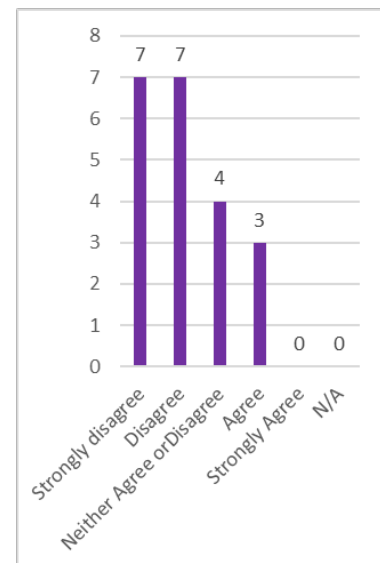


Figure 8c: To what extent do you agree putting the proposal together was a challenge because - Obtaining three quotes from suppliers

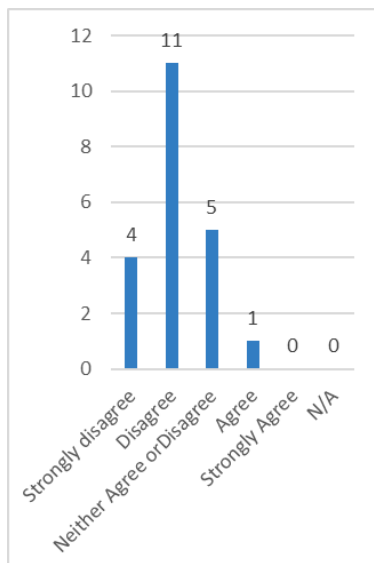


Figure 8d: To what extent do you agree putting the proposal together was a challenge because - Describing the wider economic benefits to the region if my proposal was successful

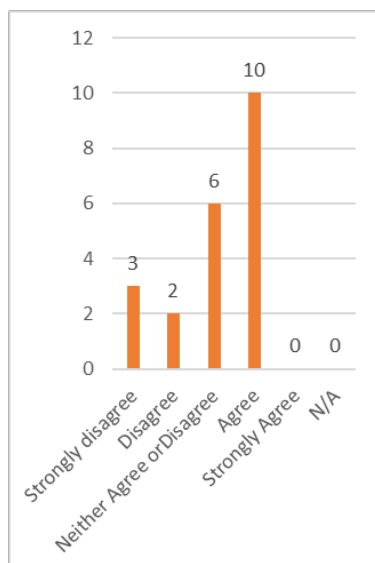


Figure 8e: To what extent do you agree putting the proposal together was a challenge because - Some of the questions were unclear what was required in terms of information

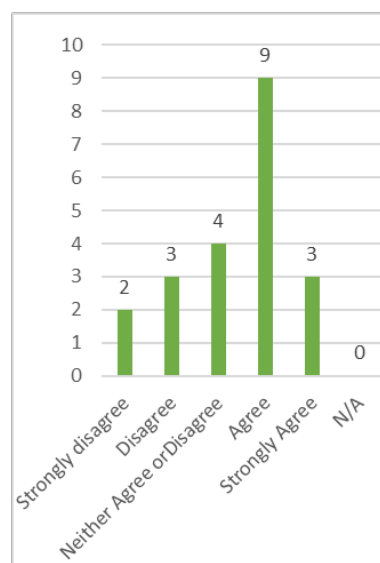


Figure 8f: To what extent do you agree putting the proposal together was a challenge because - Due to COVID did not have access to colleagues who would have previously provided their expertise (e.g. on furlough or left the company)

- The majority of firms stated that they did not struggle describing what the wider economic benefits of their application being successful would be (Figure 8d).
- When asked whether the information required for the questions in the application was unclear, most either disagreed (8) or neither agreed or disagreed (8), this would suggest that on balance the most businesses were able to understand what was required from them to answer the questions.
- Most applicants still had the colleagues needed to fill out the application available to them and therefore, did not struggle due to lack of expertise. This may of course also in part be the difference between unsuccessful and successful applications, a lack of expertise and capability due to members of staff being furloughed due to the pandemic.

When asked to comment on **how the application process could be improved**, 8 of 10 respondents to this question, stated that it was either '*straightforward*' '*fine*' '*ok*' or that they were '*happy*'. However, 2 of the businesses did say that they struggled finding 3 quotes for what was needed for their project stating that this was either time consuming or they struggled to find 3 quotes from suppliers for a very bespoke piece of machinery.

2.7.2 Use of grant and project implementation

Respondents were able to select from 17 options on how '**How did you use your grant?**' including a 'other please state' option and could select multiple options where they applied. All 22 respondents completed this question, and we ranked the responses below.

- Developing new products and services (12)
- Introducing a new product or service to market (8)
- Developing digital platforms to serve your customers differently (8)
- Investment in computer equipment (7)
- Developing a new business model (6)
- Implementing new business model (6)
- Developing your value proposition (6)
- Sourced external advice on how to exploit newly developed technology or processes because of the Covid-19 crisis (5)
- Entering new market (5)
- Staff training and development (5)
- Identifying new markets (4)
- Investment in equipment and plant (not computers or software) (3)
- Bring back staff from furlough (2)
- Business resilience planning (1)
- Working capital (1)
- Preparation for returning to a new business as usual (0)
- Other please state (0)

The top three responses were developing new products and services (12), introducing a new product or service to market (8) and developing digital platforms to serve your customers differently (8). None selected 'preparation for returning to a new business as usual' (0) and this is not surprising however given the on-going lockdown restrictions, which are likely preventing business as usual. Lockdown restrictions may be the reason that 'developing digital platforms to serve your customers differently'

was in the top 3, as by developing their digital platforms they are able to reach a wider target market; something which has become invaluable to businesses that rely on foot traffic especially. Additionally, this may also have been implemented to help employees continue to engage with customers more easily whilst social distancing and working from home.

Almost all (21/22) confirmed they had used their grant as originally planned/set out in their application. The only one participant stated that the grant had not been used for what it was initially intended and had instead used it to 'Sourced external advice on how to exploit newly developed technology or processes because of the Covid-19 crisis'.

In response to the question **'To what extent have you needed to adapt your original plans for using your grant'**, three fifths (13/21) respondents stated that they had to modify their plans *'slightly'*. Fifth (4/21) reported *'moderately'* and reminding fifth *'not at all'*. In general, though, the majority found that they had to adapt their plans only *'slightly'*, it is likely that looking at responses to question 4 (figure 7b), that these adaptations came as a result of help and instruction from Growth Hub account managers, when preparing to send in their applications.

When asked to **'briefly describe any specific barriers or issues you have encountered in your project and their impact on delivering your project'** there were 20 responses which have been categorised in Figure 9. The most reported barrier was reduced staffing due to Covid-19 causing delays in the delivery of projects.

'We had a few staff on furlough which made the process take longer than I would have liked'

We also included training for key staff, but these staff were furloughed so we had to slightly shift focus to digital technology that would aid their roles on return.'

Delays due to furloughed staff is unsurprising, as for many whilst it did not cause delays in the application (figure 8f), it may have caused delays in the implementation of the of the project once successful. Especially, as staff producing the application could likely do this remotely from outside the workplace, whereas it is likely that once the project was ready to be implemented in the workplace the staff were not available, due to social distancing rules, to move forward at pace.

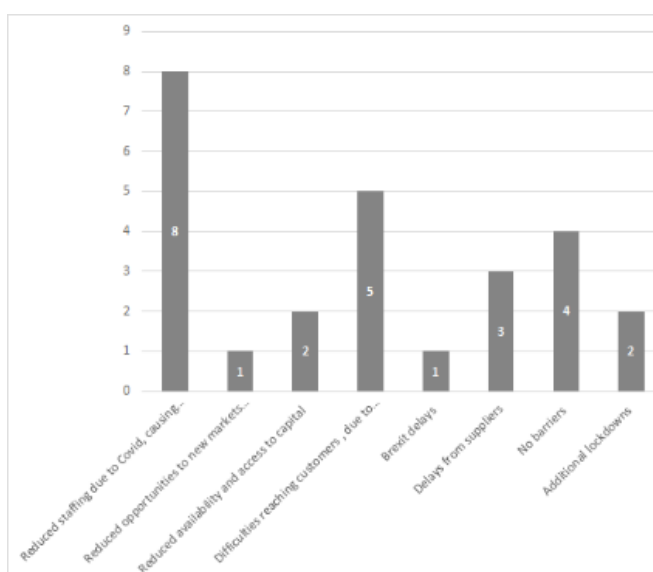


Figure 9: Responses to please describe any specific barriers or issues you have encountered in your project and their impact on delivering your project.

The second most reported barrier (5) to progression of projects was reaching customers due to Covid-19. This is not surprising given lockdown restrictions has limited access to customers, either because customers or themselves having to close during lockdown.

2.7.3 Benefits

The **main benefits of being a recipient of a Pivot & Prosper grant to your businesses** reported included (20 responses):

- Digital Improvements (6)
- New Products (5)
- Improved Skills (4)
- increased efficiency (4)
- Increased Growth (3)
- New equipment (non-digital) (2)
- Capital Support (2)
- Scale-up (1)
- Retaining staff (1)
- New clients (1)
- New markets (1)
- New business model (1)

Digital improvements, which either led to wider target markets and/or increased efficiency. For example, one respondent:

‘Overall, the grant has been transformational for us in terms of our online retail capabilities which is especially encouraging as we are yet to experience the full impact of the grant due to our present closure’.

While many had not cited market expansions as a main benefit of Pivot and Proposer when asked directly **since receiving your grant have you experience growth** almost half (10/21) selected markets. However, the most reported areas of growth were:

- **Just under three quarters reported revenue growth** (15/21). This is to be expected as revenue fall rapidly for many businesses and in response to the pandemic and lockdowns firms increased their digitisation to reach customers, leading to market expansion and increased revenue.
- **Two thirds reported productivity growth** (14/21) which would be expected given the number of firms investing improved digitisation, new equipment, and training.

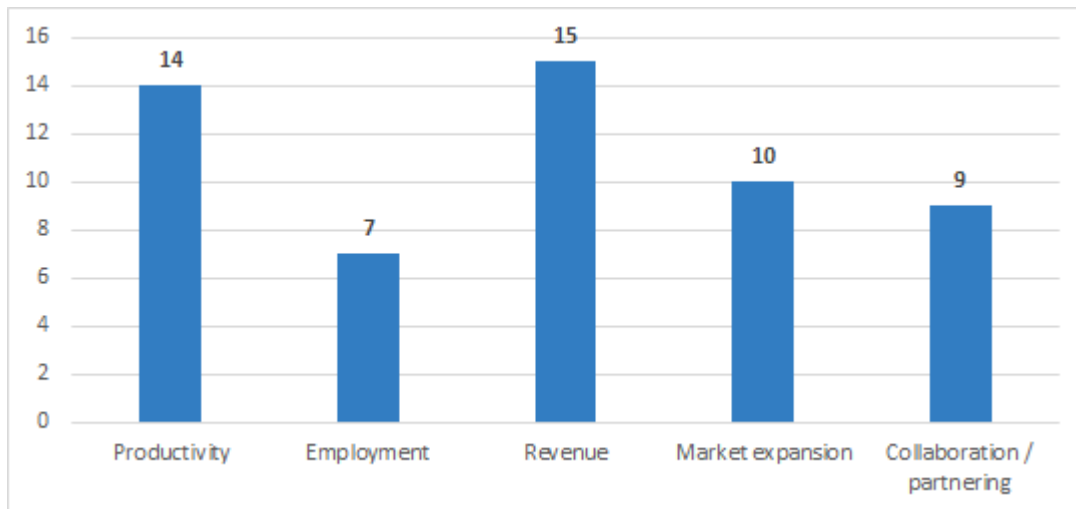
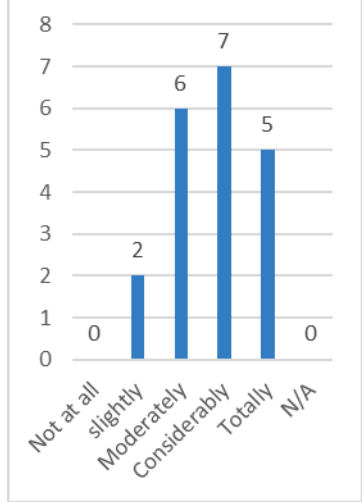
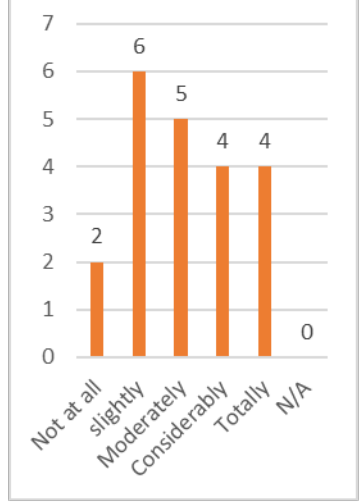
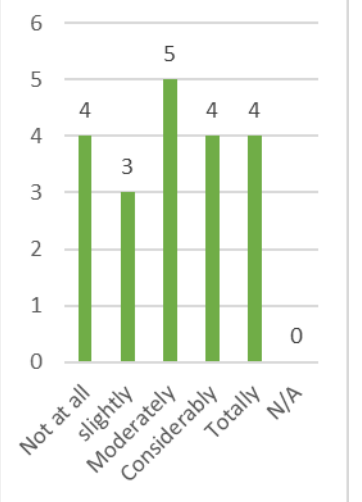
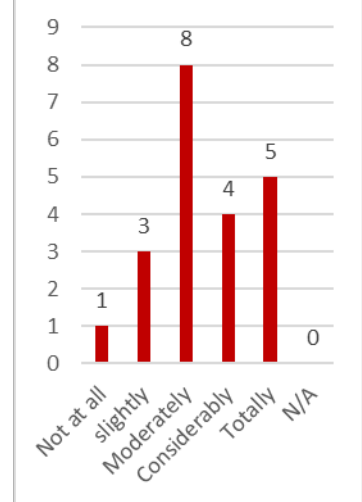
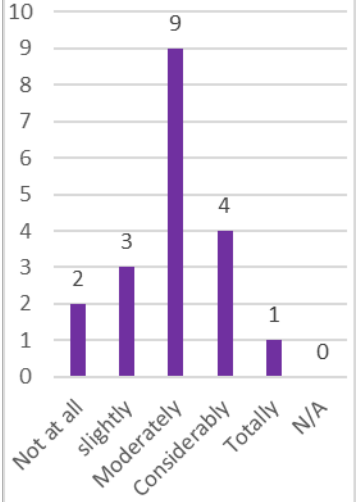
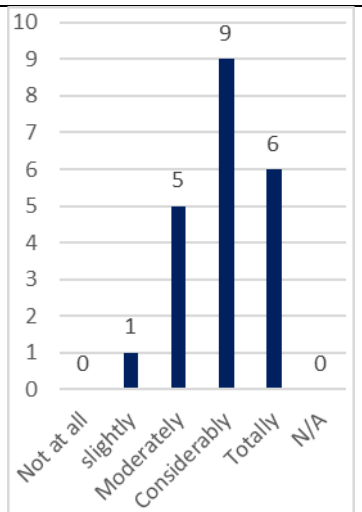


Figure 10: Since receiving your grant have you experience growth in terms of: Productivity, Employment, Revenue, Market Expansion, Collaboration/ Partnering (n=21)

Only 12 firms answered the question ‘Were there any unexpected benefits?’ with stating that there had been no unexpected benefits. Unexpected benefits that included staff development, improved skills, and knowledge, and finding additional uses for new equipment, that was previously unknown to them. For instance, one firm purchased a 3D printer as part of their Pivot & Prosper Project reported they ‘*already seen other uses e.g. printing of small jigs/fixtures for in-house projects, thus speeding up product development*’.

Figures 11a to g, show respondents answers to ‘To what extent do you agree with the following statements that as result of Pivot & Prosper (n=20)

- a) We were able to test new ways of doing businesses.
- b) We changed our staff working arrangements becoming more productive
- c) We were able to access external know-how we needed to be more competitive
- d) We were able to pivot our company’s existing know-how to new markets
- e) Invested in staff training related to new business activity or new equipment
- f) Redeploy staff in new areas of the business
- g) Your senior management team and staff have a new outlook and optimism

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Figure 11d: We were able to pivot our company's existing know-how to new markets	Figure 11e: -Invested in staff training related to new business activity or new equipment	Figure 11f: Redeploy staff in new areas of the business																																										
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Figure 11g: Your senior management team and staff have a new outlook and optimism																																												

12 said Pivot & Prosper grant they had enable to try new ways of working either 'considerably' (7) or 'totally' (5) indicating they were able to develop their business model and try new ways of working, that they had not had the opportunity, time or capital to try before receipt of their grant. Additionally, the grant also allowed for changes to staff working arrangements (b) to enable for greater efficiency across most firms, even if this was only a slight improvement; only 2 out of 21 respondents stated they had not been able to, even slightly, improve on this.

Four fifths said that they been above to pivot into new markets either 'moderately' (7), 'considerably' (5) or 'totally' (4) indicating they been able to take advantage of new market opportunities. Given that most respondents reported that they had used the grant for the development of new products and services; thereby diversifying their portfolio and appealing to a wider target market it can be concluded that grant recipients have pivoted their businesses.

Just under half (9) were able to either 'considerably or 'totally' invest in staff training related to new business activities or equipment. However, were able to redeploy staff because of the grant, possibly because of social distancing restrictions limiting the number of employees that employers could welcome back onto their premises.

All respondents (18) some improvement in the outlook of senior staff and management (figure 11g). This finding is positive as this will likely impact respondents over the long-term, as senior management will hopefully carry this new-found optimism forward into the future after the impacts of the pandemic begin to lessen.

2.7.4 Employment

Before the pandemic most firms were either relatively stable (8), growing (5) or flexing to demand (4), only 1 respondent had shrunk between 2017 and 2020 before the pandemic. With most firms employing between 1 to 10 or 11 to 20 employees in February 2020 (Figure 12 a). All 16 respondents who answered furlough staff during the pandemic, 2 of these having to furlough between 31 and 40 staff (12b).

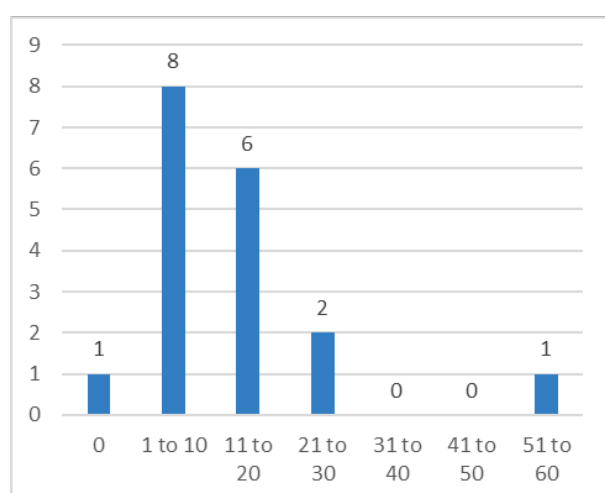


Figure 12a: How many people did you employ in February 2020?

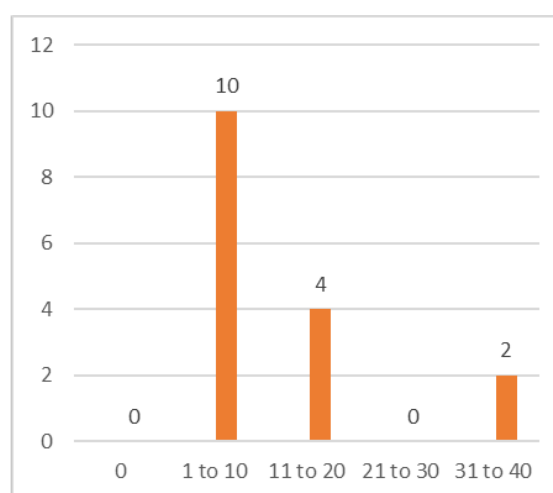


Figure 12b:: How many people did you furlough?

Only one respondent was unable to bring back staff from furlough. Interviews with case study firms indicate firms were able to bring back staff because of the lifting of restrictive lockdown restrictions on companies and through the implementation of their Pivot & Prosper project. Investing in digitalisation and IT such as new laptops or servers has enabled employees to work remotely from home.

2.7.5 Turnover

There were 13 responses to questions on turnover (Figure 13). This may be because the remaining respondents did not have the figure to hand or prepared their accounts and therefore not able to state their monthly turnover pre-pandemic and since receiving the grant. Amongst the 13 responses, 6 firms reported being in a higher bracket since receiving their grant. Only two firms reported their monthly turnover was still below pre-pandemic levels and the remaining 5 had returned to similar monthly turnover that they had pre-Covid. Not only has the grant successfully supported businesses in remaining operational, it has also increased turnover to above pre-pandemic levels, making these companies more profitable than they had been before the pandemic. This progress will likely continue as lockdown restrictions are lifted and the participants are able to reach a wider target market once again.

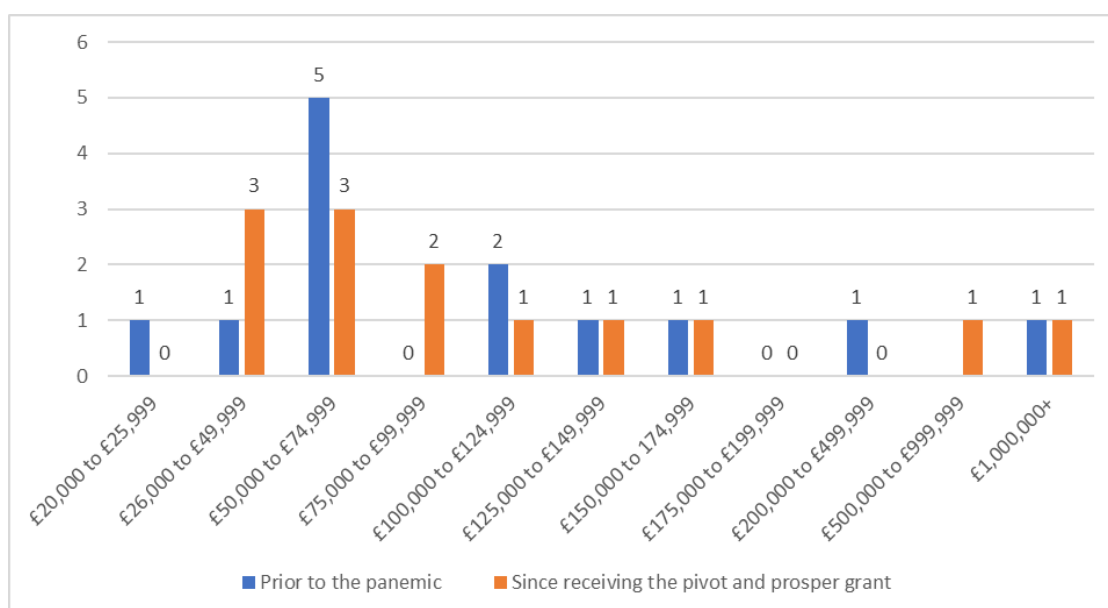


Figure 13: Responses to Survey Questions 'Approximately what typical monthly turnover(sales) your last company financial year prior to the COVID 19 pandemic?' and 'What has been typical monthly turnover (sales) since receiving your Pivot & Prosper grant'?

Respondents give similar answers to 'Can give your best estimate in percentage terms what was in the percentage change in your company turnover from March to July 2020 as result of COVID' and 'Over the past two quarters since being awarded your Pivot & Prosper grant'. All respondents had seen a decrease in turnover in the period between March and July 2020, apart from one business that saw their turnover rise by 5 per cent and most reporting since receiving Pivot & Prosper their turnover had recovered to either almost pre-pandemic levels or above.

2.7.8 Exports

The figure 15 sets out the geographical markets that survey respondents are operating before the pandemic, now and where they hope to operate in the future. The responses show that the all of respondents who operated in the UK and within the local region before the pandemic, have remained operational in these markets. Amongst respondents there was a fall in the number of firms operating within certain markets such as Africa and the Middle East, Asia, Australasia, and South America. Prior to the pandemic 3 businesses operated in Africa and the Middle East which at the time of this survey now no longer do. One additional firm is operating in North American market since the beginning of the pandemic. Additionally, it is clear many of the business are planning to expand their operations in the future, as for instance, whereas now there are currently 8 businesses operating in Europe, 13 hope to be operating there in the future. This implies that respondents are more confident about the future of their company as they are forward planning as to what international markets they wish to be operating in, in the future.

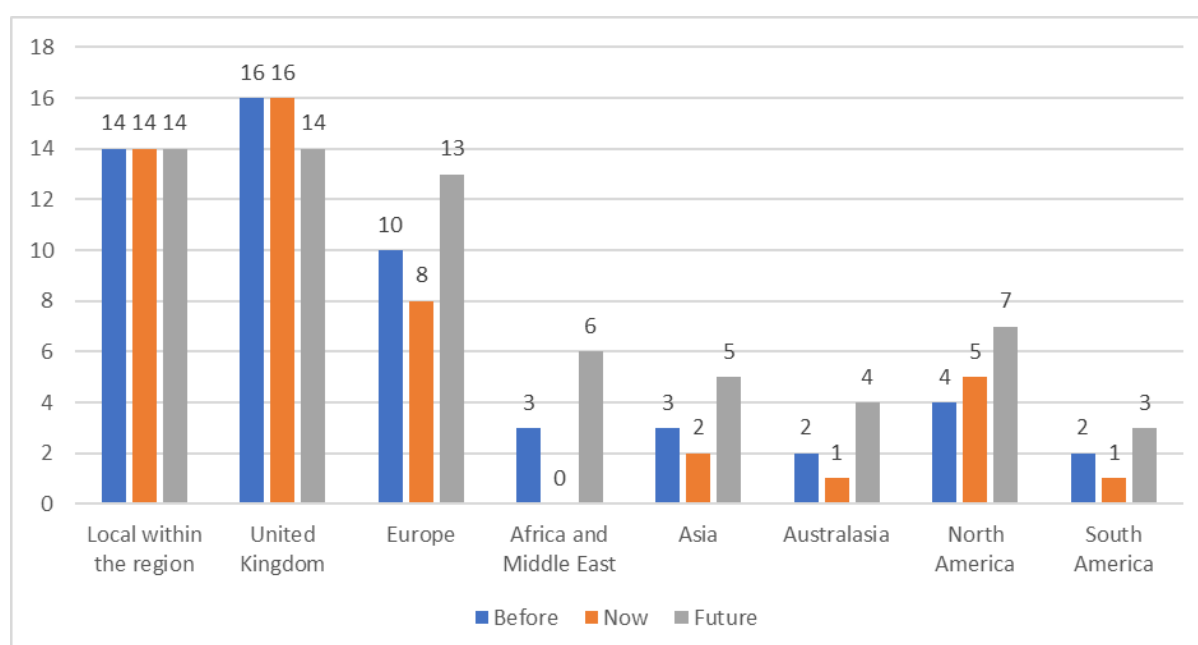


Figure 15: Responses to Survey Question 32: Which markets are you operating in? (Check all that apply) - Before pandemic, after and in the future

Figure 16 summarises respondents' answers on the proportion of their sales are accounted for by exports before the pandemic and after starting their Pivot & Prosper project. Amongst the responding firms, exports have mostly remained stable even with the disruption to supply chains. Only 4 of the 17 firms experienced changes in their exports levels with two experiencing an increase and a decrease. Considering, the extent to which the pandemic has caused disruptions to international trade and the uncertainty and disruptions surrounding Brexit, it is a positive to see that only 2 businesses experienced falls in their level of exportation. As it was expected that participants who are exporters would have seen a greater fall in their levels of exportation.

17 firms provided information on additional benefits of going through the application process before receiving the grant (Figure 17). After participating in the application process for this project all most all the participants (15 of 17) stated that they now 'Have a better understanding of available support to businesses in the region'. The other main benefit was increased ability to describe the wider

economic and social benefits of their project ideas (7). This is promising as an increased awareness of available support in the region, suggests that in the future when these participants need support, they will have a greater awareness of where this may be available. By being more readily able to describe the economic and social benefits of projects, they are also more likely to be successful at future grant applications.

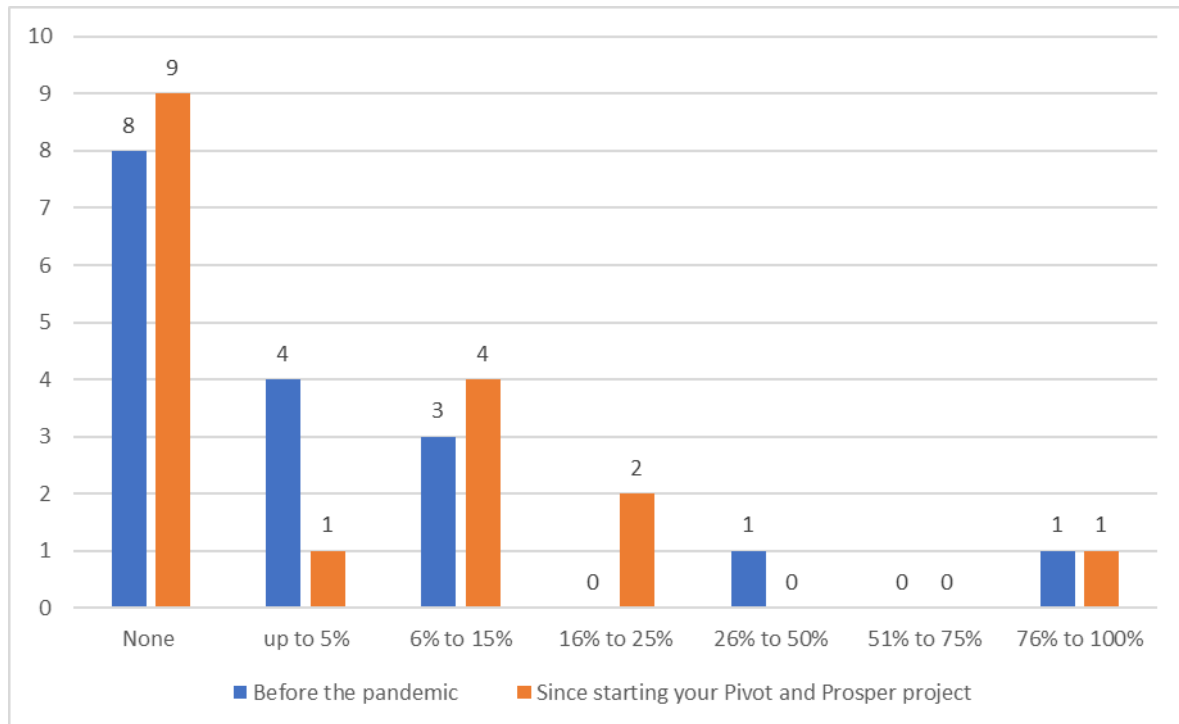


Figure 16: Responses to Survey Question 33: Approximately what proportion of your sales are accounted for by exports, Before the pandemic and Since starting your Pivot & Prosper project

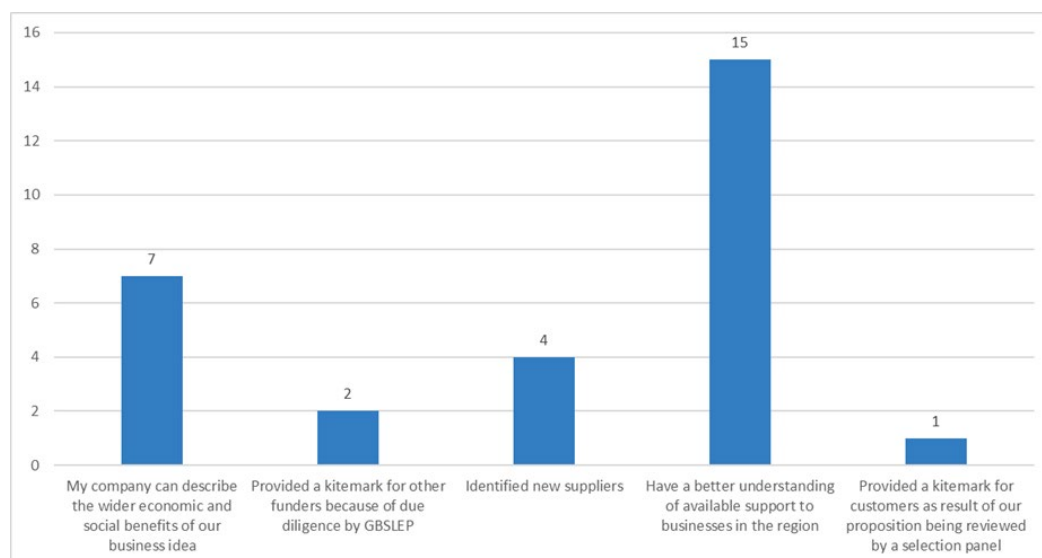


Figure 17: Responses to Survey Question 24: Were there any additional benefits from going through the application process to the possibility of being awarded the grant

2.7.9 Additionality

Figure 18 summarises the response to the question designed to assess additionality. While none mentioned the possibility of losing important contracts or the company, a third reported they would definitely would not have achieve similar outcomes suggesting full additionality for these firms. There were no businesses reporting they would have achieved similar outcomes suggesting no deadweight. The remaining there was evidence of partial and forward additionality.

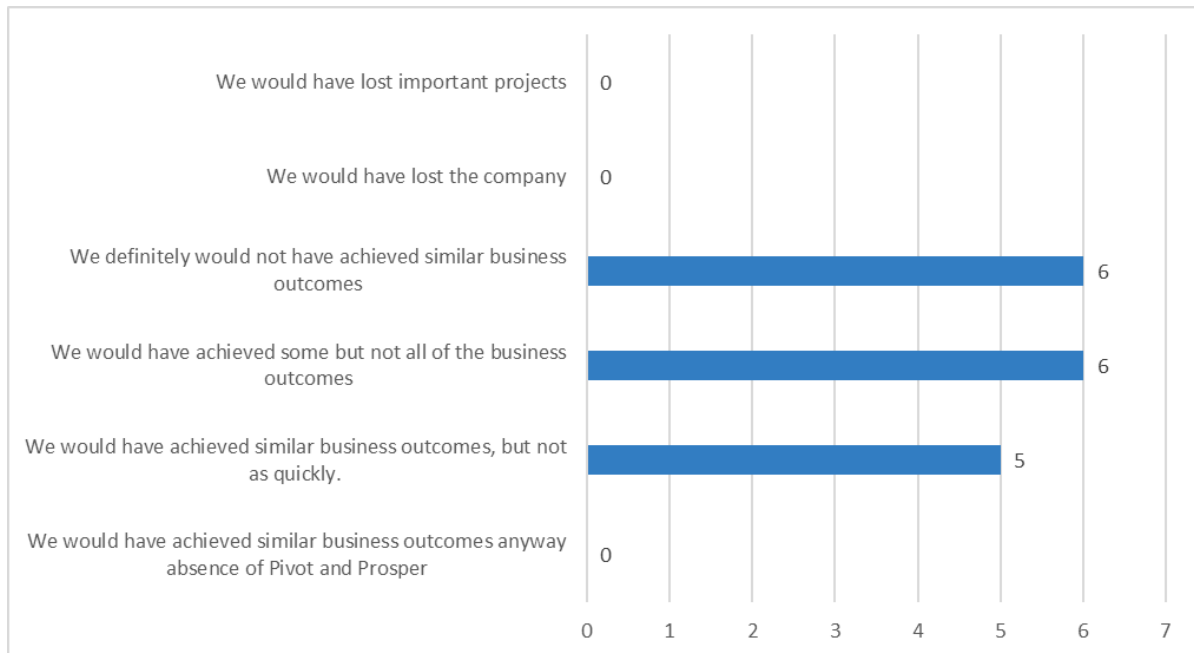


Figure 18: Responses to Survey Question 23: 'In terms of the actions you took to make your business more sustainable after receipt of your grant would you say: - We would have achieved similar business outcomes anyway absence of Pivot & Prosper, - We would have achieved similar business outcomes, but not as quickly, - We would have achieved some but not all of the business outcomes, - We definitely would not have achieved similar business outcomes, - We would have lost the company, - We would have lost important projects'.

2.7.10 Use of other sources of information, advice, and support

The four most mentioned sources of information, advice and support were the gov.uk website, accountant, growth hub and other GBSLEP programmes. It should be noted this based on 16 responses or a third of firms that received support.

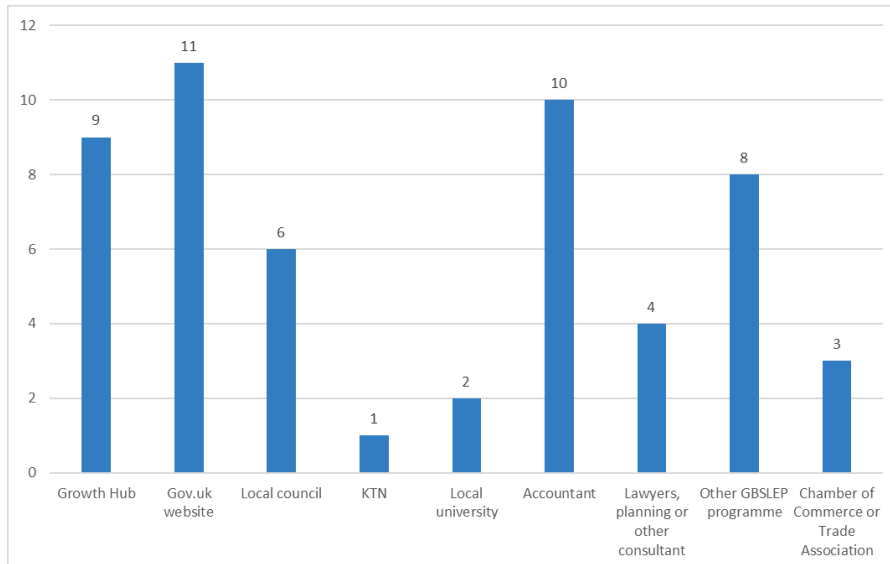


Figure 19: Other sources of support used

2.7.11 Business age profile

Amongst those who fully completed the survey over two thirds had been established for 20 years or more.

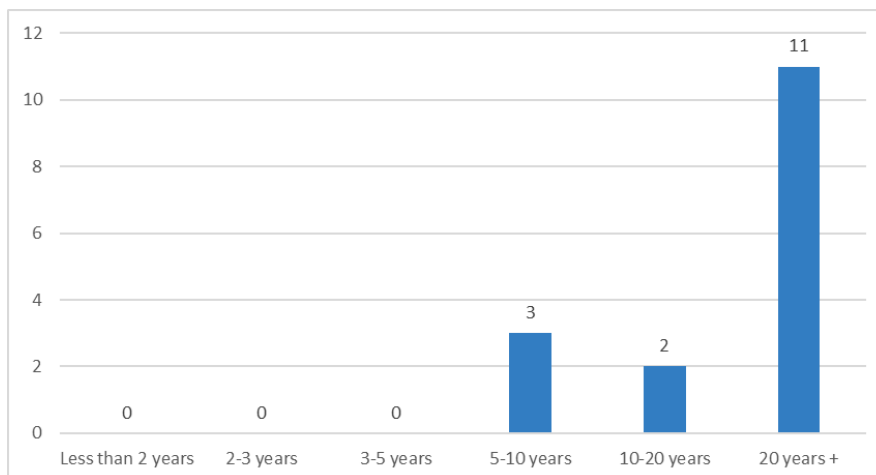


Figure 20: Age profile of businesses

2.7.12 Longitudinal follow up

8 businesses agreed for their responses to be linked to business register to allow longitudinal follow up of impact of the Pivot & Prosper.

3.0 Assessment of Pivot & Prosper

3.1 Rationale and Aims

Based on our consultations the scheme has sound economic rationale and clear aims that were readily understood by partners and applicants within the context of the pandemic. Because of the speed at which the business case was developed the economic rationale was underdeveloped. We feel there is scope to revisit the rationale after the pandemic in terms of pivoting the scheme towards filling a gap in provision in supporting businesses undertake what is being described as everyday innovation making them more adaptive to changing markets and improve their growth trajectory. Our original assessment has been supported by follow up interviews with companies interviewed in the autumn and additional companies. Several companies have reported being able to introduce demand led product and service innovations in response to customer needs. One business mentioned that online meetings have enabled them to follow up opportunities identified as a result of their project more quickly and another that the investment in new machinery, bring working in house and training staff has enabled them to manufacture more bespoke products according to customer needs.

3.2 Execution

The most notable feature of the scheme was the speed at which was executed. This was only possible because of the way which the Growth Hub and GBSLEP were able to marshal and focus resources for short intensive period. For example, three accountant managers worked fulltime for three weeks supporting applicants develop their proposals. The scheme also benefitted well considered programme theory as set out by Aston University in Figure 1. This was developed by the Recovery Taskforce who provided considerable expertise into the design and governance of the pilot.

The general consensus was the scheme was well delivered within the time and resource constraints. If time had allowed for an online application form, there would have been benefits for both applicants in terms of built-in checks and for scheme administrators in managing information electronically.

The introduction of remote working in response to the pandemic was an important contextual factor in the successful delivery of the scheme. It created much needed additional capacity in that it allowed account managers based in Growth Hubs to use their time efficiently as they were no undertaking site visits which was the usual practice before the pandemic. As a result, they were able to work with more clients developing their applications. Remote working also contributed to breaking down barriers between partners that naturally result from being physically based in different offices before the pandemic. This along with a shared sense of purpose meant account managers felt part of a much larger team including GBSLEP staff delivering the scheme.

3.3 Matched funding

Applicants were only required to provide 25 per cent matched funding to encourage participation in the scheme. In practice, the level of matched funding provided by applicants was 44 per cent. The level of match was set low because of extraordinary circumstances created by the pandemic. While the low level of match funding required encouraged participation by removing a potential financial barrier other features of the scheme design were equally as important based on the interviews. These features included targeting of specific sectors needing support, scheme administration and quick turnaround were also contributory factors. One of businesses interviewed commented on the need to spend the money first and then invoice was an issue for them. This may mean there is a potential floor level of matched funding to ensure businesses having sufficient credit and cash flow to deliver their project. The ability to set a low level of matched funding within the scheme will be dependent on due diligence undertaken by GBSLEP, triaging of applicants and support from account managers in helping businesses develop viable proposals. In many respects this replicates the role undertaken by regional technology officers when setting up the Smart scheme to support R&D projects in the 1990s. The scheme went through several iterations in design, and it would be expected that the same will be true for future variant of Pivot & Prosper focusing on everyday business demand led innovation.

3.4 Impacts

Based on the interviews and online survey the scheme has clearly supported businesses in pivoting their business model and to undertake everyday evaluation. They were clearly using the grants as intended to support everyday innovation including new products and services, developing, and implementing new business models and revisiting their value proposition. To support this, they were sourcing external advice, investing in training, and identifying new markets. Those that took part in the interviews or online survey reported with few exceptions they had used their original grant as planned though most cases they needed to modify it slightly.

The main impacts reported were digitalisation, new products, improved skills, and growth. Over two thirds of the survey respondents reported both revenue and productivity growth.

In terms of soft not easily quantified impacts was how many businesses in the survey reported that Pivot & Prosper had considerably or totally led to their senior management team and staff having a new outlook and optimism and were able to test new ways of doing business.

3.4 Value for money

Our initial assessment based on jobs safeguarded and new jobs created is that the scheme provides value for money. The cost per job estimates compares well against the cost per job for generic business advice (Business Link evaluation cost per net additional job £11,578 (2005 money) multiplied by 1.286 becomes £14889.40 (2019 money)) and innovation support (Cost per direct job created by Smart Scotland of £64K (2008 value) adjusted for inflation (using GDP deflator – multiply by 1.169) becomes £74.8K (2018-19) (PACEC 2009)).

Grants	£1,778,766	Table 2		
Matched	£1,410,461	Table 2		
Total	£3,189,227	Table 2		
Jobs safeguarded (Estimate)	487	Table 4		
New jobs (Estimate)	145	Table 6	Grant	Total
Total jobs (Estimate)	632		Cost per job	£2,815
				£5,046
Jobs safeguarded (Confirmed)	397	Table 5		
New Jobs (actual to date)	108	Table 7	Grant	Total
Total jobs to date	505		Cost per job	£3,522
				£6,315
GVA jobs safeguarded (Estimate)	£22,990,834	Table 4		
GVA new jobs (Estimate)	£6,777,772	Table 6	Grant	
Total GVA (Estimate)	£29,768,606		BCR	16.7
Jobs safeguarded (Confirmed)	£19,466,443	Table 5		
GVA new jobs (actual to date)	£5,20,532	Table 7	Grant	
Total GVA (to date)	£19,466,443		BCR	10.9

The actual new jobs to date and safeguarded reported directly to GBSLEP exceed the initial estimates based on ten interviews we undertook with companies the number of jobs of created and safeguarded. This estimate considered the number of projects that were potentially experiencing delay at the time interviews were completed and therefore lower. It was clear from the interviews some businesses were able to pivot quickly because of the nature of their project whilst others had projects that were laying the ground to pivot their business by developing a new business proposition. Even though the calculations based on the interviews resulted in much higher cost per job it is still much lower than schemes developed to support innovation.

Ideally consideration should be given to tracking assisted businesses over time and the creation of matched comparison group to develop more robust value for money estimates. Eight firms agreed to do this when asked in the online survey.

Based on the responses to questions in the interviews and the survey the level of additionality is higher the evaluations on which we draw estimates for calculating deadweight, displacement, and leakage so we could be potentially underestimating value created. Similarly, in the absence of being able to create a meaningful counterfactual we not able to produce robust estimates. On the basis, it could be argued the netting off deadweight, displacement and leakages using estimates based on past evaluations provides a realistic if not conservative provisional estimate of value for money in the absence of an econometric study.

4.0 Learning and Recommendations

In this section we set out learning and recommendations from the Pivot & Prosper pilot

	Learning	Recommendations
Awareness of the rationale of Pivot & Prosper pilot and aims and objectives	<p>For some stakeholders the scheme came out of the blue and they were not sure where its origins were in terms of the formal evidence base. The scheme benefitted from drawing on the tactic and uncoded knowledge of members of the Recovery Taskforce who were able draw on their intelligence to generate a plausible, realistic, and evaluable intervention in response to challenges faced by potential growth businesses in responding to the pandemic.</p>	<ol style="list-style-type: none"> 1. It is likely these stakeholders will require a stronger evidence base being developed to support scaling up the pilot or it's repositioning as a permanent offer targeted at encouraging everyday innovation by businesses to Pivot & Prosper. The types of evidence they might need includes: (a) information on how many businesses might benefit and issues they face (scale and nature of need); (b) evidence on effectiveness of the scheme including case studies of how it is supported everyday business innovation; (c) wider economic impacts and value for money. The first type would involve a synthesis of existing evidence and literature to effectively build the strategic case. This evaluation contributes to second and third types of evidence.
Publicising Pivot and Prosper	<p>There was a view that the scheme may have benefitted from being separately marketed from Step Forward Campaign which started out with sectors that were not eligible.</p> <p>The scheme was launched after the campaign had started and there had been a promotion of scheme aimed the retail sector. Previous communication around retail may have resulted in some eligible businesses with good propositions not coming forward.</p> <p>The joined-up campaign may have caused some confusion amongst some businesses about their eligibility. We were unable to test this with businesses who expressed an interest and did not proceed with an application.</p>	<ol style="list-style-type: none"> 2. Avoid marketing schemes whose eligibility criteria includes specific sectors such as Pivot & Prosper alongside other schemes different sector eligibility criteria.

	However, based on the interviews with businesses in receipt of grant indicated they found out about the scheme through a newsletter, or some cases directly approached by someone who thought they would be eligible and would benefit.	
Preparation of applications	<p>A longer time scale is required for some applicants to develop their proposals. The hurdle of getting three quotes was as a function of not having sufficient time to develop a sufficiently detailed specification for suppliers to bid against. However, in practice the scheme administrators found work arounds for this contingency in that businesses could submit their applications without having secured the necessary number of quotes.</p> <p>The short turnaround time was also contributory factor to the scheme being well received by businesses and meet the imperative to put support in quickly.</p> <p>Generally, the view of the application form was appropriate and had struck the right balance in terms of level of information sought. Business owners interviewed reported it being generally straightforward but would have appreciated automatic notification when it had been submitted and subsequently received.</p>	<p>3. There may be benefits in extending the time available to develop proposals to five to six weeks in a future version of the scheme to test whether this increases the number and quality of applications and whether the scheme's attractiveness of having quicker decision compared to other grants schemes is not adversely impacted.</p> <p>4. Future variants of Pivot and Prosper scheme would benefit from an online system that provides notifications including receipt of application and submission of claims.</p>
Alignment with wider policy objectives	There is scope to align future version of Pivot & Prosper to millennium development goals and carbon neutral agenda through the addition of further criteria. This could involve collecting information related to the metrics reported in the State of Region report published annually by the Combined Authority. While relatively modest in scale the scheme has the potential to contribute to creating good jobs (though there are definitional and measurement issues), supporting innovation health and social care and sustainable goods and services.	<p>5. GBSLEP considers variations of Pivot & Prosper to enable local firms to respond to specific challenges such as decarbonisation.</p> <p>6. Pivot & Prosper maintains a focus on creating and securing good jobs as a precondition to retaining high level of grant assistance.</p>

Evaluation of longer-term economic benefits	<p>Consideration needs to be given to the longer term follow up of assisted businesses and the creation of matched comparison group to answer wider questions around:</p> <ul style="list-style-type: none"> • The extent to which businesses pivoted and grow and prospered rather than survived. • The extent to which businesses refocused on new market opportunities and achieved sustainable growth rather than diversified to survive • Whether companies that pivoted towards meeting customer needs created by the pandemic return to their old markets and business models. • Longer term effects on productivity and growth and the extent to which having to respond to the economic crisis caused by COVID 19 brought forward changes in business models. 	<p>7. GBSLEP secures permission from scheme participants for longitudinal tracking of their performance and their data to be linked to interdepartmental business register to allow the creation of a synthetic comparison group to fully understand longer term economic benefits of the pilot.</p>
Informing future schemes	<p>Out of necessity GBSLEP was innovative in its approach to developing and delivering the Pivot and Prosper pilot including low level matched funding required. The ability to draw on intelligence of key partner organisations to develop a clearly thought through intervention underpinned by a sound programme theory in the form of the logic model set out in Figure 1 was instrumental to the pilot success. This was combined with close collaboration of partners and can-do attitude of Growth Hub and GBSLEP staff ensured effective delivery of the scheme.</p>	<p>8. Where possible GBSLEP should maintain the agility that it has demonstrated in designing and delivering Pivot & Prosper in future schemes and continue to draw on the expertise of its partners.</p>

Annex A. Methodology

This evaluation was structured into two stages.

Stage One

1. To achieve the aims of stage one to be completed by 4th December 2020 so that our report can be distributed in good time for Taskforce Meeting on 15th December we undertook the following activities:
 - a. Desk review of programme documentation
 - b. Interviews with key informants which will be limited to 15 to 30 minutes to limit survey burden on respondents including:

Applicants	Up to 3	<ul style="list-style-type: none">• Obtain their views of the application process including for example the support they may have received from growth hub account manager/advisor and others in putting their application together; the quality of information they received, how they became aware of the programme and any specific challenges they faced.• Understand why they applied for Pivot & Prosper and which alternative form of support they identified and considered• Inform a wider survey of applicants.
Growth Hub advisor / account manager	Up to 2	<ul style="list-style-type: none">• What they consider to be the rationale for the programme and its relative merits and fit with other support available• Their reflection on the application process, the types of company that came forward and support needed in developing their proposal
Programme manager	1	<ul style="list-style-type: none">• In addition to information being sought from Growth Hub account managers their views on the operation of the programme
Selection panel member	1	<ul style="list-style-type: none">• Their reflections on the range and quality of applications• Whether and how the application process might be improved to provide additional information that might be helpful in making their applications
Additional informants	Up to 3	<ul style="list-style-type: none">• We have budgeted for three additional interviews with other key informants that GBSLEP might identify.

- c. Contextual analysis to support evaluation of the representativeness of the successful applicants (e.g. sector, location).

Stage Two

2. In this stage we undertook 10 depth interviews (purposeful sample) of businesses supported by Teams or Zoom which asked questions related to areas of interest set out in the box below. Three of these interviews were follow up interviews of businesses interviewed in Stage 1 (75 per cent follow up) and seven additional businesses. In total we interviewed 11 businesses as part of this evaluation which represents one in five sample of businesses who received Pivot & Prosper grants.

Specifically, GBSLEP is interested in:

- detail on the *actual funding leverage achieved*, including *new jobs created, jobs safeguarded* and impact on *business income* and future *sustainability*;
- qualitative information on the *feedback of the programme from applicants*, including information on the impact of the support provided in the process by GBSLEP and GBSLEP Growth Hub;
- an overview of the *effectiveness of the project to drive business investment / performance* in successful applicant's organisation; and
- a *summary of learning for the LEP* for future programmes and relevant *recommendations for improvements*.

3. In addition to interviews the final version of this report will draw on end of project reports and an online survey of businesses not interviewed. In the online survey we have sought permission from businesses for their responses to be linked to the IDBR to allow us to track businesses over time and potentially create a counterfactual using propensity score matching using a quasi-experimental methodology developed in collaboration with Mark Hart and Steve Roper. This was not costed within this proposal and would envisage bundling a group of similar interventions as part of wider evaluation of business support within the region should there be appetite to do so.

The West Midlands Regional Economic Development Institute
and the
City-Region Economic Development Institute
Funded by Research England

