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Connecting Innovation Summative Assessment Report



May 2023

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Executive Summary

Connecting Innovation, part funded by the European Regional Development Fund (ERDF), was an innovation support and brokerage programme delivered across the Leeds City Region (LCR).¹ It provided the following three broad areas of support, all of which were initially intended to be led by the programme's Innovation Growth Managers (IGMs):

- Assistance to help Small and Medium-sized Enterprises (SMEs) understand and navigate the LCR's innovation support landscape, including brokerage provision
- Direct advice to enhance SMEs' innovation capacity and capability
- Grant funding via the Kickstart Innovation Fund (50% of costs for projects up to £25k) funding and the High Impact Innovation Fund (50% of costs for projects up to £100k)

The programme commenced in April 2020 and will complete delivery in June 2023.² It was managed and delivered by the Leeds City Region Enterprise Partnership (LEP), with the West Yorkshire Combined Authority (WYCA) being its accountable body.

This summative assessment report is a requirement of ERDF funding and is based upon specific guidance provided by the Ministry of Housing, Communities and Local Government (MHCLG).³ The assessment was based on multiple research methods including: documentary and data analysis; detailed interviews with 21 stakeholders;⁵ detailed individual interviews with a sample of participant SMEs; provision of an online feedback survey for participant SMEs; and a review of additional participant feedback collected by the Connection Innovation programme team.

Headline Message

Connecting Innovation was a programme with well-meaning and ambitious objectives based upon clear evidence of need. This level of ambition meant the programme incorporated a variety of roles and provision, not all of which were fully aligned to the delivery of ERDF outputs. The programme's breadth also made it increasingly vulnerable to a series of significant challenges which it faced within its lifetime, many of which were outside of its control. It is to the programme's credit that it recognised these challenges and sought to pivot provision accordingly.

Despite its challenges, the programme did enable engagement with a large number of SMEs from across West Yorkshire. It provided a particularly valuable role in terms of supporting businesses to understand, and access, the broader innovation support landscape, as well as helping them to gain the knowledge required to understand their innovation opportunities more clearly. The programme's grants, although less in volume than originally anticipated, enabled a series of innovative projects and collaborative working which should subsequently generate significant benefits.

¹ Note that the programme covered all nine local authority areas that constituted the LCR prior to April 2021; therefore, any reference to LCR within this report refers to all of these nine local authority areas unless otherwise stated

² Summative assessment guidelines require the report to be completed three months prior to the programme ending

³ Subsequently the Department for Levelling Up, Housing and Communities (DLUHC)

⁴ ESIF-GN-1-033 (v4) and ESIF-GN-1-034 (v4)

⁵ Note that 10 of these stakeholders were interviewed on two separate occasions (interim and final stages)

Key **strengths, challenges and lessons learnt/associated recommendations** are outlined within Section 7 of this report, in line with summative assessment guidelines.

Programme context, rationale and design

The design of Connecting Innovation was based on specific evidence of market failure whilst also being aligned with key policy at the time of its conception. Notably, the programme recognised learning from its predecessor (Access Innovation) and from a report commissioned to understand the LCR's innovation capacity and capability. This evidence identified the need to not only continue providing financial support to SMEs for innovation purposes, but also the importance of wraparound assistance to help navigate the innovation support landscape and build innovation-related capacity.

The programme's design also incorporated a broader remit compared to its predecessor, whereby it sought to deliver a 'needs-led' approach for SMEs, providing assistance to all businesses that engaged with the programme (no matter how minimal in terms of time), and being an independent broker to other available support. Furthermore, it sought to help create a culture of innovation within the LCR. Whilst this holistic approach can be applauded, it did not necessarily align well with the relative confines of ERDF funding (including contractual output targets).

Programme progress and delivery

Despite periods of significant activity and ongoing support provided to SMEs, Connecting Innovation faced a series of challenges throughout its lifetime which significantly impacted its progress and performance. These can be summarised under the following four categories:

- **Programme mobilisation:** The programme experienced a slower start than anticipated, which impacted its progression regarding the establishment of processes and systems, the development of partnerships and promotional activity, initial engagement of (and support to) beneficiaries, defrayal of expenditure, and the generation of outputs. This slow start was linked to interrelated factors including the delay in completion of its predecessor programme (Access Innovation) partly as a result of the Covid-19 pandemic, delayed recruitment/limited resource levels, and an absence of clear guidance and dedicated management support (the programme's Senior Service Manager did not commence their role until September 2020).
- **Covid-19 pandemic:** The pandemic, which emerged during the mobilisation of Connecting Innovation, represented exceptional circumstances. Whilst it created significant challenges for the supply of Connecting Innovation its greatest impact was a reduction in demand for the programme's support – as many businesses focused primarily on survival rather than innovation. Whilst the most severe impact of the pandemic occurred during 2020, its effects continued throughout 2021 and into the start of 2022.
- **Shifting business support landscape:** The innovation support landscape changed significantly relatively soon after the commencement of Connecting Innovation. In particular, Innovate UK launched the Innovate UK EDGE programme at the start of 2021, creating a broader non-financial Innovate UK offer supported by a significant increase in advisor resource. Although welcomed, the development of this expanded national innovation service created some duplication with part of the Connecting Innovation offer, most notably its 12-hour/C4 provision which originally aimed to deliver one-to-one innovation capacity and capability support via the programme's IGMs. This was exacerbated by elements of duplication between the work of the

Local Growth Managers within the LCR and Connecting Innovation's IGMs. As a result, the capacity and capability offer of Connecting Innovation was, to an extent, 'squeezed'.

- **Programme resourcing:** From its very outset, Connecting Innovation experienced significant resource-related issues including delays in initial recruitment, high staff turnover, several periods of staff illness and an inability to recruit. This meant the programme was rarely fully resourced throughout its lifetime, impacting its ability to promote and deliver the programme, placing additional pressure on remaining staff, and reducing expenditure defrayal.

The combined high-level impacts of these four challenges can be summarised as: **a) reduced demand for certain aspects of the programme's offer across its lifetime;** and **b) limited ability to deliver provision as originally planned (particularly in volume terms).** As a result, WYCA sought to amend the programme offer and reduce both its expenditure and output targets⁶ accordingly via two separate Project Change Requests (PCRs) in July 2021 and July 2022 – both of which were accepted.

Positively, the programme engaged relatively significant numbers of SMEs, with 375 individual businesses supported to varying extents by December 2022. Data indicated that many of these received less than 12 hours' support, with a large proportion accessing fewer than 3 hours. This, along with the fact that the programme had also engaged with 93 third party providers by December 2022, highlighted **the importance and likely benefit associated with the programme's navigation, brokerage and referral provision** – as well as general assistance to help address immediate issues and remove barriers. Indeed, feedback from participants and stakeholders (internal and external) referred very positively to this support.

The challenges outlined above were contributing factors towards the delay launching the **Connecting Innovation's two grant programmes**, whereby the first Kickstart Innovation Fund application deadline was not until June 2021 (the original planned launch date was August 2020)⁷ and the first High Impact Innovation Fund deadline was October 2021 (originally expected to be November 2020⁸). Following their launch, demand for the grants was mixed, with 28 ultimately funded (based on data at the time of writing) – considerably below original targets and slightly below revised targets. The most significant challenge for the grants was the fact that a relatively large proportion withdrew – due to the late commencement of the grants, it proved challenging and not always possible to replace these. The majority of businesses and stakeholders consulted referred to the processes involved in applying for and progressing the grants as overly extensive, particularly given their focus on encouraging innovation. Although this is likely to have contributed to some withdrawals, the majority of withdrawals were linked to business-led decisions/priorities. More positively, the grants did fund a wide range of innovative and potentially impactful projects, whilst also enabling collaboration between SMEs and research partners.

The July 2021 PCR included a decision to **procure external support to deliver 60 C1/C4 non-financial assists**.⁹ This replaced part of the original IGM role, partly due to the IGMs finding it difficult to

⁶ Although note that not every output target was reduced

⁷ Note that there were pilot applications in February 2021 to test systems and processes

⁸ Delays to the launch of the High Impact Innovation Fund partly related to the need for WYCA to confirm ongoing demand for the grant, given the changing contextual circumstances since the original programme application – and was subsequently delayed further due to awaiting acceptance of the first PCR

⁹ The procurement requirement was 60 but the successful supplier stated it could achieve 80, and hence was contracted to deliver 80

achieve C4 outputs whilst also providing grants and diagnostic/referral support - the original (and well-meaning) intention of Connecting Innovation to provide a wide range of different support solely via its IGMs was ultimately, therefore, overambitious – placing too much emphasis on this role. The external procurement therefore represented a logical adjustment, but due to several factors (including staff sickness, particularly related to Covid-19) the procurement process did not commence until June 2022 and the provision was not available to SMEs until November 2022 – significantly limiting the time available for delivery. The external contract itself, although ongoing at the time of writing, provided initial diagnostic support followed by access to wide ranging innovation-focused workshops. Feedback indicated that, in many cases, this support focused on progressing the SMEs’ innovation journey, either through continuing the development of a specific innovation project or obtaining additional knowledge and skills (or both). This meant many participant SMEs were subsequently referred to additional alternative support after receiving 12-hours, including Innovate UK EDGE. In this respect, the provision represented a valuable stepping stone to more detailed support.

Programme performance

Data provided in April 2023 demonstrated that Connecting Innovation is projected to achieve or exceed 4 of its 9 revised (from within its second PCR) output targets and also be within 15 per cent of 2 other targets.

Output category	PCR2 revised lifetime target	Achieved at 31/03/2023	Projected final performance (30/06/2023)	% of PCR2 target to be achieved
C1: Enterprises receiving support	107	52	113	106%
C2: Enterprises receiving grants	35	22	28	80%
C4: Enterprises receiving non-financial support	72	30	85	118%
C5: New enterprises supported	7	3	10	143%
C6: Private investment matching public support to enterprises	£762,778	£356,545	£490,939	64%
C8: Employment Increase in supported enterprises	40	35.8	63.8	160%
C26: Enterprises cooperating with research entities	5	4	4	80%
C28: Enterprises supported to introduce new to the market products	24	17	22	92%
C29: Enterprises supported to introduce new to the firm products	34	22	29	85%

Whilst the overall programme output performance was therefore mixed, and it is important to note a large number of outputs are still to be confirmed at the time of writing, the programme is expected to exceed its core C1 target and its primary non-financial target (C4), whilst also significantly exceeding its job creation target (C8). It will not, however, achieve its grant-related targets (C2 and C6) – which will subsequently impact on achievement of C26, C28 and C29 targets. Central to this was the relatively late withdrawal of a significant number of grant applicants.

As noted above, the programme had already engaged 375 SMEs by the end of December 2022, with a significant number (c80) of additional businesses to be engaged during the externally procured C1/C4 contract prior to the end of the programme. This, together with the fact that 52 per cent of businesses receiving a diagnostic received 0-3 hours support and 40 per cent 4-11 hours (none of which will be represented in the outputs above), indicates that the ERDF output performance is likely to be a significant underrepresentation of the programme's overall support.

From an expenditure perspective, the programme is projected to underspend on its reduced PCR2 target by c£640k, achieving 77% of this and defraying £2.14m in total. The challenges outlined above were the key factors contributing to this, most notably the fewer grants delivered than originally projected and the significantly less spend on salaries than anticipated.

Marketing and engagement

Despite limited marketing and promotional work during the programme's first 3-6 months (as a result of the programme's overall slow start), a wide range of different promotional activities were subsequently undertaken – led by Connecting Innovation's dedicated marketing and communications role. Over time, the programme appeared to undertake increasingly targeted promotional activity, for example by promoting its grant opportunities to the medical technologies sector. Ideally, the programme would have benefited from demonstrating impact and associated testimonials earlier in its lifetime, given this targeted work did not commence until late 2022. Referral represented a key engagement route to the programme. Whilst this worked well in many cases, some pathways were not as effective as originally anticipated due to a variety of reasons.

Despite widespread examples of promotional activity, the marketing and engagement function experienced specific challenges which included lower levels of resource than originally anticipated (due to staff turnover and recruitment difficulties), some difficulties associated with cross-team working and sign-off processes, the need to react to the changing focus of the programme over time, and the difficulty of articulating the wide programme remit (e.g. balancing the concept of creating an innovation culture whilst also achieving ERDF outputs). Partly as a result of these challenges, feedback suggested Connecting Innovation was not as well known among the business community, and to a lesser extent the broader business support ecosystem, as it could have been.

Governance and management

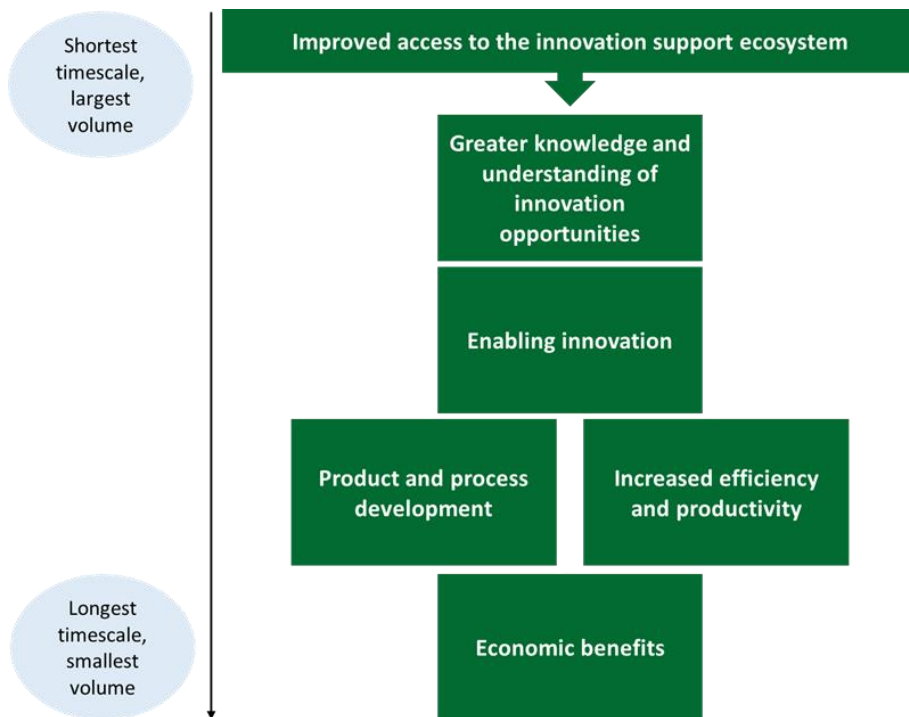
The Connecting Innovation Steering Group was established relatively late into the programme, with its inaugural meeting occurring on 17 November 2021. Whilst the programme did report into the high-level WYCA Business, Economy and Innovation Committee throughout its lifetime, the development of a steering group from the programme's outset may have helped identify and address some of its initial challenges (particularly prior to the Senior Service Manager being appointed).

The initial six months of Connecting Innovation incorporated no dedicated programme management function, prior to the Senior Service Manager's appointment. Following the commencement of this role in late September 2020, the programme developed robust systems, processes and communication methods – leading to improved communication across the team, greater clarity of individual roles and clearer decision making. The programme's robust approach to management processes and systems was relatively commonplace within ERDF-funded interventions – and primarily responded to the strict guidance associated with the Fund, assuring compliance. Whilst many stakeholders understood the need for such robustness, several referred to the processes and administration as too extensive and risk averse, including the lengthy sign-off processes.

Outcomes and impacts

Participant SMEs generally referred positively to the support provided by Connecting Innovation. For example, the evaluation’s survey established that 64 per cent of respondents identified the quality of support as being ‘very high quality’, whilst another 18 per cent stated it was ‘reasonably high quality’. The survey also indicated that respondents’ expectations upon joining Connecting Innovation had largely been met, whereby 73 per cent stated these had been completely met and another 18 per cent stated they had been partly met.

Ongoing delivery of the programme’s activity at the time of writing, together with the long-term nature of expected outcomes associated with the grants, make it difficult to clearly demonstrate a significant body of outcomes and impacts at this stage. However, a review of programme data and documentation, alongside consultation with beneficiary SMEs and stakeholders, did identify a series of headline outcomes. Given the significant variations in the type and volume of support provided to different beneficiaries, these outcomes will have occurred to different extents for each business engaged (and will not have occurred at all for some) – but they nevertheless represent core benefits which were most commonly identified. The outcomes are summarised below.



A key outcome from Connecting Innovation therefore related to its diagnostic, brokerage and referral role – which helped businesses to navigate the innovation support ecosystem and access the assistance they required. Such support, alongside more detailed one-to-one provision and the programme’s grants, also enabled businesses to overcome key barriers, identify and understand specific innovation opportunities, and develop new relationships/partnerships. All these factors should support an increase in actual innovation activity, with several examples of this provided. The grants, in particular, will subsequently generate more significant outcomes with regard to product and process development, increased productivity, and ultimately, economic benefits.

1. Introduction

- 1.1 This report provides findings from the summative assessment of the Leeds City Region (LCR) Connecting Innovation programme. It follows, and builds upon, a separate detailed interim evaluation report of the programme which was submitted in December 2021.
- 1.2 Part funded by the European Regional Development Fund (ERDF), Connecting Innovation provided a specialist innovation support and brokerage service. In addition to direct advice and grant funding, the programme aimed to coordinate, simplify and promote the innovation landscape to Small and Medium-sized Enterprises (SMEs) in the LCR. Key components of its provision can be categorised as follows:
- **Innovation brokerage support, guidance and expertise**, delivered via a team of Innovation Growth Managers (IGMs) until autumn 2022 and subsequently by procured external providers
 - **Kickstart Innovation Fund**, funding up to 50% of costs (to a value not exceeding £25,000) to assist SMEs undertaking collaborative Research and Development (R&D) projects
 - **High Impact Innovation Fund**, funding up to 50% of innovation projects (up to £100,000) which assist SMEs demonstrating industry leading innovation
- 1.3 Connecting Innovation officially commenced on 1 April 2020, with an initial financial and delivery completion date of 31 March 2023. The programme was managed and delivered by the LCR Enterprise Partnership (LEP), its accountable body was the West Yorkshire Combined Authority (WYCA), and its managing authority was the Communities and Local Government (CLG) Unit.¹⁰ Further details of the programme are provided in Section 2.
- 1.4 The structure of this report was designed to align with the UK government's summative assessment guidance.¹¹ Following this introduction, it therefore includes the following:
- Section 2 provides further details of the programme, including its context and rationale
 - Section 3 assesses the programme's progress and performance, including against its contracted expenditure and output targets
 - Section 4 reviews delivery and management of the programme
 - Section 5 assesses the programme's outcomes and impacts
 - Section 6 analyses the programme's value for money
 - Section 7 provides conclusions and lessons learnt

¹⁰ The CLG Unit is a partnership between the Department for Business, Energy and Industrial Strategy (BEIS) and the Department for Levelling Up, Housing and Communities (DLUHC)

¹¹ ESIF-GN-1-033 (v4) and ESIF-GN-1-034 (v4)

- 1.5 The target audience for this summative assessment report includes WYCA, wider stakeholders within West Yorkshire’s business support and innovation arenas (including the West Yorkshire Innovation Network), and the national ERDF evaluator. WYCA will therefore seek to disseminate the assessment’s findings to such audiences via a range of methods.

Assessment methodology

- 1.6 Carney Green was appointed, through a formal procurement process, to undertake an interim and summative assessment of Connecting Innovation. This commenced in October 2021 and incorporated the following two primary phases and associated deliverables:

- Interim assessment (including submission of an interim assessment report)
- Summative assessment (incorporating a summative assessment report)

- 1.7 Figure 1.1 below provides an overview of the evaluation methodology.

Figure 1.1: Overview of evaluation methodology



- 1.8 Further details of the research activities undertaken to date are detailed below.

Interim assessment activities

- Wide-ranging review of programme documentation, in addition to strategic and policy documentation
- Detailed review of programme data, including the Customer Relationship Manager (CRM) system
- Analysis, via consultation and desk-based research, of the innovation business support landscape in the LEP geography since the commencement of Connecting Innovation
- Analysis, via consultation and data review, of the economic context within the LEP geography since the commencement of Connecting Innovation
- Detailed interviews with the following 17 stakeholders, including direct Connecting Innovation representatives and wider stakeholders:
 - WYCA Programme Lead (Clean Growth and Innovation)
 - WYCA Head of Innovation and Digital Policy
 - WYCA Senior Service Manager (Innovation)
 - WYCA Service Manager (Connecting Innovation)
 - 3x IGMs (Connecting Innovation)
 - 2x Connecting Innovation Programme Support Officers
 - 2x Connecting Innovation Marketing and Communications Officers
 - Executive Director, Yorkshire Universities
 - 2x Local Growth Managers (covering different local authority areas within the LCR)
 - Team Leader, RTC North (delivering Innovate UK Edge in the LCR)

- Programme Manager, Product and Process Innovation (PAPI) Programme (University of York) (PAPI is a complementary ERDF-funded referral programme which includes coverage of the LCR)
- SME Engagement Manager, Leeds Beckett University

Summative assessment activities

- Ongoing review of programme documentation, including each individual quarterly ERDF claim, Project Change Request (PCR) documents, and feedback collected by WYCA
- Detailed 1-2-1 interviews with a sample of 4 programme beneficiaries (SMEs)
- Delivery of an online feedback survey made available to programme beneficiaries, completed by 14 respondents
- Detailed interviews with the following 14 programme stakeholders:
 - WYCA Programme Lead (Clean Growth and Innovation)
 - WYCA Senior Service Manager (Innovation)
 - 2x WYCA Service Manager (Connecting Innovation)
 - IGM (Connecting Innovation)
 - 2x Connecting Innovation Programme Support Officers
 - Connecting Innovation Marketing and Communications Officer
 - Independent Technical Assessor for the Connecting Innovation High Impact Innovation Fund
 - Team Leader, RTC North (delivering Innovate UK Edge in the LCR)
 - Senior Innovation and Growth Specialist, RTC North (delivering Connecting Innovation contract)
 - Executive Director, Yorkshire Universities
 - LCR Local Growth Manager
 - Programme Manager, Product and Process Innovation (PAPI) Programme (University of York) (PAPI was a complementary ERDF-funded referral programme which included coverage of the LCR)
- Analysis of latest available programme performance data (outputs and expenditure) and wider data relating to the programme engagement and participation

Rationale for the methodology adopted

- 1.9 The above methodology was selected with regard to the following:
- Recognition of the summative assessment guidelines
 - Consideration of WYCA's Statement of Requirements for the interim and summative assessment, together with its summative assessment plan for the programme
 - The practicalities of consulting different beneficiaries, and recognition of the challenging environment for SMEs within which the summative assessment took place (e.g. Covid-19 and cost of living crisis)
 - Consideration of the programme's anticipated beneficiary outputs and outcomes
 - The allowance of flexibility if the focus or timescales of the programme (and therefore the interim and summative assessment) were to change
- 1.10 Taking the above considerations into account, a theory-based approach to evaluation was appropriate. Self-reporting was the only practical and realistic method for the evaluation to adopt with regard to testing attribution, particularly given the effect of the pandemic and other external factors upon the programme's delivery and the wider SME community. Furthermore, it was unfeasible to utilise either a control group or data comparators to assess a counterfactual in relation to the programme's logic model outcomes – given these focused

on measures such as increased cooperation with HEIs, increased investment in R&D and increased take-up of Innovate UK grants. To support the theory-based approach, consultation with beneficiaries incorporated specific questions around attribution, alongside consideration of ready reckoners from published material.

1.11 The approach to consulting beneficiaries was carefully considered and incorporated detailed 1-2-1 interviews with four beneficiaries as well as the development of an online survey (two variances of the survey were developed, one for beneficiaries that had completed 6-11 hours but not achieved a C1 output, and another for beneficiaries who had completed a C1 output). The beneficiary survey included the following method:

- A link to the online survey was sent via email by a known and visible member of the Connecting Innovation team, using text drafted by the evaluator
- The survey was sent to all beneficiaries achieving the either a C1 output or between 6-11 hours support (being sent to new 'batches' of participants throughout the lifetime of the summative assessment)
- The evaluators provided regular updates of response rates, enabling WYCA to send 'follow up' emails as required

1.12 This approach provided the opportunity for feedback from a wide variety of different participants (e.g. different sizes, sectors, geographies and levels/types of support obtained from the programme) and avoided the survey being 'targeted' towards any specific types of businesses (i.e. it was open to all). In total, the survey received 14 responses.

1.13 When consulting participants the summative assessment ensured a focus on the following:

- Rationale for engaging in the programme
- Expectations regarding the programme's support, and the extent these were met
- Views on the quality of the programme's delivery
- Outcomes and impacts achieved as a result of the programme's support

1.14 Questions regarding outcomes and impacts were partly focused upon assessing achievement of the programme's logic model, developed at the outset by WYCA. As a result, a series of outcome indicators were developed and tested with each beneficiary.

Critique of the evaluation methodology

1.15 Reviewing the effectiveness of the research design, the following observations are noted:

- The lengthy evaluation timescale (c20 months) enabled a sound understanding of the programme to be developed, including recognition of the challenges it faced throughout its lifetime – this was important given the changes which occurred to the programme's delivery focus. It also allowed for the evaluation approach to flex in line with the programme, for example its timescales were amended following acceptance of the first PCR.

- The changing nature of the programme, which refocused its delivery approaches on more than one occasion, made it challenging to evaluate – however, the flexible approach to the evaluation did enable these changes to be reflected.
- The mixed methods approach to beneficiary consultation provided the opportunity for a good variety of feedback, including quantitative and qualitative responses to the online survey alongside more detailed feedback via one-to-one discussions. However, this consultation was challenging due to a relatively significant proportion of beneficiaries that achieved C1 outputs being supported in the latter stages of the project (via grants and through an eternally procured contract). Furthermore, many beneficiaries received valuable support that was minimal in terms of the number of hours assisted; given the limited level of support in time terms, these beneficiaries were naturally harder to engage specifically with regard to providing feedback on the programme.
- Further to the point above, responses to the online beneficiary survey were relatively disappointing, despite ongoing attempts to promote its completion. This aligns with evidence from other recent evaluations, together with feedback from associates/other evaluators, which indicated falling response rates across business support interventions from early 2022. This may be linked to SMEs becoming increasingly busy as they emerged from the pandemic (when response rates were relatively high) and associated challenges related to the cost of living.

2. Background and Context

2.1 This section considers the context and associated rationale within which Connecting Innovation was designed, and also provides further details of the programme.

Rationale and demand

2.2 Two key pieces of work demonstrated the demand for Connecting Innovation and shaped its design. Relevant findings of these are summarised below.

1) Understanding the Region's Innovation Capacity, Capability and Potential¹²

2.3 In 2019, WYCA commissioned RSM to explore the region's innovation capacity, capability and potential. Key findings and considerations for the LEP are outlined below:

Innovation Capacity report – key findings informing the design of Connecting Innovation

- **The need to consider new approaches to business support, including ongoing activity to raise the innovation capacity of businesses** which should be integrated into existing business support mechanisms. This also recognised the importance of flexibility when responding to individual business' innovation needs, supported by the provision of consultancy and mentoring support to enable businesses to develop the soft skills and intangible assets which underpin innovation activity.
- **The need for funding provision to stimulate investment in innovation** across different stages of the innovation journey.
- **A requirement for collaboration and networking to support knowledge diffusion and identify new markets**, including a process to encourage an exchange of ideas and a forum for business-to-business and business-to-Higher Education Institute (HEI)/research meetings.
- **The need to engage with businesses differently whereby, for most businesses, innovation is a process they implement to achieve something else** rather than an objective in itself. The report found that most innovation was incremental and, as a result, speaking with businesses about innovation can sometimes provide limited meaning. Engaging businesses in campaigns which resonate but will also stimulate innovation could therefore be explored.

2.4 These findings were evident in the design of Connecting Innovation, particularly its increased focus (in comparison to Access Innovation) on building the innovation capacity of businesses, a greater level of collaboration across the region (including with broader research entities than just HEIs), and the ongoing provision of funding.

¹² West Yorkshire Combined Authority (June 2019) Understanding the Region's Innovation Capacity, Capability and Potential

2) Access Innovation evaluation

2.5 Connecting Innovation was partially developed as a successor to WYCA's Access Innovation programme, a £5.8m intervention delivered within the LCR between 2017 and 2020. Access Innovation supported SMEs to develop new products and processes through facilitating collaborative relationships with research-focused organisations, particularly universities. It mainly enabled this through providing grant funding (between £10,000 and £200,000), utilised to procure innovation expertise and to access relevant equipment. In addition, some one-to-one innovation support and associated masterclasses/workshops were also provided. Relevant findings from its formative and summative evaluations¹³ are summarised below.

Access Innovation evaluation – informing the design of Connecting Innovation

- **Evidence of demand for innovation support:** Data to December 2019 demonstrated demand for the programme's support, with 695 enquiries to that date. Furthermore, additional support procured during the programme was partly aimed at further developing the R&D pipeline in the region.¹⁴
- **The need for further market building activity:** The evaluation also highlighted the importance of specific market building across the region to raise the innovation capacity/capability of the business base, and further build demand for specialist innovation support.
- **The need to generate a significant pipeline:** The programme's overall conversion rate from enquiry to approval was 11%, highlighting the importance of developing a significant pipeline of applications. The evaluation also identified that IGMs needed to play a more intensive role in marketing and engagement.
- **Assistance with developing proposals:** The evaluation stated there were fewer 'investment-ready' propositions than anticipated, which meant the IGMs provided a greater level of support developing these propositions than originally anticipated.
- **The importance of wraparound support:** The evaluation identified that, whilst access to finance remained important to SMEs regarding innovation, it should be balanced by activity to support business' full innovation journey.
- **The value of brokerage support:** The evaluation explained that the programme had demonstrated a strong need for brokerage to facilitate innovation connections, access to finance, and capacity building support within SMEs.
- **The need for realistic targets:** Whilst Access Innovation demonstrated the demand for grant support to de-risk collaborative innovation projects, its evaluation highlighted the challenge of developing, implementing and completing investment projects within the constraints of an ERDF programme.
- **The need for technical expertise:** The evaluation identified the potential for future interventions to incorporate a technical expert for relevant sectors to assist with appraising grant applications.
- **Inconsistent engagement from HEIs:** The evaluation found HEI engagement was 'variable', with some institutions progressing several collaborative projects whilst others not progressing any. Partly as a result, the programme subsequently allowed collaborations with private sector research partners – this was viewed as successful.

¹³ RSM UK Consulting LLP (May 2020) Access Innovation Summative Evaluation

¹⁴ During the lifetime of Accessing Innovation, it procured external consultants to deliver a programme of 12-hour business supports comprising one-to-one and one-to-many interventions. A key aim of this was to develop the pipeline for R&D support.

- 2.6 The above summary demonstrates that findings from the Access Innovation evaluation were clearly considered within the subsequent design of Connecting Innovation, for example:
- The need to provide intensive support to SMEs, including brokerage, coordination and advisory support (not just financial support) – to help connect the innovation landscape
 - The requirement for a flexible financial offer to de-risk investment in innovation, incorporating academic research partners but also a broader range of innovation partners
 - The importance of providing non-financial support to raise innovation capacity across the business base, particularly as a first step in raising business' understanding of innovation

- 2.7 This is perhaps captured most effectively within the following text from the evaluation:

“Based on the success of the IGM role, and findings of research into the innovation support needs across the region..., there is a strong rationale for a brokerage/connector function which can bring together innovation partners, increase the efficiency and effectiveness of the innovation process, and offer targeted assistance to address specific barriers to innovation-led growth. The findings suggest that this function should be supported by a financial and advisory offer.” [Access Innovation Summative Assessment Report]

Additional factors influencing rationale and demand

- 2.8 The development and design of Connecting Innovation was also informed by various other documents, surveys and policies. For example, the 2017 Leeds City Region Business Survey identified that the main barriers to SMEs innovating were time (34% of respondent businesses) and financial constraints (32%) – hence the programme's design focusing upon providing support/assistance (through the IGMs) and the provision of grant funding.¹⁵
- 2.9 Connecting Innovation's ESIF application and logic model also highlighted demand and rationale for the project. This included lower than average rates of innovation activity in the Leeds City Region compared to other areas of the country, for example:
- Business R&D activity being proportionally six times lower than the East of England region and four times lower than the South East region
 - Low uptake of Innovate UK opportunities (and other innovation support)
 - Low interaction between HEIs and businesses (0.43 against an average of 1)
 - Many SMEs lacking the internal capacity and capability to develop or manage innovation projects – and hence would benefit from advice and account management support
 - The complexity of the region's innovation ecosystem meaning it is difficult for businesses to understand, engage with and navigate – hence the need for brokerage support

¹⁵ Following Connecting Innovation's commencement, the 2020 Leeds City Region Business Survey identified greater positivity and innovation potential within the region, whereby 69% of respondents stated they had previously engaged in innovation (defined as introducing new or significantly improved goods, services, processes or technologies), while 47% had participated in knowledge transfer and 24% had invested in R&D

Subsequent programme design

2.10 Connecting Innovation was therefore designed with recognition to varied research, with the ultimate aim of addressing the relatively low uptake of innovation support in the region. In summary this meant a focus on:

- Providing coordination and brokerage support to help simplify the innovation ecosystem
- Providing grant funding to help de-risk and accelerate innovation
- Providing wraparound support to SMEs during their innovation process
- Helping to foster an increasing innovation culture in the region and supporting SMEs to increase their innovation capacity

Policy context

2.11 The policy context at the outset of Connecting Innovation reflected the importance of innovation from a variety of perspectives, particularly for boosting productivity.

Connecting Innovation policy context - summary

- From a national perspective, the programme sought to support the **UK's Industrial Strategy**.¹⁶ Specifically, this related to the Strategy's 'Ideas' foundation of productivity, which incorporated a target of raising total research and innovation investment to 2.4% of GDP by 2027. Whilst the Industrial Strategy was subsequently replaced by the government's **Build Back Better**¹⁷ plan for growth, this also incorporated innovation as one of the three key pillars for investment. It focused on the creation of the ideal conditions to enable business to innovate and to increase investment in R&D across the country. Following commencement of Connecting Innovation, the **UK Government Innovation Strategy**¹⁸ outlined a long-term vision to ensure innovation is a key component of Build Back Better's plan for growth.
- At regional level, Connecting Innovation sought to align with the **LCR Strategic Economic Plan**,¹⁹ which identified a headline initiative to 'implement coordinated and wide ranging action to radically increase innovation' within its Growing Business strategic priority. More specifically, Connecting Innovation was partly designed to help address two priority activities within the Plan: 1) to deliver high quality innovation products and services; and 2) to maximise the role of universities in innovation and enterprise.
- During 2019/20 the Strategic Economic Plan was refreshed and became the **Strategic Economic Framework**.²⁰ Whilst this highlighted a series of strengths within the region's economy, it also outlined specific challenges. Central to these was the need to boost productivity, which the Framework stated was partly reflected by relatively low levels of businesses investment in R&D and innovation activity. Boosting Productivity therefore formed one of the five core priorities in the Framework, within which sat the need to help businesses to increase innovation. The percentage of businesses engaging in innovative activity represented a key metric within the Framework.
- Subsequent to Connecting Innovation's design, WYCA and its partners developed the **LCR Innovation Framework**. This specifically referenced Connecting Innovation and incorporated a vision for the region

¹⁶ HM Government (2017) Industrial Strategy: building a Britain fit for the future

¹⁷ HM Treasury (2021) Build Back Better: our plan for growth

¹⁸ Department for Business, Energy and Industrial Strategy (2021) UK Innovation Strategy: Leading the future by creating it

¹⁹ West Yorkshire Combined Authority (2016) Leeds City Region Strategic Economic Plan 2016-2036

²⁰ West Yorkshire Combined Authority (2020) Strategic Economic Framework

to be “A place that is globally recognised for developing an open, inclusive, thriving and coherent innovation ecosystem, where SMEs, budding entrepreneurs and individuals are inspired to innovate, and can easily navigate the support landscape and connect and collaborate with others to create new and better solutions for business growth and societal good.” Connecting Innovation’s design was closely aligned to several of the Framework’s 12 priorities, including: *Connecting the landscape; Innovation finance availability; A strengthened HEI and SME relationship; and Increasing adoption of new innovative practices.*

- Connecting Innovation was also designed to address the **LCR ESIF Strategy’s**²¹ challenge of stimulating demand for innovation support across the region’s SME base, and its aim of developing a world-class business support system to promote innovation.
- At the time of its initial development, Connecting Innovation demonstrated strategic fit with the emerging **LCR Local Industrial Strategy**, particularly in addressing the region’s productivity performance. The draft Strategy also highlighted the importance of embedding a culture of innovation in the city region.

2.12 The information above therefore highlights how the programme was designed to ensure alignment with, and support to, key policy and strategic priorities.

Connecting Innovation – programme summary

2.13 Please note this section summarises the programme as it was *originally* designed (prior to any PCRs). Sections 3 and 4 provide details of how it was ultimately delivered.

Programme funding

2.14 Connecting Innovation’s initial funding totalled £4,057,772. This included the following breakdown by source and year, with ERDF monies contributing 50 per cent of funding.

Figure 2.1: Original Connecting Innovation funding breakdown

Funding source	2020	2021	2022	2023	Total
WYCA	£80,145	£256,969	£351,334	£62,513	£750,961
Private ²²	£136,384	£437,289	£597,871	£106,381	£1,277,925
ERDF	£216,529	£694,258	£949,205	£168,894	£2,028,886
Total	£433,058	£1,388,516	£1,898,410	£337,788	£4,057,772

Source: Connecting Innovation Funding Agreement (March 2020)

2.15 This programme’s ERDF funding fell within ERDF Priority Axis 1: Promoting Research and Innovation. Specifically, this related to Investment Priority 1b: Promoting business investment in research and innovation.

Programme objectives

2.16 The original objectives of Connecting Innovation are shown below.

²¹ Leeds City Region LEP (2014) European Structural and Investment Fund Strategy 2014 – 2020

²² Via SMEs match funding programme grants

Connecting Innovation objectives

- Support SMEs to develop new products and processes contributing to productivity gains
- Increase take-up of Innovate UK grants, KTPs, and other national innovation support through offering a simplified and coordinated innovation offer
- Support new and sustained collaborations between SME's and HEIs
- Support SMEs with a greater propensity to undertake future innovation activity through an effective communications campaign aimed at developing an innovation culture and appetite for collaboration within the region's SMEs

Source: WYCA (Statement of Requirements, Connecting Innovation Interim/Summative Assessment)

Eligibility criteria

- 2.17 The Connecting Innovation programme was eligible to self-employed, micro businesses and SMEs which met the following core criteria:

Connecting Innovation core eligibility criteria

- Had an identified innovative product, process or service to develop
- A registered entity (pre-trading or trading)
- Less than 250 employees
- Annual turnover not exceeding EUR 50m (or annual balance sheet not exceeding EU 43m)
- Within an eligible sector (not agriculture, retail or banking and insurance)
- Located within the Leeds City Region (see below)

- 2.18 At the point of Connecting Innovation's application and contracting, the LCR incorporated nine local authority areas. Although the LCR's geographical coverage was subsequently reduced in April 2021 to include only the five West Yorkshire authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield, it was agreed that Connecting Innovation would continue supporting all nine local authority areas.²³ The programme was therefore available to businesses within the following local authority areas:

- Bradford
- Calderdale
- Craven
- Harrogate
- Kirklees
- Leeds
- Selby
- Wakefield
- York

Programme outputs

- 2.19 The original contracted ERDF output targets for Connecting Innovation are shown below.

²³ Therefore, any reference to LCR within this report refers to all of these nine local authority areas unless otherwise stated

Figure 2.2: Original Connecting Innovation lifetime output targets

Indicator	Target
C1: Enterprises receiving support	160
C2: Enterprises receiving grants	60
C4: Enterprises receiving non-financial support	110
C5: New enterprises supported	10
C6: Private investment matching public support to enterprises	£1,277,925
C8: Employment Increase in supported enterprises	35
C26: Enterprises cooperating with research entities	40
C28: Enterprises supported to introduce new to the market products	15
C29: Enterprises supported to introduce new to the firm products	35

Source: Connecting Innovation Funding Agreement (March 2020)

- 2.20 The rationale for the above targets was largely based on the experiences of Access Innovation, but recognised that a greater proportion of the IGMs' time would be spent on innovation support/capacity building with SMEs. The programme's application also noted that it would provide added benefit to a total 250 SMEs, meaning c90 would be assisted with fewer than 12 hours support.

Programme provision

- 2.21 Connecting Innovation was designed to provide a dedicated innovation support and brokerage service which coordinated, simplified and promoted the innovation landscape to SMEs within the LCR. It would therefore form a key element of the overall LCR Growth Service, being positioned as the region's outward-facing innovation service. Whilst Connecting Innovation did have its own ERDF targets, it sought to provide independent needs-led assistance to SMEs to navigate the innovation support ecosystem and develop the capability and capacity to innovate. A summary of programme provision, as originally designed, is outlined below:

Summary of Connecting Innovation provision (as originally intended)

- **Innovation brokerage support and guidance:** Delivered via a team of four IGMs to:
 - a) provide initial diagnostic, simplification and brokerage support – including enabling links with key partners such as Innovate UK, Catapults, HEIs, and other interventions within the region
 - b) support SMEs to access and apply for the programme's grants (see below)
 - c) deliver capacity building support to help SMEs access other innovation opportunities and/or undertake their own innovation
- **Kickstart Innovation Fund:** Supporting up to 50% of project costs up to £25,000 to assist SMEs to undertake collaborative R&D project with a range of organisations, including HEIs and private research partners. Targeted at all eligible sectors for SMEs that were either new to collaborative R&D, or required earlier stage research to move their project forwards to access further investment. Kickstart grants passed straight to award (of the research partner) following application approval. The programme initially aimed to deliver 39 of these grants.
- **High Impact Innovation Fund:** Funding up to 50% of innovation projects up to £100,000 to assist SMEs that could demonstrate industry leading innovation, the utilisation of emerging technologies

and significant impacts within the lifetime of the project. These projects would also ideally address key strategic opportunities in specific sectors, namely health technology, greener economy and industrial digitalisation. The grants required a full tender process to select the final research partner. The programme initially aimed to deliver 21 of these grants.

2.22 The role of the IGMs was critical in delivering the support to SMEs. At the outset of the programme this broadly included two core functions:

- An **enabler**: by helping SMEs to understand their innovation needs and assisting them to access the wide range of innovation support available, and providing account management assistance where appropriate
- A **solution** provider: providing direct links to financial and non-financial support delivered by key partners such as Innovate UK, or by providing either non-financial one-to-one support or grants through Connecting Innovation itself

Governance, management and resourcing

2.23 The WYCA was the Accountable Body for Connecting Innovation, with all management and delivery staff being employed within this organisation and forming part of the LEP.

2.24 From its outset, the primary governance structure that the programme reported into was to be the WYCA's Business, Economy and Innovation Committee. This Committee represents one of the WYCA's six thematic committees, with equal representation from the public and private sector. A programme steering group for Connecting Innovation commenced in November 2021 (see Section 4). Furthermore, the programme also played a central role within the West Yorkshire Innovation Network (see Section 5).

2.25 Funded roles within Connecting Innovation programme (as originally planned) included:

Original planned Connecting Innovation staffing roles

- Senior Service Manager (1 FTE)
- Service Manager (1 FTE)
- IGMs (4 FTE)
- Marketing and Communications Officer (1 FTE)
- Programme Support Officers (PSO) (2 FTE)

2.26 All posts above sat within the Business Support function of the WYCA (within the Economic Services Directorate), with the exception of the Marketing and Communications Officer post, which was within the Policy, Strategy and Communications directorate.

2.27 The Service Manager undertook the day-to-day management of the programme, reporting to the Senior Service Manager. The Senior Service Manager role was designed to provide strategic direction and support the ongoing development of partnerships and networks relating to the programme and the innovation ecosystem more broadly.

3. Progress and Performance

- 3.1 This section provides a review of the programme's progression during its lifetime, as well as analysis of its performance against contracted expenditure and output targets.

Key challenges

- 3.2 Despite periods of significant activity and ongoing support provided to SMEs, Connecting Innovation faced a series of challenges throughout its lifetime which significantly impacted its progress and performance. These are summarised under the following four categories:

- Programme mobilisation
- Covid-19 pandemic
- Shifting business support landscape
- Programme resourcing

- 3.3 Each of these factors are explored in more detail below.

Programme mobilisation

- 3.4 Connecting Innovation officially commenced on 1 April 2020 but experienced relatively limited activity during its first six months, primarily due to the following three factors:

1. Extension of Access Innovation

Access Innovation was originally due to complete in March 2020, prior to Connecting Innovation commencing, but was initially extended to June 2020. Following the emergence of the Covid-19 pandemic in February 2020, Access Innovation faced significant difficulties engaging SMEs it was working with, which created challenges completing projects and obtaining outputs. It was therefore extended further, with its delivery not completed until September 2020, and its final claim being in December 2020.

The delayed completion of Access Innovation impacted Connecting Innovation, whereby both interventions were running simultaneously for a significant period and substantial resources (from an already limited level, see below) had to be deployed to completing Access Innovation. The transition from Access Innovation to Connecting Innovation was therefore delayed, with feedback indicating this inhibited the initial development and mobilisation of Connecting Innovation, and created some confusion among businesses and partner organisations.

Although the unforeseen delays to Access Innovation ultimately created significant challenges for Connecting Innovation, WYCA's plan to ensure a successor intervention was in place at the point Access Innovation's completion was sensible in order to avoid a gap in provision for businesses.

2. Limited initial resource

The above delays to Access Innovation meant less resource than originally anticipated was available to Connecting Innovation in its initial six-month period. This particularly included the Service Manager and Programme Support function, as well as some of the IGM activity. Several members of the programme team were also not in post when Connecting Innovation commenced, for example:

- Three new IGM's needed to be appointed due to the increase in IGMs from 3 to 4 from Access Innovation to Connecting Innovation (2 IGMs from Access Innovation left before/during the initial period of Connecting Innovation) - the three new IGMs officially started their roles in June, July and August 2020²⁴
- The Marketing and Communications Officer did not commence their role until 10 August 2020
- 1.5 (of the planned 2) FTE PSO posts (via 3 individuals) were carried over from Access Innovation, but primarily focused on that programme during the initial 6 months of Connecting Innovation – the remaining 0.5 FTE post commenced on 1 June 2020
- The Senior Service Manager was not in post until late September 2020 (see below)

The above delays in recruitment for the Connecting Innovation programme – and the role of Covid-19 regarding this - were highlighted within a quarterly claim report, which stated:

“The COVID19 outbreak, and subsequent countrywide lockdown has necessarily had an impact on the resources at the Combined Authority. Moving all staff into remote working with all its attendant challenges has seen a slower than anticipated recruitment than envisioned.”

Resource levels continued to be a challenge for Connecting Innovation throughout its lifetime, as explored later in this section.

3. Delayed appointment of the Senior Service Manager

Connecting Innovation's Senior Service Manager was not in post until 28 September 2020. This was partly due to an ongoing restructure within the WYCA's business support function, together with associated delays in the recruitment process.

The delayed appointment created challenges for the programme whereby there was no direct funded role in place to oversee its initial development and progression, or to provide guidance and direction to the team. Several evaluation interviewees highlighted the following impacts partly created by this delay:

- A lack of systems and processes in place – including for the two grants²⁵
- Limited guidance, direction and leadership for team members
- Minimal initial marketing collateral/activity²⁶

The lack of guidance was a particular issue for the IGMs, three of whom were newly appointed²⁷ and had not been involved in Access Innovation.²⁸ As a result, the IGMs sought to engage and support businesses with limited clarity regarding their role - leading to an inconsistent approach to delivery. Furthermore, they were operating without formal systems and processes in place to support them. One IGM commented:

“We were slightly rudderless operationally. So I just muddled through, engaged with businesses and tried to understand on the job – but there were no real formal processes, procedures, assurance or induction.”

The lack of systems also meant an inconsistent approach to recording the activities of the IGMs.

²⁴ Although note that one of the two Access Innovation IGMs that left their roles did not do so until August 2020

²⁵ It is understood a grant application form had been developed prior to October 2020 but no further aspects of the grant process to support this had been developed

²⁶ When the Marketing and Communications Officer was appointed in August 2020 there was no specific Connecting Innovation marketing collateral in place

²⁷ Note that the fourth IGM was part of the original Access Innovation delivery team and continued to work 100% on that programme until the end of its delivery period, as originally agreed

²⁸ Feedback also indicated some of the IGMs had relatively limited experience of certain aspects of the role (for example ERDF funding), and hence required support and guidance

- 3.5 Connecting Innovation therefore experienced a considerably slower start during its first six months than anticipated. This impacted the programme’s progression relating to engaging and supporting beneficiaries, defraying expenditure and generating outputs.
- 3.6 Feedback across the evaluation identified that, following the Senior Service Manager appointment, the programme started to gain momentum. However, this also incorporated a period of stability, with the development and implementation of appropriate processes and systems (including marketing collateral).²⁹ As a result, the programme partially paused its outward marketing and direct business engagement activity until early 2021.

Covid-19 pandemic

- 3.7 The emergence of the Covid-19 pandemic and associated restrictions in early 2020 represented exceptional circumstances. This led to significant challenges for businesses across the UK, including: a substantial reduction in demand for the services/products of many businesses; the need for many businesses to utilise the government’s furlough scheme, therefore reducing staff resources; and the inability to carry out ‘everyday’ work-related activities due to restrictions associated with the pandemic.
- 3.8 The broader impact of the pandemic was evident via a range of publicly available data and information. For example, the West and North Yorkshire Chamber Quarterly Economic Report stated the following in Q3 2020 (prior to the second significant UK lockdown):

“The COVID-19 pandemic has had an unprecedented economic impact on our region. In this quarter we can see that businesses are still feeling the reverberations of the economic downturn in quarter two.”

- 3.9 Specific details of the pandemic’s impact on West Yorkshire/the LCR are summarised below:

Examples of Covid-19 impact on the LCR economy

- The Access Innovation evaluation referenced ONS data showing that 30% of businesses reduced employment and/or hours for workers during the second half of March 2020
- 304,000 jobs were furloughed in West Yorkshire in June 2020; by December 2020 this figure had fallen but remained significant at 112,800
- Out of work benefit claimants in West Yorkshire rose 0.7% from November 2020 to December 2020, reaching 106,300
- When combined, those furloughed and claiming out of work benefits in December 2020 represented 11.5% of the region’s workforce
- 2,000 businesses across the region went into liquidation in January 2021, 45% higher than January 2020
- Also in January 2021, 35% of the region’s businesses stated they had less than three months’ cash reserves – an increase from 28% before the second national lockdown in November 2020

²⁹ An example of this was adapting Connecting Innovation’s systems to fit the WYCA CRM system, which was supported by the creation of a specific working group

- The 2021 Leeds City Region Business Survey, carried out in February and March 2021, established that, over the previous year:
 - Three quarters of businesses saw a negative financial impact from Covid-19
 - 56% had experienced an overall decline in performance, significantly higher than in previous annual surveys (17% in 2019 and 2020)
 - Two-thirds had either furloughed staff or applied to the retention scheme
 - 35% had made workers reduce hours, 26% had asked workers to take on additional tasks, and 16% had moved staff into alternative roles
- Data showed there remained 57,000 people on furlough in the region in June 2021, and 96,600 people claiming out-of-work benefits at the end of July 2021 (71% higher than pre-pandemic levels and 6.6% above the national average)

3.10 Therefore, whilst the most severe impact of the pandemic occurred during 2020, its effects continued throughout 2021 and into the start of 2022 as a result of the Omicron variant and the government’s Plan B measures.

3.11 In addition to its direct economic effects, the pandemic limited the ability of innovation and business support interventions to deliver provision. It has had particularly significant impacts for Connecting Innovation due to the factors outlined below.

High-level summary of Covid-19 impact on Connecting Innovation

- **Timing:** Restrictions associated with the pandemic first commenced approximately a week prior to the official start of Connecting Innovation – restrictions continued to varying degrees until spring 2022 and therefore impacted across the majority of Connecting Innovation’s lifetime.
- **Access Innovation:** As outlined above, the impact of Covid-19 created significant challenges delivering the final stages of Access Innovation. This included disengagement/falling demand from businesses, inability to meet face-to-face, and staff reductions due to contracting Covid-19. This had a subsequent knock-on effect for the resourcing and delivery of Connecting Innovation.
- **Falling demand:** Whilst businesses continued to require support following the emergence of Covid-19, this was more focused on survival (although there were some examples of businesses innovating to survive). The LEP’s 2021 business survey found that 29% of businesses had sought independent advice over the previous year, of which 52% was focused on obtaining Covid-19 related finance/grants and only 6% was related to support for innovation or R&D. Many businesses also had less staff to engage in wider business support projects such as Connecting Innovation. A member of the Connecting Innovation team commented (November 2021):

“Businesses calling the business support helpline were not after innovation support, they wanted help to survive. Also, it was hard for businesses to innovate when staff were furloughed. We are now seeing businesses wanting grants, but they are cautious and have financial concerns in terms of committing to the match funding.”
- **Remote delivery:** Restrictions associated with Covid-19 significantly affected Connecting Innovation’s ability to deliver support as originally planned. This included an inability to deliver face-to-face support to participants for much of its lifetime. Although this enabled some efficiencies, the evaluation of Access Innovation highlighted the benefit of face-to-face engagement.
- **Resourcing:** The pandemic impacted the Connecting Innovation delivery team in terms of staff illness, therefore further exacerbating its general resource challenges (discussed further below).

- **Online systems:** The programme was required to develop online forms and systems. Positively, this occurred relatively quickly, including the use of Signable for electronic signatures. Feedback also indicated a relatively smooth adoption, from a technical perspective, of online methods for meeting with beneficiaries.
- **Marketing approach:** Several stakeholders highlighted the importance of networking to raise awareness of the programme's offer and encourage engagement. Whilst there were opportunities to undertake this using virtual methods, the programme team's ability to attend a significant number of 'physical' events and networks was restricted during much of its lifetime.

Innovation support landscape

- 3.12 Significant changes occurred to the innovation support landscape after the design and commencement of Connecting Innovation. The most relevant of these was the emergence of **Innovate UK EDGE**, in January 2021, as a central component of the government's national and regional innovation offer delivered through Innovate UK (the government's innovation agency). This replaced the European Enterprise Network (EEN) in the UK, a global network delivered by different stakeholders in each country (Innovate UK was the lead partner in the UK). Within the North of England, Innovate UK EDGE is delivered by RTC North.
- 3.13 Whilst EDGE partly replicates previous EEN provision, its innovation focus, scope and volume is greatly enhanced. A summary of EGDE is provided below.

Innovate UK EDGE – summary

- National innovation and growth service, providing bespoke support to help grow and scale innovative businesses - achieving industry and society transforming ambitions
- EDGE's website states that it is a publicly-funded service available to all high potential small to medium sized innovation-driven companies (including Innovate UK grant winners)
- Once engaged, businesses are provided with a dedicated Innovation and Growth Specialist (IGS) to work with their leadership team and understand their needs
- The IGS' identify the most effective strategy to accelerate the business' growth/maximise its potential
- Whilst each business receives a bespoke strategy, common priorities include:
 - **Building capacity for innovation:** developing a commercial strategy and building a team to deliver it, protecting and harnessing IP, improving innovation management, and accessing the innovation ecosystem globally
 - **Sourcing funding and finance:** applying the right strategy to secure grants and capital for businesses, enhancing investor appeal, and becoming investment-ready
 - **Opening new markets:** creating connections to partners, leveraging insights to expand into vertical and international markets
- The EDGE IGS' have access to a wide range of resources, both within and beyond the Innovate UK family – examples include: Catapults; Pitchfest; Live global partnership opportunities; Global Business Innovation Programme (GBIP); Global Incubator Programme; Scaleup Programme; Intellectual Property Office (IPO); Laboratories; Universities; Innovate UK Knowledge Transfer Network (KTN); British Standards Institute (BSI); British Business Bank – UK Innovation Investment Fund (UKIIF)

- 3.14 UK EDGE representatives highlighted the programme's significant resource increase during 2021, with 42 senior IGS' working in the north of England (in addition to other IGS' working

specifically on new markets, Scaleup and supply chain activities) – meaning resources in the north had more than doubled. This partly reflected additional resource linked to addressing the impact of Covid-19, but discussions at final evaluation stage demonstrated that these numbers had remained stable into 2023. Although EDGE’s overall focus is upon high potential businesses, including technology-related innovation, this broadened during 2021 to include a wider-ranging package of support for businesses such as in-depth one-to-one support and coaching,³⁰ and reference to a brokerage role.

- 3.15 The development of this expanded national innovation service through Innovate UK EDGE is welcomed, providing additional support and expertise to businesses regarding innovation. However, the breadth of its offer, together with its significant resource and profile, created some duplication (and confusion) with part of the Connecting Innovation offer. Whilst EDGE does provide some brokerage and referral, and links to financial support for businesses, the greatest duplication related to Connecting Innovation’s 12-hour/C4 provision which originally aimed to deliver one-to-one innovation capacity support via its IGMs. Connecting Innovation recognised this duplication within its reporting at the start of 2021, and referred to it in subsequent reports. For example, the Q2 2021 report stated:

“Over the past 12 months more support [i.e. external to Connecting Innovation] has been focused towards supporting businesses to innovate to survive and thrive, which has also had an impact on some of the unique selling points of the Connecting Innovation programme. Our support is still exceptionally valued by the business community, but with a developing programme of support now being commissioned and delivered by Innovate UK, through their newly branded ‘Edge’ programme, the offer of the direct support available through Connecting Innovation is no longer as unique as it was when the programme was originally commissioned.”

- 3.16 Several evaluation consultees (at both interim and final stage) also referred to the additional levels of expertise, knowledge and experience amongst EDGE’s IGS’ in comparison to Connecting Innovation’s IGMs. This was due to the broader range of individuals working within EDGE, as well as (anecdotally) significantly higher remuneration. This meant that EDGE’s IGS’ were often viewed as better placed to deliver innovation capacity building support to businesses.
- 3.17 In addition to the pressure on Connecting Innovation’s offer from Innovate UK EDGE, several evaluation consultees also referred to examples of the LEP Growth Service’s (local authority-based) **Local Growth Managers** duplicating parts of Connecting Innovation’s IGM provision.

³⁰ A business is typically supported for between 21 and 50 hours, often over the course of several months depending on their needs

Although not by design, there appeared to be some crossover between the two roles. Whilst Growth Managers provided a broader range of non-innovation support, their role did include brokerage and the provision of 12-hours' support to businesses.³¹ Although the intended approach was for the Growth Managers to refer SMEs to Connecting Innovation when an innovation need was identified, there were some examples of innovation-related support provided directly by the Growth Managers (e.g. IP, support to develop innovation funding bids). Hence the introduction of Connecting Innovation to some extent created a challenge to identify where the role of the Growth Managers started and finished.

One Local Growth Manager, who had a positive working relationship with their IGM, commented on the challenge for Connecting Innovation in delivery 12-hour assists:

“There were lots of innovation programmes, so we could refer to all sorts of different interventions; it was the grant funding that businesses needed most from Connecting Innovation. In addition, we have significant knowledge and experience, as well as existing relationships with many businesses, so we could provide a lot of non-financial support ourselves.”

The same Local Growth Manager commented very positively on the diagnostic and brokerage role of Connecting Innovation's IGMs, explaining that they referred businesses to Connecting Innovation if they were at the start of their innovation journey and needed support to identify next steps. However, if the business had a very clear innovation idea already developed the Growth Manager tended to refer them to other interventions such as Innovate UK EDGE and PAPI.

- 3.18 In summary, an increasingly crowded innovation support landscape occurred following the commencement of Connecting Innovation, leading to greater duplication and competition regarding the delivery of the programme's one-to-one support to SMEs – whereby other providers could deliver more innovative, flexible and extensive support to build their innovation capacity and expertise. Whilst other aspects of the programme remained beneficial for SMEs, this would only materialise if they were signposted to, or made aware of, Connecting Innovation.

Programme resourcing

- 3.19 As outlined above, Connecting Innovation experienced limited resource availability during its initial six month mobilisation period. This appeared to have been addressed following the appointment of the programme's Senior Service Manager in September 2020. However, following a 4-6 week period of full capacity from October 2020, the programme faced significant and ongoing staff disruptions throughout its lifetime – as summarised below.

³¹ The Growth Managers were part of their own ERDF-funded programme which included C1/C4 targets

Connecting Innovation – resourcing disruption from 2021 onwards

Innovation Growth Managers

- One of the four initial IGMs left their role on 28 February 2021 - recruitment for the vacant position closed on 14 April 2021 with no appointment and a decision not to re-release the post due to changes made to the programme via a PCR (detailed later within this section)
- One of the remaining three IGMs left their role in Q1 2022 – following consultation with CLG, a decision was made not to replace this role given the long lead time to recruit and train an individual with the required skillset (recognising the limited time left for programme delivery)
- Instead, it was decided to recruit a new service manager role to work alongside the existing service manager, focused on managing the procurement and delivery of an externally procured contract to deliver C4 outputs and to support grant report writing to enable the remaining IGMs to focus on business engagement - this post was listed on the 22 March 2022, but no suitable candidate was found – ultimately, an internal candidate was appointed in July 2022 to oversee the procured contract
- The remaining two IGMs subsequently left their roles in August 2022 and October 2022 – a decision was made not to replace these IGMs due to the following factors:
 - the limited timescales remaining within the programme
 - the difficulties (and timescales involved in) recruiting and training IGMs
 - the fact that the window for grant applications had passed
 - the recent procurement of an external provider to deliver C4 outputs

Senior Service Manager

- Having not been appointed until 28 September 2020, the Senior Service Manager subsequently suffered two relatively significant periods of Covid-19 sickness absence, primarily during the first half of 2022 and also in early 2023

Service Manager

- The original Connecting Innovation Service Manager left their role on 13 April 2021, being replaced by a new Service Manager on 17 May 2021
- A recruitment process took place in 2022 to recruit a second Service Manager to oversee the procured C4 contract, but a suitable candidate was not found – ultimately, an internal WYCA staff member was allocated to oversee the C4 contract from July 2022
- The primary Service Manager (appointed May 2021) left on 6 February 2023 – an advertisement with a closing date of 8 January 2023 led to a replacement commencing their role on 1 April 2023

Programme Support Officers

- One of the (2) 0.5 FTE PSOs left their role in December 2020; with the other existing 0.5 FTE PSO becoming FTE from 1 February 2021 (alongside the other 1 FTE PSO)
- The other 1 FTE PSO was on sick leave for much of the period between January 2021 until they left their role in May 2021; a replacement was not appointed until 2 August 2021 – hence there was only 1 FTE for much of the period between January and August 2021
- One of the 2 FTE PSOs then left their role on 25 March 2022, with a replacement not in place until 6 June (despite the post being immediately relisted on 21 March with a closing date of 4 April)
- Subsequently, the other remaining PSO left their role in December 2022, meaning only one PSO was in place - the programme advertised for a replacement, with a new PSO in place on 13 March 2023

Marketing and Communications Officers

- The Marketing and Communications Officer reduced their working hours to 2 days a week in July 2021, with an additional (part-time) Marketing and Communications Officer officially commencing their post on 27 September 2021 - these 2 roles constituting 1 FTE post
- The original Marketing and Communications Officer left their role in early February 2022 – this role was advertised and an applicant selected for interview, but ultimately no suitable candidate was found
- As a result, the marketing element of the programme was under resourced for much of its lifetime

- 3.20 As indicated above, not only did the programme suffer from staff retention problems but it also faced challenges recruiting, with several posts advertised and no suitable individual applying. Factors which may have affected this included:
- The programme being a time-limited intervention, reducing the permanency of the advertised posts (fixed term contracts, including within a programme that had limited time left when some of the posts were advertised)
 - Lower remuneration for some posts relative to competitors (a specific example here related to the remuneration offered to Innovation Growth Specialists/Managers through Innovate UK EDGE compared to Connecting Innovation/WYCA)
 - Relatively high general employment rates
- 3.21 In summary, the programme faced significant resource-related issues from its outset. This significantly impacted its ability to promote and deliver the programme, placed additional pressure on remaining staff, and reduced expenditure defrayal.

Impact of challenges faced and programme response

- 3.22 The above challenges faced by the programme had two high level impacts:
1. Limited demand for certain aspects of the programme's offer across its lifetime
 2. Limited ability to deliver provision as originally planned (particularly in volume terms)
- 3.23 These impacts were initially evident via the programme falling behind its profiled output and expenditure targets, as documented within quarterly monitoring reports and the interim evaluation. For example, the programme did not achieve its first outputs until Q2 2021 when it recorded one C1/C4 output, over a year into its delivery - the programme's original profiled targets had forecast 42 C1 outputs by the end of Q2 2021. Despite this, there was evidence of increasing demand for the programme, as demonstrated via enquiries and diagnostic conversations shown in the table below.

Figure 3.1: Contact forms and diagnostic conversations (Sept 20 to Jun 21)

Date	30 September 2020	31 December 2020	31 March 2021	30 June 2021
Numbers submitting contact forms (cumulative)	33	73	106	136
Numbers having diagnostic conversations with IGMs (cumulative)	18	59	76	98

Source: Connecting Innovation Quarterly Claim Reports

- 3.24 The figure above highlights a steady increase. However, this demand was broadly lower than anticipated, particularly given that evidence from Access Innovation demonstrated the need for a significant volume of initial engagements in order to create sufficient outputs. Furthermore, feedback indicated that support required from SMEs was generally less

intensive than originally anticipated – whereby businesses either required lighter touch support or had less available time to engage (due to a focus on survival and reduced staffing levels) – hence support was necessarily provided across fewer hours or delivered over a longer time period. This led to challenges achieving C2 and C4 output targets.

3.25 In addition to these demand issues, the *supply* of the programme’s support also affected its progression against targets. Key factors here included:

- Resourcing, whereby the programme almost never had its full complement of resources and new staff had to become accustomed to the programme – this limited the speed at which the programme could support businesses and generate outputs
- Delays commencing delivery of the programme’s grants, whereby the first Kickstart application deadline was not until June 2021 (the grant was originally expected to launch in August 2020) and the first High Impact application deadline was October 2021 (originally expected to commence November 2020)
- Based on feedback from a range of consultees at interim and final evaluation stage, the relatively limited experience and knowledge of all but one of the programme’s IGMs to deliver *all* aspects of their role (which had been expanded since Access Innovation) – most notably this meant significant challenges achieving C4 (12-hour) outputs whilst also promoting and supporting delivery of grants

3.26 In response to these challenges, an initial PCR was submitted by the programme in July 2021. This is summarised below, incorporating an extension to programme timescales and a ten per cent reduction in expenditure. It also included a ten per cent reduction of C1 outputs but – in recognition of the changing business support landscape – increased the C2 grant outputs and reduced the C4 12-hour outputs.

Summary of Connecting Innovation PCR1 (July 2021) – submitted July 2021, accepted by CLG August 2021

- Extension of the programme’s financial completion and activity end dates by three months to 30 June 2023 – to enable maximum outturn from support provided to beneficiaries prior to this extension period
- A 10% reduction in total programme expenditure, reducing the total value by £414k from £4.06m to £3.64m (the ERDF intervention rate remained at 50%) - within this overall 10% reduction, there was some variance between different cost categories:
 - Salary costs reduced by 20% due to delays initially recruiting staff, subsequent staff turnover, and the inability to recruit suitably qualified staff at the level required (particularly IGMs)
 - Some of the salary category’s allocation was moved to consultancy - with additional expertise to be procured from external experts (mainly to deliver C1/C4 outputs) and the programme to only incorporate 3 IGMs rather than the originally planned 4
- Aligned to the overall reduction in funding, a 10% reduction in the programme’s C1 output targets, along with (broadly) 10% reductions in the following related targets: C5, C6, C8, C26, C28 and C29
- Recognising a shift in the innovation support landscape, challenges for IGMs in delivering 12-hours’ eligible support, and perceived demand for the programme’s grant offer, the PCR incorporated a 50% increase in C2 outputs (i.e. the grant offer) and a 50% reduction in C4 outputs
- Reprofiled of funding/outputs to more accurately reflect their likely defrayal/achievement timescales

3.27 This PCR was appropriate and sensible given the challenges faced by the programme at the time – but was partly reliant on three factors: 1) there being sufficient demand for the programme’s grants; 2) the programme’s ability to process and deliver the grants within a relatively short timescales; and 3) the ability of the programme to successfully procure consultancy support to enable C4 outputs to be delivered within the required timescales.

Post-PCR1

3.28 Following the 2021 PCR, the programme began to gain momentum in the latter part of 2021 and into 2022. This was supported by a relatively stable period of staffing, a series of applications for both grant funds, and a continuing steady increase in the number of SMEs engaging with the programme. For example, by summer 2022 the programme had:

- Engaged 348 SMEs, of which 74 had received at least 3 hours’ of evidenced support
- Approved 19 and completed 8 Kick Start grants, and approved 7 High Impact grants - with a total value of c£500k
- Successfully supported delivery of the West Yorkshire Innovation Festival in 2021 and planned delivery of the second Festival for October 2022

3.29 Despite this period of positivity for the programme, it continued to face challenges as 2022 progressed. This was again evident with regard to progress against output and expenditure targets. For example, at the end of June 2022 the programme was significantly behind the majority of its profiled output targets for that point in time, as shown below. At the same point in time, the programme had spent £996k against a profiled PCR1 target of £1.673m.

Figure 3.2: Progress against profiled output targets (June 2022)

Indicator	PCR1 target	Profiled PCR1 target for 30 June 2022	30 June 2022 actual performance
C1: Enterprises receiving support	144	55	10
C2: Enterprises receiving grants	90	35	8
C4: Enterprises receiving non-financial support	54	19	2
C5: New enterprises supported	9	4	0
C6: Private investment matching public support to enterprises	£1,166,000	£396,550	£100,316
C8: Employment Increase in supported enterprises	32	6	2
C26: Enterprises cooperating with research entities	36	14	0
C28: Enterprises supported to introduce new to the market products	14	3	8
C29: Enterprises supported to introduce new to the firm products	32	9	8

Source: Connecting Innovation Quarterly Claim Reports

- 3.30 The problems faced by the programme remained similar to those experienced previously. **Resourcing** continued to be a major challenge, with two of the remaining three IGMs leaving their roles in January and August 2022 respectively, the Senior Service Manager experiencing a period of Covid-19 sickness absence in the first half of 2022, one of the two PSOs leaving their role in March 2022 (and not being replaced until June 2022), and one of the two Marketing and Communications Officers departing at the start of February 2022 (the programme was unable to successfully appoint a replacement). Key impacts of this included:
- An inability to progress the grant element of the programme as rapidly as anticipated
 - Delays procuring external innovation support to deliver C4 outputs (this was to be led by the Senior Service Manager who was absent on Covid-19-related sickness leave)
 - A reduction in programme expenditure levels associated with the above two factors and the generally lower level of resource than anticipated
- 3.31 The programme's **grants** became a focus of activity following the first PCR, with the first round of applications for Kickstart received in June 2021 and High Impact in December 2021. Whilst the grants are explored in more detail within Section 4, feedback and a review of documentation demonstrated the following:
- Although there were a relatively significant number of applications, these were not as substantial as expected
 - The High Impact grants took longer to progress (i.e. prior to commencing activity) than initially anticipated due to the complexity of the projects and the need for applicant businesses to adhere to procurement regulations (e.g. using Contracts Finder)
 - The Kickstart grants took longer to complete due to a range of issues, including those related to changing business priorities and joint working with innovation collaborators
- 3.32 The most significant challenge for the grants was the fact that 9 (of 32 approved grants) businesses either withdrew from the Kickstart fund and/or had their Grant Funding Agreement cancelled and five withdrew from the High Impact Fund. These withdrawals are explored in more detail in Section 4, but led to a shortfall in C2 and C6 outputs as well as associated expenditure. They generally occurred late within the programme's lifetime, and hence could not be replaced. As a result, the programme ultimately supported 23 Kickstart projects and 5 High Impact projects³² – having received 34 Kickstart applications and 10 High Impact applications.

³² Note that not all of these have been formally completed or claimed at the time of writing

- 3.33 **Procurement of the contract for an external innovation specialist to deliver C4 outputs** (as outlined within PCR1) was originally envisaged to commence in Q1 2022. This was delayed primarily due to the long-term sickness absence of the Senior Service Manager, with the tender process not ultimately going live until 6 June 2022 and closing on 1 July 2022. The selected supplier (RTC North) was initially appointed in July 2022 but delivery did not commence until early November 2022 (this is discussed in more detail in Section 4). As a result, the delivery of the C4 contract did not start until considerably later than originally planned – it would clearly have been helpful for the WYCA to have prioritised and commenced this process earlier in 2022.
- 3.34 A further issue which may have affected the programme during 2022 was the recovery of demand for innovation support post-Covid not being as significant as originally expected. WYCA, within Connecting Innovation’s second PCR in summer 2022 (see below), stated:
- “The recovery of innovation support demand has not been as strong as expected post COVID-19, which has had an effect on current delivery. It was anticipated that the recovery from the pandemic would be stronger, but economic pressures nationally and in the region have proven otherwise, and business interest in innovation expenditure has been significantly depressed by the need to focus on other issues.”*
- 3.35 This reference to national economic pressures particularly related to additional challenges faced by SMEs in 2022 partly relating to the war in Ukraine, including **increasing energy costs, rising inflation and a general cost of living crisis**. The LCR Strategic Growth Survey,³³ undertaken in July 2022, identified the following:
- Optimism had started to fall among businesses compared to levels found in the previous survey in December 2021 – linked to continuing increases in energy prices and inflation
 - Aligned to this, businesses’ growth expectations had fallen compared to December 2021 – the importance of ‘economic conditions’ as an obstacle to growth had increased sharply from 41% to 59%, reflecting rising costs
 - Whilst there was an overall increase in the level of interest in business support, this was focused upon support for training (increased from 31% to 46%) and recruitment (27% to 39%) as well as access to finance for growth (29% to 44%) – in contrast, support for new product development increased by only 6% (25% to 31%)
- 3.36 Despite the various challenges outlined above, which impacted the achievement of outputs and expenditure, the programme was able to engage with relatively significant numbers of SMEs – data at the end of 2022 demonstrated it had engaged with 375 individual SMEs to some extent. However, the challenge the programme faced was converting these

³³ Leeds City Region Enterprise Partnership (September 2022) Strategic Growth Programme Survey

engagements into ERDF outputs – with the majority accessing low level/less intensive (but nevertheless valuable) support such as navigation and brokerage.

- 3.37 Given the continued challenges faced by the programme during 2022, and following discussions with CLG, a decision was made to submit a second PCR in June 2022. This was based upon an acceptance that the programme would be unable to recover in time to achieve its financial and output targets by the end date of June 2023. It therefore incorporated a further and more significant decommitment of funds, and a corresponding reduction in programme outputs. Whilst the overall number of C1 outputs, as well as the C2 grants, reduced, the programme increased its C4 12-hour targets in recognition of the soon to be procured external innovation support.

Summary of Connecting Innovation PCR2 (July 2022) – submitted July 2022, accepted by CLG July 2022

- A reduction in the total value of the programme from £3.644m to £2.777m (24%), with the ERDF intervention rate being 49%
- Changes to outputs are summarised below, with the most significant reductions being C2 grants, reflecting the pipeline of grants approved at the time (the C6 reduction was also based on approved grants)
- The increase in C4 outputs reflected the imminent (at the time) procurement of an external provider to deliver 12-hour assists
- C8, C28 and C29 output targets all increased based on approvals and applications at the time of the PCR
- C26 targets reduced significantly due to the changing nature of demand and associated support, including limited engagement of HEIs in the programme

Indicator	PCR1 target	New target (PCR2)	% change
C1: Enterprises receiving support	144	107	(-26%)
C2: Enterprises receiving grants	90	35	(-61%)
C4: Enterprises receiving non-financial support	54	72	33%
C5: New enterprises supported	9	7	(-22%)
C6: Private investment matching public support to enterprises	£1,166,000	£762,778	(-35%)
C8: Employment Increase in supported enterprises	32	40	25%
C26: Enterprises cooperating with research entities	36	5	(-86%)
C28: Enterprises supported to introduce new to the market products	14	24	71%
C29: Enterprises supported to introduce new to the firm products	32	34	6%

- The timing of output targets also changed relatively significantly, with a large proportion being moved into 2023 – this reflected the existing performance and pipeline of the programme, including deliver of the procured C4 contract

Programme expenditure – performance

3.38 The table below shows the programme’s performance against its revised (PCR2) expenditure target, both at 31 March 2023 and its projected final performance (based on a detailed profiling of remaining costs). This demonstrates that, at 31 March 2023, the programme had spent only 60 per cent of its PCR2 expenditure target. By 30 June 2023, it is projected that the programme will have spent 77 per cent of its full PCR2 allocation. Despite being projected to fall short of its revised target, this projection still represents a significant level of expenditure in the programme’s final quarter and therefore incurs an element of risk –the most significant elements of this relate to the final defrayal of several grants alongside payments made to the externally procured contractor.

Figure 3.3: Performance against expenditure targets

Funding source	Original lifetime target	PCR2 revised lifetime target	Achieved to date (31/03/2023)	Projected final performance (30/06/2023)	% of PCR2 target to be achieved
Salaries	£1,395,584	£1,005,549	£854,704	£905,932	90%
Flat rate indirect costs	£209,338	£150,833	£127,959	£135,643	90%
Other revenue	£2,330,350	£1,406,781	£622,392	£896,745	64%
Marketing	£27,500	£27,500	£18,699	£18,699	68%
Consultancy	£95,000	£186,659	£33,910	£180,558	97%
Total	£4,057,772	£2,777,324	£1,657,664	£2,137,576	77%

Source: WYCA (April 2023)

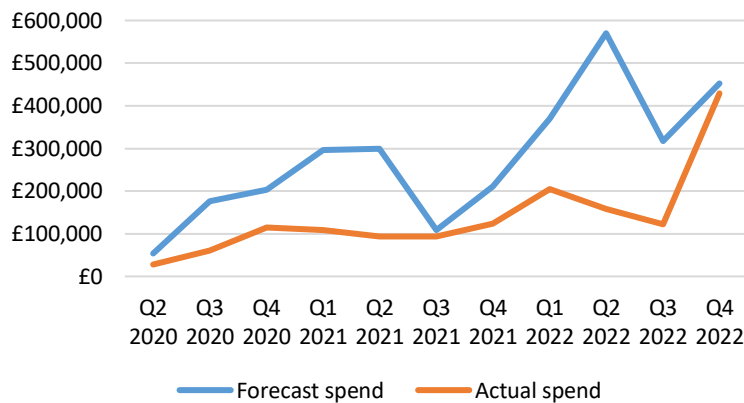
3.39 Overall, this therefore represents a generally disappointing performance in expenditure terms against an already significantly reduced target, with an expected £640k underspend. The key contributory factors behind this underspend, and the two separate PCRs which both reduced the programme’s expenditure, have been covered in the sections above. The two most significant of these were:

- Fewer grants delivered than originally projected, both relating to less demand than anticipated and several withdrawals from approved grants (the programme was also unable to replace these due to the grant funds commencing later than originally planned) – this therefore reduced overall programme spend and private sector match funding, whereby the ‘other revenue’ category is forecast to contribute £510k of the expected £640k programme underspend
- Significantly less spend on salaries than originally forecast due to not all resources being in place from the start of the programme, high staff turnover, and difficulties replacing staff that left (contributing to £100k of the expected programme underspend) – the IGMs provided a clear example of this, whereby for almost all the programme there was less than the originally planned four IGMs, with this number diminishing to two in January 2022, one in August 2022 and zero from October 2022

3.40 Underspend was also associated with lower marketing spend than planned (partly due to limited marketing resource), and reduced travel and subsistence due primarily to Covid-19 restrictions.

3.41 As a result of these challenges, every quarter of the programme until the end of Q4 2022 experienced an underspend against profiled spend (based on the most recent agreed profile at that time). This is evident from the diagram below, which shows actual spend versus profiled spend. The dip in the forecast spend for Q3 2021 and Q3 2022 represent the revised spend profile following PCR1 and PCR2 respectively. A sharp rise in actual spend is evident in Q4 2022, primarily due to the completion (and therefore payment) of several of the programme's grants.

Figure 3.4: % of profiled expenditure defrayed by quarter



Source: Adapted from data provided by WYCA (February 2023)

Programme outputs – performance

3.42 The table below shows the programme's performance against its revised (PCR2) output targets, based on latest data from 31 March 2023 and its projected final performance (linked to detailed pipeline data). This demonstrates that Connecting Innovation is projected to achieve or exceed 4 of its 9 revised PCR2 output targets, including its core C1 target – and also be within 15 per cent of 2 other targets. It is evident that:

- The programme is expected to overachieve its C4 target as a result of its externally procured contract, which will subsequently enable its overall C1 target to be exceeded – although note that the projected C4 targets are reliant on a significant uplift in outputs between the end of March and the end of June, based on the ongoing delivery of the externally procured contract at the time of writing (hence there is some risk here)
- The C2 grant target, and the associated C6 private investment target, will not be met – with the latter falling significantly short of target. As referenced previously and explored

in Section 4, this was linked to several factors but in particular was affected by grant withdrawals

- The project is expected to significantly exceed its C8 job creation target, with this almost fully achieved at 31 March 2023 – these jobs are linked to the programme’s grants
- The programme is expected to be within 8% and 15% of its new product to firm and new product to market targets – the shortfall in these is linked to the lower number of grants than anticipated

Figure 3.5: Performance against output targets

Output category	Original lifetime target	PCR2 revised lifetime target	Achieved to date (31/03/2023)	Projected final performance (30/06/2023)	% of PCR2 target to be achieved
C1: Enterprises receiving support	160	107	52	113	106%
C2: Enterprises receiving grants	60	35	22	28	80%
C4: Enterprises receiving non-financial support	110	72	30	85	118%
C5: New enterprises supported	10	7	3	10	143%
C6: Private investment matching public support to enterprises	£1,277,925	£762,778	£356,545	£490,939	64%
C8: Employment Increase in supported enterprises	35	40	35.8	63.8	160%
C26: Enterprises cooperating with research entities	40	5	4	4	80%
C28: Enterprises supported to introduce new to the market products	15	24	17	22	92%
C29: Enterprises supported to introduce new to the firm products	35	34	22	29	85%

Source: WYCA (April 2023)

3.43 In addition to the reasons for output performance outlined above, several other factors (as referenced previously) also contributed to changes in the original programme targets:

- Slower than anticipated start to the programme, partly linked to the extension of Access Innovation
- Ongoing resource challenges, including staff turnover, sickness and recruitment difficulties
- The economic impact of Covid-19 and associated restrictions, particularly on the demand for innovation activity and support
- Competing support provided by other interventions, particularly Innovate UK EDGE

- The limited ability of the programme’s IGMs to deliver (or evidence) C4 12-hour assists whilst also providing initial diagnostic/brokerage support and grant assistance
- 3.44 Whilst the overall programme output performance was therefore mixed, Connecting Innovation was successful in engaging with a relatively large number of SMEs. This is evident within programme data from 5 April 2023 which demonstrates the following – it is important to note here that this data does not include support delivered through the programme’s externally procured C4 contract (ongoing at the time of writing), hence it there are expected to be up an additional 80 SMEs supported on top of these:
- 380 West Yorkshire-based SMEs were engaged by the programme, receiving a variety of support including navigation and brokerage
 - The programme worked with 93 third party support providers as part of its navigation and brokerage role (based on data from January 2023)
 - 132 businesses had received a diagnostic from Connecting Innovation’s IGMs
 - Data from 130 of these 132 businesses shows that 67 (52%) received 0-3 hours support, 52 (40%) received 4-11 hours support, and 11 (9%) received 12 hours or more support
- 3.45 In addition to the above data not including support delivered through the programme’s externally procured C4 contract, it is also likely to be a significant underrepresentation of that delivered by IGMs – whereby feedback from several stakeholders highlighted that two of the three IGMs did not record a significant amount of time they spent with participants, particularly when working with them towards grants (C2 outputs); this is discussed further in Section 4.
- 3.46 Overall, the above data suggests that the programme performed relatively positively with regard to its diagnostic, navigation and brokerage – certainly in terms of engaging with large numbers of businesses.

4. Delivery and Management

- 4.1 Section 4 provides further qualitative analysis of the programme's implementation, specifically around its delivery and management.

Marketing and promotion

- 4.2 Connecting Innovation incorporated a dedicated Marketing and Communications post, designed to comprise one FTE role. This was logical given that part of the programme's focus was upon engaging businesses new to innovation support (and to the LEP), as well as creating a culture of innovation across the city region. The programme also incorporated a dedicated marketing budget of c£27,500.
- 4.3 Similar to the programme overall, Connecting Innovation's marketing and promotional activity experienced delays at its outset. Specific factors here included:
- The Marketing and Communications Officer did not commence their role until 10 August 2020, over 4 months into the programme's lifetime
 - Feedback indicated that when they commenced their role there was no marketing collateral or activity in place
 - The absence of a Senior Service Manager until the end of September 2020 meant a lack of clarity regarding the development and direction of the programme, and an associated lack of processes and systems in place
- 4.4 Despite these early issues, the Marketing and Communications Officer undertook immediate promotional work (during Q3 2020) following their appointment – examples included the launch of a social media campaign, the use of Access Innovation case studies (to promote Connecting Innovation), and the development of a promotional leaflet and social media visual. There were also examples of IGMs promoting the programme during this period, for example one IGM was a panellist at the Women in Leeds 'Belong Digital' event – although such activity via face-to-face format was severely restricted by the pandemic.
- 4.5 The appointment of the Connecting Innovation's Senior Service Manager at the end of September 2020 led to the programme identifying the need to ensure a clearer message regarding available provision and an associated strategy for its marketing and communications. As a result, some marketing and promotional activity was paused in the final quarter of 2020; whilst this was appropriate given the circumstances, it highlighted that such initial development, clarity and promotional work should have occurred in the first 3-6 months of the programme. Despite the relative pause, some promotional activity occurred during Q4 2020, particularly in the form of awareness raising activities via attendance at

specific events such as the LCR SME Support Network, LCR Made Smarter Board and the LCR Business Innovation and Growth Panel.

- 4.6 During 2021 and into 2022 the programme increased its marketing and communications activity, supported by a detailed Communications and Marketing Strategy (with an accompanying Communications Plan). The Strategy provided greater clarity regarding marketing and communication objectives, audiences, messaging and implementation. Examples of different marketing activities undertaken are shown below.

Example of Connecting Innovation marketing methods (not exhaustive)

- Enhancements to the LEP website innovation pages, including promotion of Connecting Innovation and highlighting the benefits of innovation to businesses
- Development of a Connecting Innovation leaflet (on the LEP website)
- Creation of a Connecting Innovation animation (on the LEP website)
- Social media activity (via LEP/WYCA platforms rather than Connecting Innovation-specific accounts)
- Development of different presentations for use by IGMs/programme representatives when promoting and explaining the programme
- Innovation-specific blogs via the LEP website, including 'In conversation' pieces
- Email marketing, for example via the LEP's bi-monthly SME newsletter
- Engagement, attendance and promotion with/at different partners and events (e.g. Chamber of Commerce, Federation of Small Businesses (FSB), LEP provider event, Women in Leeds Digital event)
- Promotion of the West Yorkshire Innovation Festival to raise awareness of the festival, innovation in the region and the Connecting Innovation offer
- Engagement with businesses that had been awarded Kickstart grants via the programme – to obtain comment/testimonials for promotional use
- Advertorial pieces and articles within relevant publications (e.g. Yorkshire Post, Yorkshire Asian Business Association newsletter, MedTech News)
- Digital campaign across LinkedIn and Google Pay Per Click (PPC) advertising, with LinkedIn InMail sent to SME's across the region promoting the programme's grants - supported by a lead generation advertising campaign incorporating a video on the LinkedIn timeline, a general referral graphic advert, and a video advert promoting the Kickstart Innovation Fund
- E-news blast undertaken with MedTech News, promoting the programme's grants to the Medical Technology sector (the MedTech database contained 867 SMEs)
- Development of a Kickstart Fund presentation to be delivered live to interested businesses
- Monthly slot in the York Business Service Newsletter from Q1 2022
- 'Time is Running Out Campaign' in Q2 2022 advertising the close of the Kickstart Innovation Fund
- Development of a small number of case studies/testimonials from late 2022 to promote the newly procured C4 contract/12-hour offer – as well as other promotional activity linked to this

- 4.7 The examples above demonstrate a relatively wide range of marketing and promotional activity undertaken by the programme. Over time, the examples provided suggest an increasingly targeted approach linked to output requirements, for example by promoting the grant opportunities to the medical technologies sector. This built upon the initial focus of marketing activity towards broader recognition of the benefits to businesses resulting from innovation. Ideally, the programme would have benefited from demonstrating impact and

associated testimonials earlier in its lifetime, given this work did not commence until late 2022.

West Yorkshire Innovation Festival

From a broader marketing perspective, Connecting Innovation funded staff played a significant role in developing and delivering the inaugural West Yorkshire Innovation Festival, which took place in March 2021. This included a total of 41 events involving 21 different partners and was attended by nearly 1,500 individuals. The event was viewed as a platform to help raise regional awareness of the objectives relevant to the programme, and the support provided by it. A second Innovation Festival took place via a face-to-face format in October 2022, with Connecting Innovation heavily involved in its development, promotion and facilitation. Although feedback varied on the extent to which the Festivals were used to specifically promote Connecting Innovation, there was representation from the programme team at all events.

4.8 Despite the positive and widespread examples above, feedback from a variety of different stakeholders highlighted some challenges relating to Connecting Innovation's marketing and communications function. These can be summarised as follows:

- **Resourcing challenges:** Similarly to the overall programme, and despite Connecting Innovation having its own dedicated marketing and communications role, the function was affected by lower levels of resource than originally anticipated. The role was originally undertaken by a single individual working full time, and then divided into two part time roles on 2 July 2021 – however, the programme only had one of these part time roles employed (0.4 FTE) from 2 July 2021 until 27 September 2021. Following a period of full resource from September 2021, the programme only had 0.6 FTE for its marketing activity from February 2022 onwards (despite attempts to recruit). It is probable that this reduced the level of marketing and promotional activity for the programme, for example the development of promotional case studies and testimonials.
- **Cross-team working and sign-off processes:** The Marketing and Communications Officer(s) did not sit directly within the Connecting Innovation team, instead being within the Policy, Strategy and Communications directorate of WYCA. This provided some benefit in terms of accessing the support and expertise of the wider communications team but also created some difficulties accessing sufficient support given competing priorities. Furthermore, feedback indicated that specific activity/collateral was subject to a relatively extensive sign-off process.
- **Changing focus and clarity of message:** As identified elsewhere in this report, Connecting Innovation changed its delivery focus and timescales through two PCRs and also experienced significant staffing changes. This created challenges in terms of following a clear marketing and communications strategy and providing clarity regarding the specific offer provided by the programme – both for potential SME beneficiaries and referral partners. Similarly, despite the Marketing and Communications Officer(s) working closely with key members of the Connecting Innovation team, there could have been improved communication between IGMs and the marketing function regarding key messages to disseminate to businesses, key challenges faced by businesses, and upcoming events to attend.

- **Wide programme remit and balancing innovation culture against ERDF output targets:** The relatively wide remit of the programme meant its marketing and communications function may sometimes have lacked focus at times. For example, part of Connecting Innovation’s original focus was to help create a culture of innovation. This incorporated a very different marketing remit than that associated with the grant funding and associated ERDF output targets. As a result, and also due to limited available data within the LEP,³⁴ it was difficult for the marketing activity to be targeted towards the ‘cautious innovators’ referenced at the start of the programme – although it is noted that activity did become more targeted (and also included the use of more direct language) as the programme sought to promote its grants, and also when specific marketing activity occurred from late 2022 to promote the procured C4 provision delivered by RTC North.

4.9 Partly as a result of these challenges, feedback from the majority of stakeholders suggested Connecting Innovation was not as well known among the business community, and to a lesser extent the broader business support ecosystem, as it could have been.

Business engagement

4.10 Whilst the marketing function supported Connecting Innovation to engage with at least 380 SMEs, this fell considerably short of projections within the programme’s original marketing and communications strategy which highlighted the following:

- 835 business enquiries direct to the programme (via its inbox, the IGMs or the LEP) and 135 leads from regional networks via each IGM
- 540 businesses receiving a diagnostic to confirm eligibility for the programme
- 370 businesses referred into the programme for non-financial support
- 200 businesses referred into the programme for grant support

4.11 A key aspect of the engagement function related to referral into Connecting Innovation from a variety of different avenues, particularly given the theory that many participants would not initially recognise they required innovation support. The programme sought to be the main point of contact for all businesses in West Yorkshire with innovation needs or enquiries; this was central to the programme’s navigation and brokerage role. It therefore sought to access beneficiaries via a range of entry points.

Connecting Innovation – intended key entry points

- **LEP Growth Service central business support helpline:** Many businesses entered the LEP’s Growth Service via its business support helpline to access a wide range of business support. Whilst they were often referred to a Local Growth Manager (see below) for a general diagnostic, those with more specific innovation were to be referred directly to Connecting Innovation (including via its mailbox, see below).

³⁴ Although note that the interim evaluation recognised that the LEP had undertaken significant work towards segmenting its business base and taking part in the Business Basics Programme, and that work was ongoing to further segment (and identify) specific businesses but was constrained by resources and alternative priorities

- **Direct enquiries to the Connecting Innovation mailbox:** This mailbox, specific to the programme, was publicly available (via the LEP website) for businesses to directly contact the programme. In addition, the LEP's Growth Service, other LEP programmes and other providers could refer businesses to Connecting Innovation via the mailbox.
- **LEP Local Growth Managers:** The LEP's Growth Managers were based within local authorities across the LCR but were part-funded by the WYCA, forming part of the core LEP Growth Service. Some Growth Managers also received ERDF funding and had targets associated with 3-hour and 12-hour support. Growth Managers provided general business support, including diagnostic and account management. Where a business identified an innovation need, the Growth Manager was expected to refer this to Connecting Innovation, either through the mailbox or directly to an IGM.
- **Other LEP programmes:** A range of difference business support programmes operated within the LEP's Growth Service concurrently to Connecting Innovation (e.g. AD:VENTURE, Business Growth Programme, Skills for Growth, Digital Enterprise). Where an innovation need became evident, these programmes were expected to refer this to Connecting Innovation.
- **Third party providers:** A wide range of other business support providers and organisations operated within the LCR and therefore had the opportunity to refer businesses to Connecting Innovation (e.g. Innovate UK, HEIs, Catapults and local interventions such as Product and Process Innovation (PAPI)).
- **Networks and intermediaries:** Connecting Innovation, and the IGMs themselves, sought to raise awareness of provision to a range of intermediaries such as accountants, lawyers, banks and business networks – to encourage referrals.

4.12 To support the above referral mechanisms, each of Connecting Innovation's IGMs was allocated a geographical area within the programme's geography; designed to ensure effective relationships and networks could be established, for example with the relevant Growth Managers and HEI Engagement Managers.

4.13 Figure 4.1 below shows the source of referrals into Connecting Innovation, demonstrating that, although it received inward referrals from a variety of sources, the most commonplace was through the LEP's own routes (e.g. the LEP Gateway and the Connecting Innovation inbox) – this finding was consistent with the results from the evaluation's own survey, within which the most common sources by which respondent SMEs first heard of the programme were via the LEP/WYCA and directly from a Connecting Innovation representative (e.g. IGM). Local authority's (including Growth Managers) and other partners contributed a combined 18 per cent of referrals. This data should be treated with caution, given that many provider/partner organisations referred to Connecting Innovation via the programme's mailbox, and hence the mailbox provided the largest single source of referrals.

Figure 4.1: Sources of referral

Referral Source	Number of SMEs	%
LEP service	164	43
Not provided / unknown	99	26
Local authority	37	10
Programme partners / intermediary	31	8
Other	18	5
Marketing	8	2
Training and education	7	2
Government departments	6	2
Other LEPs	5	1
External data source	2	1
Membership organisations	2	1
IGMs	1	0
Total	380	100%

Source: Adapted from data provided by WYCA (April 2023)

- 4.14 The programme benefited from having a single entry point to innovation support via its inbox, with this method (including the Gateway which directed enquiries via the inbox) providing the biggest volume of businesses engaged. However, feedback identified that the quality of such referrals were not always appropriate for Connecting Innovation's provision, or certainly in terms of generating ERDF outputs. In contrast, the most appropriate and relevant referrals occurred via the direct relationships of the IGMs themselves, or from Local Growth Manager referrals. This demonstrates, for interventions focused on engaging businesses that do not always know they require specific support, the importance of targeted engagement and high quality informed referrals.³⁵ This is very different to promotion and marketing related to broader innovation culture activity.
- 4.15 Stakeholders consulted during both the interim and final evaluations suggested the programme had, overall, received lower referrals than originally anticipated. Key factors which may have influenced this are explored below:
- **Inconsistency of relationships between IGMs and Local Growth Managers/local authorities (and other key referral stakeholders):** In some cases this relationship was excellent, an example being Kirklees where there was regular and detailed communication and joint working between the relevant IGM and the Local Growth Managers. In contrast, other geographical areas reported less positive relationships and/or more limited communication. Clearly the changes in personnel/departures from an IGM perspective also reduced the potential for effective relationships in some cases, as did the relatively slow start to Connecting Innovation's delivery (which may have reduced confidence from partners to refer into it).

³⁵ Feedback also identified that several grant applicants were referred to the programme by private research organisations which could ultimately support delivery of the subsequent grant

- **Clarity and awareness of the Connecting Innovation offer:** The extent to which different referral partners were fully aware of, and understood, the specific offer of Connecting Innovation appeared to influence the extent of referral activity. This was challenging for some partners due to the programme's delayed start (including for its grants), changing focus and staff turnover. However, there were some very positive relationships which resulted in effective referral routes – examples being the PAPI project and other programmes within the LEP (e.g. the Business Growth Programme, the Resource Efficient Business (REBiz) programme and AD:VENTURE). In contrast, referrals from HEIs to the programme were very minimal.³⁶
- **Competing priorities and targets:** As referenced in Section 3 above, there was potential for duplication of activity between some of Connecting Innovation's provision and that of potential referral partners – specific examples including Local Growth Managers and Innovate UK EDGE (feedback from Connecting Innovation stakeholders indicated mixed levels of referrals from Innovate UK EDGE, with these primarily being for the purpose of accessing the programme's grants and being reliant on individual relationships/connections). This, together with other interventions also having their own output/outcome targets, may have reduced referral levels.

Positive joint working and referral: Kirklees

Regarding Kirklees, an IGM and a Local Growth Manager both reported a positive and effective working relationship, including regular six-weekly catch-ups. The Growth Manager stated that any business with an innovation-related need was provided with a warm handover to the IGM, supported by relevant background information and subsequent discussions (between the IGM and Growth Manager) regarding ongoing support needs. The IGM commented on the high quality of the referrals received due to the Growth Manager having a sound understanding of Connecting Innovation and a willingness to refer.

Whilst the Growth Manager stated there were examples where a business would be referred directly to Innovate UK EDGE (if they had a very specific technical or sectoral innovation need) or PAPI (if they required product-specific funded support), they commented that Connecting Innovation was their primary referral pathway for innovation businesses:

“If a business is even thinking about what's in the innovation platform, we would link her into Connecting Innovation, as the IGM knows the innovation programmes in more depth. More often than not we work with our IGM and the business to put together an innovation action plan, and the IGM will do a more in-depth diagnostic to see if the business is appropriate for grants or other support. For us, Connecting Innovation's role is to navigate and filter all the innovation-led programmes for our businesses, which makes it a lot easier for us and the business.”

³⁶ This was outlined as a strength of Access Innovation, potentially due to the clear focus of that programme on providing grants which HEIs could benefit from. One stakeholder explained that the original messaging and communication for Connecting Innovation was more focused on the navigational and capacity building role of the programme – and hence they felt HEIs may not realise the benefit of engaging so readily. This view was partly supported by comments from a HEI representative, who stated that, unlike Access Innovation, they were unclear regarding specifically what Connecting Innovation provided. In contrast, there were specific examples provided of Connecting Innovation seeking to engage HEIs (for the purposes of partnering a grant applicant) but being unable to gain any buy-in from them.

Programme participants

4.16 Data provided by Connecting Innovation highlighted key characteristics of the 132 businesses that had received a diagnostic by 5 April 2023 (excluding the externally procured C4 support).

- **The majority of businesses (74%) supported had fewer than 10 employees, with the most common number being 1-2 (36%) and nearly a fifth (18%) having zero employees:** This aligned with feedback from stakeholders, which also indicated that some of these businesses lacked the time, funding and existing processes to undertake significant innovation. However, they are likely to have benefited from the programme's brokerage and navigation support.

Employees	Count	%
0	24	18%
1-2	48	36%
3-9	26	20%
10-29	17	13%
30-99	15	11%
100+	2	2%
Total	132	100%

Source: WYCA (April 2023)

- **The programme supported a diverse range of sectors but with a focus on three core SIC codes:** Manufacturing, information and communication, and professional and scientific SIC codes represented near two-thirds (64%) of beneficiaries. Within these codes, feedback from stakeholders indicated that sub-sectors commonly supported included advanced manufacturing, health technologies and professional services.

SIC Code / Sector	Number	%
C: Manufacturing	42	32%
J: Information and Communication	23	17%
M: Professional, Scientific and Technical	20	15%
Q: Human Health and Social Work	8	6%
S: Other Service Activities	7	5%
G: Wholesale and Retail Trade	6	5%
F: Construction	5	4%
N: Administrative and Support Services	4	3%
P: Education	4	3%
R: Arts, Entertainment and Recreation	3	2%
D: Electricity, Gas, Steam and Air Conditioning Supply	2	2%
H: Transportation and Storage	2	2%
K: Financial and Insurance Activities	2	2%
A: Agriculture, Forestry and Fishing	1	1%
I: Accommodation and Food Service Activities	1	1%
L: Real Estate Activities	1	1%
O: Public Administration, Defence and Security	1	1%
Total	132	100%

Source: WYCA (April 2023)

- **The programme supported a relatively broad geographical spread of businesses:** Whilst, as would be expected, there were high numbers of businesses supported from Leeds and (to a lesser extent) Bradford, there were also significant numbers from Kirklees, York and Wakefield.

District	Count	%
Leeds	51	39%
Bradford	21	16%
Kirklees	16	12%
York	13	10%
Wakefield	11	8%
Calderdale	6	5%
Harrogate	5	4%
Craven	4	3%
Out of Region	3	2%
Selby	1	1%
Total	131	100%

Source: WYCA (April 2023)

Delivery of programme provision

- 4.17 Following a short review of Connecting Innovation’s initial beneficiary engagement process, this section separately explores the three core components of the programme’s provision:
1. **Diagnostic, navigation and brokerage/referral provision** to help businesses understand their innovation needs and identify the most appropriate provision moving forwards
 2. More detailed support to help **build the innovation capacity and capability of businesses**, delivered via direct support from the IGMs or more latterly the procured contract with RTC North
 3. Access to **grant funding** via the programme’s Kickstart Innovation Fund or High Impact Innovation Fund
- 4.18 Note that there was potential for significant crossover between the first two elements of support, whilst many businesses accessing a grant also received non-financial support (e.g. initial diagnostic work and assistance with developing the grant application).

Process of engagement

- 4.19 The programme’s engagement process broadly incorporated the following steps (note this is prior to the final remaining IGM leaving their role in October 2022 and the RTC North procured contract subsequently commencing delivery):

Process of engagement and support (until October 2022) – simplified overview

1. Introductory meeting between IGM and beneficiary to understand business need and eligibility
2. If ineligible for Connecting Innovation the business was signposted to alternative support as appropriate - even if eligible, in some cases they were also referred elsewhere if appropriate
3. For eligible and appropriate businesses, a second more structured discussion took place with the IGM based on the innovation canvas diagnostic tool – identifying actions to address innovation needs
4. Subsequent pathways included:

- Support to access one of the Connecting Innovation grants, including assistance to engage with a relevant research organisation and guidance with the grant application
- Support to identify and access alternative funding opportunities
- Brokering engagement with other providers, including attending initial scoping meetings
- Bespoke 1-2-1 support from the IGM to assist the development of innovation capacity and capability (e.g. support regarding business culture, processes, strategy, and/or structure)

- 4.20 Whilst feedback from management and delivery staff indicated this process was generally effective, data and consultation did identify some challenges maintaining momentum when engaging participant SMEs – primarily linked to resourcing challenges and hence more relevant at different timescales within the programme lifetime. Examples included the speed of responsiveness between the initial follow-up (to a referral) and completion of the eligibility assessment (although this was partly dependent on the availability of the business to engage).
- 4.21 The procured C1/C4 contract, delivered by RTC North, commenced delivery in November 2022. Given the direct focus of this provision (on delivering 12-hours support to participants in a relatively short period of time), the engagement method was relatively straightforward incorporating an initial diagnostic meeting which led to the development of an action plan. At the time of writing it is anticipated that there will be a drop-off rate of c10 per cent from engagement to completing 12-hours. Positively this represents a low rate, although it is noted that SMEs engaging in this support appeared to have been more targeted to suit the specific support available, rather than businesses seeking broader navigation and brokerage assistance, for example.

Diagnostic, navigation and brokerage provision

- 4.22 The diagnostic, navigation and brokerage activity within Connecting Innovation was partly in recognition of the complex innovation landscape at the time of the programme's creation, whereby it aimed to provide an independent review of each business' support needs and identify the most appropriate next steps. It was therefore designed to be an innovation-specific version of the diagnostic activity delivered by the LEP's Local Growth Managers. Although Connecting Innovation offered its own direct provision beyond this, the decision regarding next steps was based on business need - hence many businesses did not proceed to other aspects of Connecting Innovation.
- 4.23 This approach was both a strength and a weakness of the programme. It was a clear strength in terms of delivering unbiased advice and support which was based solely on the needs of each individual business – and WYCA should be applauded for this. Its weakness related to its relationship with the programme's ERDF targets, whereby much of this initial support did not directly contribute to any of the output targets for which the programme was

contributed.³⁷ This is evident from a review of programme data in April 2023, which showed that 92 per cent of businesses undertaking a diagnostic within Connecting Innovation subsequently received less than 12 hours support (52% of these received between 0-3 hours support).³⁸ This does not mean that the diagnostic, navigation and brokerage element of the programme underperformed from a business support perspective, rather that it was not able to contribute significantly towards the output targets. It perhaps suggests the need for diagnostic and brokerage support to be free of specific targets.

- 4.24 The diagnostic, navigation and brokerage provision was welcomed by businesses, stakeholders and wider partners – being valuable in helping businesses to understand their specific innovation needs and connecting the support landscape together – data at the end of 2022 demonstrated the programme had (prior to delivering the separately procured C1/C4 contract) delivered over 180 separate one-to-one support sessions with businesses and had worked with 93 alternative providers to ensure SMEs were referred to the most appropriate support. This was supported by the programme’s approach of aligning its IGMs to specific geographical areas, which helped them to gain a sound understanding of different referral opportunities. In this respect Connecting Innovation clearly helped businesses to navigate the innovation support ecosystem, therefore improving its connectivity.

Referral and brokerage within Connecting Innovation

- A wide range of business referrals were provided by IGMs to different organisations, examples including: Innovate UK; Knowledge Transfer Partnerships (KTPs); HEIs; Manufacturing Champions; Catapult centres; PAPI; and other programmes within the LEP. This was supported by Connecting Innovation’s bespoke central tracker spreadsheet, a live document which recorded the progress of individual beneficiaries and also highlighted key details and expertise of partner organisations.
“Just a quick note to say thank you for taking the time to speak with me yesterday, and for all the referrals that may help us with our progression.” [SME beneficiary]
- Where a business required more general business support the IGM sometimes referred them to a Growth Manager.
- One IGM explained they referred businesses to Innovate UK EDGE after providing them with initial support, enabling the business to access more detailed/specific support relating to commercialisation and scale-up. EDGE representatives confirmed they had received relatively good level of referrals from Connecting Innovation, which included an explanation of each business’ needs.
- A HEI partner also commented they received relatively significant referrals from Connecting Innovation, primarily linked to talent development. In contrast, some Connecting Innovation representatives explained it was difficult to engage with HEIs, and particularly to subsequently access academic support.
- When referring, the IGMs sought to provide a ‘warm’ handover wherever possible – although this was generally more effective where the IGM has an established relationship with the relevant organisation/individual. The IGMs also sought to maintain contact with the organisation referred (and/or

³⁷ To ensure all businesses were provided with this initial diagnostic and brokerage support, the programme did not initially limit itself to businesses eligible for ERDF provision – this only occurred following the initial meeting with an IGM

³⁸ This data does not include participants supported within the externally procured C1/C4 contract delivered by RTC North

the business itself) where possible, in order to track progress and provide any additional support required – again, this was partly dependent on the effectiveness of relationships.

- 4.25 As recognised at interim stage, the benefit of this navigation and brokerage provision only occurred when businesses were channelled through (and referred into) Connecting Innovation. It is also notable that, despite RTC North providing navigational and brokerage support when required as part of its procured contract, the availability of such support reduced significantly following the final IGM’s departure in October 2022.

Support to build innovation capacity and capability

- 4.26 This element of the programme’s support was primarily linked to its C4 output targets, which sought to deliver 12-hours support to beneficiaries. It was initially delivered via one-to-one support from the IGMs (until October 2022), but was subsequently delivered through a procured contract with RTC North (from November 2022) – hence these two approaches are reviewed separately below.

IGM-led support

- 4.27 Discussions with IGMs at interim and final evaluation stage identified that they provided additional support to beneficiary businesses beyond the initial diagnostic, navigation and brokerage provision. The nature and scale of this support varied given it was dependent on the outcomes of the diagnostic. However, examples included defining an innovation project, planning the different steps towards an innovation project, utilising the KTN’s Innovation Canvas to help prioritise next steps, and initial IP support. Feedback indicated this support helped SMEs to obtain clarity and understanding regarding their innovation aims and next steps, in many cases helping to de-risk the process. Positivity was evident from SME beneficiaries consulted with regard to the support provided by IGMs, as summarised in the examples below.

Examples of feedback provided by SME beneficiaries regarding IGM-led support

“My IGM challenged me to undertake a much more detailed analysis of the project, brought a refreshing outside view and was an excellent sounding board in terms of bouncing off ideas.”

“I must tell you that in nearly 30 years of looking into Smart awards and grants and looking for project support, today’s meeting was outstanding. It was focused, detailed, relevant, highly informative and totally professional. Better than any similar meeting we have ever experienced by a country mile, thank you. This is a very exciting and highly relevant project focused as it is on some of the worst environmental problems that we all face: global warming, wasting energy/resources, CO2 reduction, and the product will be export led. With the help and support you have detailed we believe that we can be even more successful, and more quickly than we had initially planned.”

“Thank you for all your support and guidance during our application process for the LEP Connecting Innovation grant funding. Your input has helped us to define and bring clarity to our project by asking probing and difficult questions which made us think in detail and consider the points that you raised. I am sure that

this will ensure a successful implementation going forward. Regardless of the funding, your input has been invaluable by giving an independent overview of our project. Without your guidance we could not have completed this application process and secure the funding.”

“A huge thank you for your continued support and feedback given to both me and for the business’ development. I always appreciate our open, honest discussions and you have provided some great expertise and insight into helping me realise my dream of getting a digital product to market for our French Early Years Programme. With your advice and input we have been able to secure funding from the Digital Enterprise Scheme and this has enabled us to create a digital product and bring it to market - something we just never would have been able to afford to do had you not introduced us to this scheme and support. You have always been there to contact, offer advice and support on whatever challenges I might be dealing with the business and I am sincerely grateful for this.”

4.30 However, despite some positive examples of support provided by IGMs, it proved very difficult for them to deliver 12-hours’ of eligible support – and therefore to achieve the C4 targets. This is demonstrated by the table below (based on data from April 2023), which shows that 92 per cent of businesses completing a diagnostic subsequently received less than 12 hours support, with 52 per cent receiving 3 hours or less.³⁹

Figure 4.2: Breakdown of total hours received for each beneficiary SME

Hours supported	Count	%
0-3 hours	67	52%
4-11 hours	52	40%
12-29 hours	10	8%
30+ hours	1	1%
Total	130	100%

Note: only includes data for beneficiaries that received a diagnostic, and only data that was recorded by IGMs

Note: does not include participants accessing support via the externally procured contract delivered by RTC North

Source: Adapted from data provided by WYCA (April 2023)

4.31 Programme data demonstrates that only 5 C4 outputs were ultimately generated by the IGMs, against an initial target (at the start of the programme) of 110. There were several factors which restricted the ability of the IGMs to deliver 12-hours of support, including:

- **Competing provision and impact on demand:** As detailed previously, elements of other programmes duplicated parts of the Connecting Innovation offer, most specifically the capacity building/12-hour support element – whilst there was demand for some non-financial support from the IGMs, this rarely included a requirement for 12 hours’ of such support. As outlined in Section 3, demand for this more detailed non-financial innovation support was also impacted by the Covid-19 pandemic.⁴⁰
- **Breadth of IGM role and associated experience/expertise:** The originally intended role of the IGM within Connecting Innovation was both broad and challenging, incorporating diagnostic and brokerage support, capacity building support (with C4 12-hour targets) and support to access the programme’s grants (with C2 financial targets). This already challenging role was made more difficult by, in some

³⁹ Note that this includes beneficiaries that accessed a grant via Connecting Innovation

⁴⁰ This was also referenced by a Local Growth Manager, who stated they found it difficult to complete 12-hours support despite having a broader range of topics (compared to IGMs) to work upon with businesses

cases, the limited breadth of experience and expertise among some of the IGMs – feedback from various different stakeholders indicated this was less extensive than the IGS' within Innovate UK EDGE, partly reflecting the lower remuneration level. Following their appointment, the Senior Service Manager did ensure the IGMs were able to access a variety of different training relevant to their role (e.g. intellectual property training).

- **Grant provision:** A large proportion of businesses passing through the programme's diagnostic stage sought grant funding from Connecting Innovation. Where businesses applied for a grant through the programme, the time spent supporting the development of the application contributed towards a C2 (grant) output; and did not also count this towards a C4 output (in most cases). Given the fact that many grant applicants were relatively small and/or new SMEs, the IGMs had to spend significant time supporting the development of their applications.
- **Recording of time spent and robust eligibility guidance:** The extent to which the programme's different IGMs recorded time spent with beneficiaries varied considerably. One of the IGMs was very diligent in this respect, and as a result all 5 of the C4 outputs generated by IGMs were via that individual. Other IGMs, potentially because they believed their work would lead to a C2 output, did not record time spent with beneficiaries as readily.⁴¹ Furthermore, Connecting Innovation applied robust eligibility guidelines when assessing time spent by IGMs with businesses, which created further challenges identifying, evidencing and achieving C4 outputs.⁴² Ultimately, the programme most likely provided significantly more support to SMEs than demonstrated by its reporting of hours delivered.

4.32 Therefore, the original (and well-meaning) intention of Connecting Innovation to provide a wide range of different support solely via its IGMs was ultimately overambitious – placing too much emphasis on this role. This, combined with the other challenges outlined above, meant that the programme made the decision through the first PCR (in 2021) to focus the work of the IGMs upon their diagnostic and brokerage role and their assistance with delivering Connecting Innovation's grants – and therefore to procure an external provider to deliver the remainder of the C4 outputs.

Externally procured support

4.33 Following its advertisement in June 2022, RTC North was commissioned in July 2022 to supply the contract for delivering C1/C4 outputs – with a target to achieve 80 C1/C4 outputs, of which 10 would be new enterprises (C5 outputs). An inception meeting subsequently took place in September, followed by a period of preparation and mobilisation. Direct delivery to businesses was subsequently delayed due to the need for amendments to the Data Protection Impact Assessment (DPIA) within the original tender (whereby the DPIA lacked suitability for purpose) and also amendments to RTC's business facing documents (to ensure compliance). The documentation was ultimately finalised on 10 November, and RTC engaged its first business as part of the contract the following day. This delay was frustrating given the

⁴¹ This was evident at interim stage via the programme's 12-hour assist tracker document which, in November 2021, had only 12 businesses within it (compared to 179 within the overall pipeline)

⁴² For example, one IGM commented they provided 20 hours' support to one beneficiary, but on review from a PSO they were told there was insufficient eligible time to claim a C4 assist

already short period available to achieve the contract's required targets, and the need to ensure ongoing availability of support for businesses following the departure of the IGMs. However, to compensate for this loss of delivery time at the start of the contract, WYCA agreed to extend the contract's delivery period from 31 March to 14 May 2023 – meaning the total delivery period was as originally planned.

- 4.34 Support delivered by the RTC North contract aimed to assist SMEs to implement innovative practices or processes and enhance their innovation capacity and capability. Designed to provide at least 12-hours of assistance to participant SMEs, the support varied dependent on beneficiary need but incorporated the following components:

Key components of support delivered through the externally procured C1/C4 contract

- Two core strands of support: 1) One-to-one coaching; 2) One-to-many events/workshops
- Each beneficiary SME undertook an initial one-to-one discussion to assess eligibility, understand what support was available, identify how this related to their specific innovation needs, and to complete relevant registration forms
- Initial support also included a one-to-one diagnostic discussion leading to an agreed action plan detailing how their innovation capacity and capability could be enhanced and what combination of support was most relevant for them
- In some cases beneficiaries received 12-hours through primarily attending workshops – such businesses typically required enhanced business knowledge/skills relating to innovation
- In contrast, other SMEs had more specific innovation challenges and required bespoke solutions via one-to-one coaching
- The one-to-many workshops each ran for three hours – some being relatively general and appropriate for most beneficiaries, whilst others were designed based on the nature of the cohort
- Data indicated that, from the start of January to late April 2023, there were 27 workshops delivered, with wide ranging subjects including:
 - Capitalising your business to accelerate innovation success
 - Customer journey and experience design workshops
 - Innovation process for commercialising ideas
 - Importance of IP in businesses
 - Creating an effective innovation culture
 - Innovate your value proposition - the key to finding more clients
 - Business model canvas
 - Sales and innovation
 - Business growth, innovation and intrapreneurial leadership
 - Digital Innovation using tools you already have
 - Marketing innovation – power up your process
 - Net Zero Innovation
 - Developing your strategy for growth

- 4.35 Engagement of SMEs into the support was the responsibility of RTC North. Feedback in early March identified that around 90 per cent of participants had been engaged directly by RTC North through its existing activities, contacts and networks – whereby it was aware of specific businesses that would benefit from the support and were eligible for it, and hence targeted

these directly. This perhaps reflected the short timescales available for delivering the support, whereby engagement was particularly focused and targeted.

- 4.36 As outlined in previous sections, Connecting Innovation’s Marketing and Communications Officer did undertake additional marketing activity specific to the new eternally delivered contract.⁴³ This commenced in late 2022 and included articles within websites, publications and newsletters such as the Business Desk, Leeds List, MedTech News and the WYCA’s own SME newsletter. However, feedback in early March suggested this marketing activity had not yet led to significant leads, with only a small proportion of beneficiaries (at that point in time) being referred by the LEP or engaging via other business support agencies/providers.
- 4.37 Data from 9 March demonstrated that the contract had engaged and registered 89 businesses, of which 14 had already received 12-hours support and a further 15 had received between 6-11 hours – hence a considerable level of additional support was required at that point to achieve the C1/C4 targets.⁴⁴ Whilst some beneficiaries had rapidly progressed towards 12-hours of assistance, others engaged less readily after their initial few hours of support, for example due to other business or personal priorities emerging. This meant RTC North continually taking steps to re-engage businesses – although there was a recognition here of the need to only provide support that was meaningful and beneficial to the business.
- 4.38 The needs of businesses engaged were broad and varied, often dependent on the maturity of the business. Relatively new SMEs (including those within the C5 category) typically required more general business innovation skills such as how to take forward their concept and how to gain traction in the market. In contrast, more mature businesses had increasingly specific needs such as developing additional products or entering new industries. Businesses also required finance support in some cases; whilst RTC North had good knowledge of alternative available funding opportunities, clearly it would have been advantageous for the contract to have been delivered alongside Connecting Innovation’s own grants.
- 4.39 RTC North representatives commented that, given the relatively limited time available within the provision (i.e. 12-hours), for many businesses the support focused on progressing their innovation journey, either through continuing the development of a specific innovation project or obtaining additional knowledge and skills (or both). This meant that significant numbers of businesses supported were subsequently referred to additional alternative support after receiving 12-hours, for example relating to the next stage of product

⁴³ Connecting Innovation also informed Local Growth Managers of the need to continue sending innovation-related queries to the programme’s inbox

⁴⁴ Delivery of support via the contract was extended until the end of April 2023 to help achieve these targets

development or for commercialisation assistance – and therefore the contract helped businesses to understand and access the wider innovation support ecosystem.

One of the programmes that beneficiaries were referred to was **Innovate UK EDGE**. Whilst RTC North was not specifically selected to deliver the contract due to its central role within EDGE (this did not form part of the assessment criteria), this did provide potential synergistic benefits. RTC North representatives identified that some SMEs had already accessed 12-hours support from the Connecting Innovation contract and had subsequently been referred into EDGE for more detailed, specific and longer-term high growth support. It is expected that at least 10-15 businesses will benefit from the same pathway. An RTC North representative commented:

“These businesses were not ready for EDGE, they needed additional groundwork and support prior to accessing it. This project (i.e. the externally delivered C1/C4 Connecting Innovation contract) is the ideal process for that to occur.”

Grant provision

- 4.40 As outlined previously, Connecting Innovation incorporated two separate grants: 1) Kickstart Innovation Fund (up to 50% of project costs up to £25,000); and 2) High Impact Innovation Fund (up to 50% of innovation projects up to £100,000).

Kickstart Innovation Fund

- 4.41 The Kickstart Innovation Fund was originally planned to commence in August 2020. Disappointingly, and linked to the programme’s slow start, by the time the Senior Service Manager was appointed in late September 2020 the grant was not yet operational. Although an application form had been developed, there were no processes surrounding this, hence a decision was made to pause the grant’s launch in order to develop associated processes and systems. Following development of a full process, and refinement of the application form, a pilot was undertaken in February 2021. This informed further refinement of the process prior to full launch from 16 June 2021 via six-weekly application batches. These continued until the final application date in June 2022.
- 4.42 Data provided by WYCA demonstrated that the programme received 34 Kickstart applications, of which 32 were initially approved and 23 were completed.⁴⁵ This is summarised below.

⁴⁵ Note that at the time of writing one of these 23 is not yet fully complete

Figure 4.3: Kickstart Innovation Fund Grants

Date	Completed projects	Total project value	Total grant value
Total applications	34	N/A	N/A
Approved	32		
Rejected	2		
Withdrawn before Grant Funding Agreement award	6	£205,101*	£95,641*
Grant Funding Agreement cancelled	3		
Completed	22	£455,131	£207,303
Ongoing (at time of writing)	1	£24,320	£10,944
Total funded	23	£479,451	£218,247
Average project value	£20,846		
Average grant value	£9,489		
Average intervention rate	46%		

* Values are for Cancelled GFAs and Withdrawn GFAs that had been awarded a grant in principle

Source: WYCA (April 2023)

- 4.43 The total number of applications (34) demonstrates reasonable demand against the original programme target of delivering 39 Kickstart grants, and almost matched the PCR2 revised target of 35 *total* programme grants (including both Kickstart and High Impact). Given this data, and despite feedback indicating the programme had expected a greater demand for grants, it is probable that the original target for Kickstart would have been achieved if the fund had commenced earlier in the programme.⁴⁶ This would not only have enabled additional time for awareness of the grants to be raised and for additional applications, but would also have provided more time for withdrawals to have been realised earlier in the programme and therefore replaced – including the ability to develop a series of ‘reserve projects’.
- 4.44 Indeed, grant withdrawals relatively late in the programme’s lifetime were a challenge, with documents referring to one Kickstart project withdrawing in Q3 2022 and another in Q4 2022. Reasons for these withdrawals included delays with the successful applicant’s innovation collaborators/partners (including a lack of confidence in the selected partner to deliver the project satisfactorily within programme timescales) and changing priorities of an applicant whereby, having reviewed their business model, they elected not to proceed. For this latter example the Connecting Innovation team made efforts to identify suitable alterations, but all suggestions would have required a significant material change to the

⁴⁶ Data demonstrated that the initial level of applications received was low, with only 4 in the first round in June 2021. This may have been linked to limited awareness among businesses and referral organisations, as well as the time to develop applications. By the end of December 2021 21 applications had been received, rising to 25 at the end of March 2022 and 34 in June 2022.

approved Grant Funding Agreement and would have therefore require a resubmission (which there was insufficient time for).

Discussion with another provider of ERDF-funded innovation grants (albeit for the purpose of product development via capital purchase) in Yorkshire identified similar challenges ensuring businesses passed through the full grant process. Whilst the fund had received good levels of applications, several businesses were reported to lose interest or withdraw from the process at later stages due to factors such as the need to commit their own match funding, the current inflationary environment and cost of living, cashflow concerns, and the increasing cost of products/materials.

4.45 The types of projects funded via Kickstart varied, but feedback suggested many fell within the following broad categories: 1) Health technologies; 2) Low carbon/renewables; 3) Advanced manufacturing (including new manufacturing products or processes); and 4) Information Technology (IT) or Artificial Intelligence (AI).

Examples of Kickstart Innovation Fund grants

- Development of a Diffusion Ordered Spectroscopy (DOSY) Nuclear Magnetic Resonance (NMR) method to determine chitosan characterisation at a molecular level, enabling the business to characterise different types of chitosan it resells so that customers can buy appropriate to their needs. This would subsequently improve the business' market opportunities and widen the field of potential usage. Partner: University of Bradford
- Development of a deployable fire suppressant blanket system which will distinguish lithium-ion battery fires within electric vehicles (EVs), preventing the EVs from going into thermal runaway. This product would be aimed at the emergency services and be a first of its kind (new to market). Partner: University of Huddersfield
- Further development of a business' own artificial intelligence and big data-based sales system aimed at SME's, helping them to grow and optimise sales opportunities by predicating and prescribing sales propositions. Represents a new product on the market aimed at SME's. Partner: Enterprise AI Ltd
- Further development of a business' unique method of making concrete, replacing the typical approach of aggregate/sand with non-recyclable plastics. The project sought to further test and develop a new formula for construction concrete blocks to be used in the construction sector. This would be a unique development and lead to a brand new to market product. Partner: Ecotech Laboratories Ltd
- Development of a digital system to collect bespoke patient reported outcomes and experiences that will be recorded within the existing portal (of the business) for use by both the NHS and private healthcare sector. Represented a new development which does not currently exist within any healthcare setting. Partner: Lion and Mason
- Development of ten pre-production prototypes of a 'smart water shut off valve device' for management of water leakage and usage. Partner: Product CDM
- Participant business seeking to develop the functionality of its existing Kwizzbit platform to allow for 100,000 participants to use it at the same time, as well as enabling multiple smaller games to take place with real time video streaming and feedback. Kwizzbit would be the only platform on the market to allow for such a high volume of players at any one time. Partner: Parallax
- The use of artificial intelligence to develop four predictive algorithms to be used by online parts resellers within the participant business' e-commerce supply chain platform. The algorithms will provide the resellers with market intelligence and insight to enhance online sales decisions. Partner: Mucheco Ltd

- Development and implementation of two-way communication into the participant business' existing app, enabling communication between clinics and their patients. Currently only one way communication is possible – the project will incorporate technology the app does not currently possess. Partner: HMA Design Solutions
- The use of artificial intelligence to enhance existing algorithms, providing users with personalised and environmentally sustainable dietary recommendations. Partner: Coherent Software Limited
- Building bespoke modules to extend an existing innovative care performance management system to new clients in children's homes, extra care housing and domiciliary care in peoples own homes in the community. Partner: Reach Studios Ltd

4.46 IGMs and other programme representatives referred to a wide range of research partners across the grant applications, but with a greater number of private organisations with particular specialisms or equipment. In contrast, projects linked to HEIs were far less common within Connecting Innovation compared to Access Innovation. This is clearly evident within the above examples, whereby the majority involve private sector partners.

4.47 The process implemented for the Kickstart Innovation Fund was discussed in detail within the interim evaluation report. Key headlines relating to this, incorporating further exploration during the final evaluation report, can be summarised as follows:

Observations regarding the Kickstart Innovation Grant process

- The process was generally viewed positively by WYCA stakeholders in terms of its robustness and adherence to ERDF guidelines. However, although similar to the process for other WYCA grant programmes, it was viewed by many stakeholders and SME participants as being overly complex, intensive and time consuming.⁴⁷ In this respect the objective of encouraging new innovative activity did not always align with the relatively risk averse guidelines of ERDF funding and the sometimes extensive approval systems of WYCA.

"I am quite familiar with grant application processes, but I found this grant the most difficult and onerous. The level of detail required was disproportionate to the value of the grant. It was so demanding I considered giving up at one point, but the IGM I worked with encouraged me and gave me great support." [SME beneficiary]

- Communicating the requirements related to the grant process for applicants was also sometimes challenging, with examples given by SMEs of a lack of clarity relating to what information they needed to provide. Similarly, members of the Connecting Innovation team experienced challenges ensuring applicants provided all required information.

"The application process could be made much more efficient and transparent. It could be improved by providing early clarity on the evidence required to support the grant claims. We needed to provide information at the last minute that we were not expecting to have to give." [SME beneficiary]

- Although a minority, not all applicants found the grant application process to be overly complex and time consuming - with some providing positive feedback.

"The grant process was reasonably straightforward for us. We were able to work with the LEP team to greater understand how we could successfully achieve the business case." [SME beneficiary]

⁴⁷ Although it is noted that only one quote was required for Kickstart projects under £25k

- The need to demonstrate innovation within the application caused some delays and challenges (for both the applicant SMEs and programme staff), with associated innovation reports described as complex and lengthy – and requiring approval by the Head of Service. Furthermore, some applicants found it difficult to articulate their specific innovation, leading to additional time intensive clarifications.
- However, other beneficiary SMEs recognised the work undertaken by the Connecting Innovation team to understand their project, with several referring to the support of the IGMs here:

“On behalf of myself and colleagues, I would like to express our gratitude for your considerable efforts and dedicated support that enabled us to develop a bid for the Connecting Innovation programme. The recent announcement that the bid was successful was a testament to your advice and guidance for which we are very grateful. It is precisely this type of support that small businesses within the region require so that their efforts to innovate and grow can be realised. We look forward to continuing to work with you and your colleagues in future.”
- Theoretically, the process was designed to take c6 weeks from application to final decision. However, feedback and a review of documentation/data indicated this was not always the reality, with some grants taking far longer. The reason for these delays varied, incorporating both external and internal factors:
 - In many cases it was due to the need for additional information from applicant businesses, which often had to be requested several times. Similarly, there were examples of applications that had been approved but for which the commencement of activity was delayed due to factors associated with the applicant and/or their research partner.⁴⁸
 - However, internal factors also delayed some of the grants. Whilst the implementation of six-weekly batches of applications enabled some resource planning to take place, the programme was still constrained by a mixture of limited resource levels and associated ‘pinch points’ in the process. This included three elements:
 - The Service Manager and the PSOs were responsible for initially reviewing the application (including eligibility checks) and the Grant Funding Report, including undertaking a GBER assessment, and subsequently obtaining additional information. Given the timescale of applications, there were sometimes several applications to process within a short period.
 - Queries often needed to be reviewed and addressed by senior WYCA representatives (within and/or outside of Connecting Innovation) prior to final sign-off, for example relating to evidence. This sometimes caused a delay due to the availability/time constraints of these staff.
 - Following the Grant Funding Agreement being signed by the applicant, it had to be reviewed and signed by a WYCA legal representative prior to the project commencing. Feedback indicated this was also a source of delay, primarily due to resourcing issues within the legal team.
- The decision to use a six-weekly application approach (for both grant funds) was made to enable greater control over the receipt of grants and the subsequent process; and was partly based on learning from Access Innovation. This approach was logical, creating clear deadlines for beneficiaries – however, in some cases it created bottlenecks in processing applications given several arrived at the same time (e.g. following one deadline the Service Manager (supported by the PSOs) had ten applications to process). Whilst, in theory, the programme was able to plan resources to these pinch points accordingly, the wider issues linked to the programme’s resources meant it was not always possible to do so.

⁴⁸ For example, some grant projects due to commence immediately prior to, or during, university holiday periods (where a HEI was the research partner) were significantly delayed

High Impact Innovation Fund

- 4.48 The High Impact Innovation Fund was initially expected to launch in November 2020 but experienced even more significant delays than the Kickstart Fund. Following the delays experienced at the outset of the programme, staffing challenges and the changing innovation support landscape, the programme team were unsure if there remained a demand for the Fund.⁴⁹ By the time the team was content a demand existed it was in the process of developing a PCR, and therefore waited for this to be accepted before developing and launching the Fund. As a result, the first deadline for applications was 27 October 2021.
- 4.49 Applications remained open across a series of deadlines until June 2022. At interim evaluation stage (late 2021) a deadline of January 2022 had been provided for applications, with a target of c10 grant projects. This was due to the significant timescales associated with the development, delivery and completion of the projects which needed to occur prior to programme closure. However, this was subsequently extended to June 2022 due to the number of applications being lower than expected.
- 4.50 Ultimately, ten applications were received by June 2022,⁵⁰ a significant increase on the total of only three at the end of December 2021. Although lower than the programme's original target of 21 High Impact grants, given the delayed start to commencing the grants, the complexity of the High Impact Innovation Fund applications, and their associated high value, this represented a positive achievement from the programme – and aligned to PCR targets.
- 4.51 However, similarly to the Kickstart Innovation Fund, the High Impact Innovation Fund was to experience the withdrawal of several approved projects – with half of the ten projects withdrawing. This was more damaging to the programme than the Kickstart withdrawals given that: a) it represented 50 per cent of the fund's approved projects; and b) the higher value of these projects meant a significant drop in the project's C6 private investment (and its overall performance against expenditure targets). This is summarised in the table below.

⁴⁹ Associated with Connecting Innovation's initial delays, the programme team were also aware of the need to consider the budgeting of the programme given the significant size of the High Impact Fund and associated match requirements

⁵⁰ Note that procurement processes subsequently went live, with procurement for all funded/proceeding High Impact projects completed by Q4 2022

Figure 4.4: High Impact Innovation Fund Grants

Date	Completed projects	Total project value	Total grant value
Total applications	10	N/A	N/A
Approved	10		
Withdrawn	5	£499,400	£223,380
Completed	4	£378,200	£169,965
Ongoing (at time of writing)	1	£40,000	£18,000
Total funded	5	£418,200	£187,965
Average project value		£83,640	
Average grant value		£37,593	
Average intervention rate		45%	

Source: WYCA (April 2023)

4.52 The majority of High Impact withdrawals occurred relatively late in the programme, including one in Q3 2022 and two more in Q4 2022. Given the limited time remaining, together with the associated processes involved in developing, approving and procuring a High Impact project, it was not possible to replace these. Examples of reasons for withdrawal included:

- Following an open procurement process, one of the projects received no applications to tender for the work required. The possibility of realigning the project to a Kickstart Fund grant was discussed but ultimately the business chose not to proceed.
- Following an open procurement process, another project identified a preferred supplier to proceed with. On reviewing the applicant's assessment documentation the Connecting Innovation team found that the chosen supplier had submitted after the application process had closed, invalidating it. Despite having received other bids that also scored highly, the applicant subsequently decided not to proceed.
- Another applicant, having successfully completed their procurement and identified a preferred supplier, decided not to proceed with the project due to a change in the focus/priorities of the business.

Examples of High Impact Innovation Fund grants

- A project to build and test a marketing software tool which uses machine-based learning algorithms to provide analytics and predictive modelling, enabling businesses to predict future sales and access recommended product mix decisions when selling on Amazon
- A project to develop an antioxidant and identify a suitable delivery method for this to successfully penetrate the skin, in particular the hair follicle and shaft - which will be used in collaboration with the business' existing scalp cooling technology to further minimise hair loss for patients undergoing chemotherapy treatment. This would be both a new to market and new to business product.
- A project focused on artificial intelligence-based re-listings and selling
- Another artificial intelligence-based project focused around smart networking to enable auto repair and address data breaches

- 4.53 Data from December 2022 showed that half of the Fund’s applications were from businesses with the Advanced Manufacturing sector. The other applicants included those from the Health Technologies sector (2), Data and IT (2) and the Health and Care sector (1).
- 4.54 The process relating to the High Impact Innovation Fund was relatively complex given both the requirements of ERDF and the value of the individual projects funded – and ultimately represented a barrier when seeking to stimulate additional innovative activity. The process created a number of challenges, with documentary evidence within the programme’s quarterly claims stating that *‘High Impact applications are taking longer to progress than initially anticipated due to the complexity of the projects and the need for the businesses to adhere to the procurement rules to secure the innovation support’*. This latter point was particularly relevant and was referenced by several evaluation respondents. It related to the need for applicant businesses, due to the value of procurement within their projects, to use the government’s Contracts Finder site for procurement purposes. This meant the businesses, most of which were not used to public sector procurement, had to manage their tender via the portal. This led to a significant number of meetings with, and support from, the Connecting Innovation team.
- 4.55 Despite the above challenges, some SMEs made specific reference to the support provided by Connecting Innovation regarding the application process, for example:
- “I just wanted to send a note of thanks to you for all your help with regard to the High Impact Grant application process. From the very beginning of the process all the way until this point, you have been great at explaining the qualification criteria and what to expect, in terms of process and timing. I am also impressed with the time that you have taken to understand our business plan, our growth strategy and importantly our project, despite the fact that it is highly technical and specialised. In doing so, it helped us to set the context of this project and what we will be delivering, in terms of innovation, value and job creation. And even though some of your questions were designed to challenge us and our application hard, you explained throughout why you were asking so many questions and why we needed to ensure that our application could clearly articulate the important points. Whilst the whole process was time consuming from our side, with your help and flexibility, we were able to run our business in parallel to completing the application, enabling us to meet deadlines.”*
- 4.56 **In summary**, although a minority of stakeholders indicated the grant application deadline of June 2022 for both funds limited the potential for utilising the full grant pot, it appeared to be an appropriate decision – particularly given that (at the time of writing) there remain some grants still to be fully completed and paid. Furthermore, both grant pots were fully utilised following this final application round, with all projects being formally approved by Q3 2022. Ultimately, the inability to achieve the revised C2 and C6 targets was primarily linked to the delayed launch of the grants, which removed sufficient flexibility to address withdrawals (the majority of which occurred at a relatively late stage in the programme’s

lifetime).⁵¹ It is also probable that the cost of living crisis (including energy prices and rising inflation) may have also been a factor inhibiting demand for, and commencement of, grant projects.

Governance and management

- 4.57 Connecting Innovation's governance and management function experienced significant challenges related to resourcing issues within the programme. It did, however, incorporate extremely robust systems and processes.

Governance

- 4.58 At a senior governance level, Connecting Innovation reported to the **WYCA's Business, Economy and Innovation Committee (BEIC)** throughout its lifetime. The BEIC, chaired by the leader of Kirklees Council, includes public and private sector members as well as a series of advisory representatives. It provided high-level oversight of the programme from a governance perspective. In addition, the programme reported verbally (via the Senior Service Manager) to a **WYCA Programme Performance Group (PPG)** headed by the Director of Economic Services, and also informed the **West Yorkshire Innovation Network**.
- 4.59 All three of the above groups are relatively high-level and were not, therefore, specific to Connecting Innovation. As a result, from a governance perspective there was no specific group or forum in place to provide more detailed review of progress, scrutiny and support regarding decision making prior to the establishment of the programme's Steering Group in November 2021 (see below); rather, such discussions primarily occurred via the Senior Service Manager engaging at an individual level with senior WYCA representatives (including the Programme Lead for Clean Growth and Innovation, the Head of Business Services, and the Director of Economic Services).
- 4.60 A **Connecting Innovation Steering Group** was established well into the programme's lifetime – whereby its inaugural meeting took place on 17 November 2021 (over 18 months after commencement). The Group was chaired by the WYCA's Programme Lead for Clean Growth and Innovation, and usually attended by the WYCA Head of Business Support, WYCA Head of Innovation and Digital Policy, WYCA Senior Service Manager (Innovation), and WYCA Service Manager (Connecting Innovation). Whilst this enabled the opportunity for progress updates

⁵¹ In addition, the delay also created some frustration and confusion among businesses and other providers. IGMs commented that some businesses were keen to access a grant but it was not possible to offer this to them. Similarly, partner organisations stated they were at times unsure when the grant offer was due to commence and were therefore hesitant to refer businesses to the programme.

to be provided and discussed, the development of such a group from the programme's outset may have helped to identify and address some of the challenges it initially faced (particularly prior to the Senior Service Manager being appointed). Furthermore, feedback and documentary review suggested relatively limited programme activity during the period of the Senior Service Manager's Covid-19 sickness absence; this perhaps demonstrates the need for a more robust contingency plan should key staff not be available.

Management

- 4.61 The initial six months of Connecting Innovation was negatively affected by there being no dedicated programme management function prior to the Senior Service Manager's appointment. Following the commencement of this role in late September 2020, the programme developed robust systems, processes and communication methods – this led to the following improvements in relation to the programme's management:
- Improved communication across the programme team, including weekly team meetings as well as a range of other regular sub-meetings (e.g. pipeline review meeting) – regular communication was viewed by the majority as a strength of the team
 - Greater clarity regarding individual roles and responsibilities – again, this was seen as a particular strength
 - Improved guidance and support for team members
 - Clearer decision making, as well as rapid responses to any queries raised
 - Development of robust processes and systems
- 4.62 Connecting Innovation demonstrated detailed collection of data and information via its bespoke central tracker document and the CRM. A range of weekly reports/trackers were created from the CRM every Monday, supporting assessment of progress. Overall, the programme's systems and processes were very robust, examples of this were evident when reviewing grant documentation – which included detailed guidance documents, process maps, timelines, roles and responsibilities, Q&A, checklists, template letters, procurement guidance and templates, and appraisal guidance. However, feedback from various stakeholders indicated the programme suffered from inconsistent recording of data – in particular, the detailing by IGMs of all support provided to SMEs. As a result, it is likely that the amount of support ultimately recorded was represented less than that actually delivered.
- 4.63 The above robust approach to management processes and systems is relatively commonplace within ERDF-funded interventions – and primarily responds to the strict guidance associated with the fund, assuring compliance. The effect of this robustness was varied among the different stakeholders at summative stage. For example, many (although not all) of the staff involved in management and administration tasks were more accepting of this robustness and recognised its necessities. In contrast, whilst delivery-facing staff did realise the robustness was associated with the funding guidance, some commented how it

had the potential to limit the effectiveness of support provided to SMEs. A minority of consultees referred to the systems, processes and administration as too extensive and risk averse, with examples of lengthy sign-off processes – in particular, this created challenges for new staff to adapt and learn.

Horizontal Principles

4.64 This section reviews the programme's focus on ESIF horizontal (cross-cutting) principles. Whilst **Equality and Diversity** was not a core driver of programme delivery, particularly given that the LEP had interventions specifically focused on diverse groups, the following is noted:

- Connecting Innovation was located within a very diverse area with regard to ethnicity and socio-economic circumstances; the programme, which was open to all SMEs, therefore naturally supported engagement of participants from varied backgrounds through locally orientated promotion.
- The programme sought to promote itself to wide-ranging and varied groups, with examples of specific engagement with organisations/groups focused on protected characteristics including: contributing to an article for the Yorkshire Asian Business Association to promote innovation support; attending events focused on female entrepreneurs to promote the programme (e.g. one IGM was a panellist at the Women in Leeds 'Belong Digital' event); promoting provision via the Bradford Business Network (which incorporates significant ethnic diversity).
- The programme collected data regarding SMEs supported from areas of deprivation across the region. Based on the Index of Multiple Deprivation (IMD), whereby decile 1 represents the most deprived 10% of small areas in England and decile 10 represents the least deprived 10%, 43% of the programme's beneficiaries were within the top 3 deciles – demonstrating it supported businesses from the most deprived areas of the region.

4.65 Regarding the **Sustainable Development** theme, the following is noted:

- There were specific examples of beneficiary SMEs being supported to develop products or innovative activities focused on sustainability, whereby low carbon/renewable projects was viewed as a core category of those funded via the programme's Kickstart grants – an example included a project to develop recycled plastic materials into composite materials for use in construction.
- The programme delivered a series of Net Zero Innovation workshops for beneficiaries.
- The programme sought to refer to other interventions specifically focused on sustainability where appropriate – for example the LEP's Resource Efficient Business (REBiz) programme.
- Delivery of the programme primarily occurred using remote methods throughout its lifetime (albeit this was initially a result of the pandemic), therefore minimising its environmental impact.
- Delivery of the programme also utilised sustainable methods with regard to the implementation of electronic signatures, online application forms and digital monitoring – therefore reducing the use of paper.

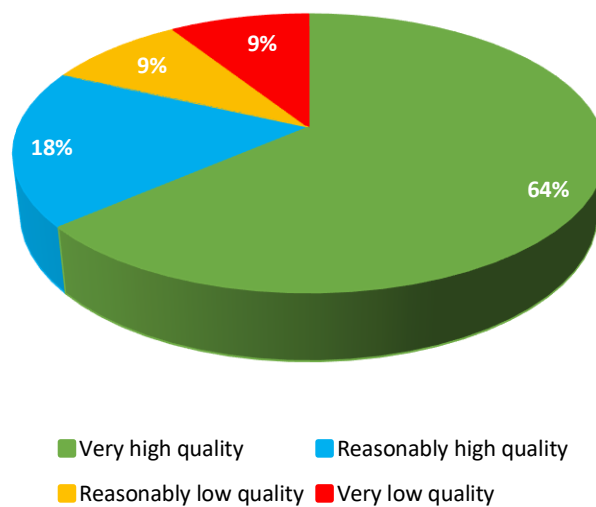
5. Outcomes and Impact

5.1 This section explores outcomes and impacts resulting from Connecting Innovation.

Quality of provision and meeting participant expectations

5.2 Participant SMEs generally referred positively to the support provided by Connecting Innovation. For example, the evaluation's online survey established that 64 per cent of respondents identified the quality of support as being 'very high quality', whilst another 18 per cent stated it was 'reasonably high quality'. This is shown below.

Figure 5.1: Quality of support provided



Source: Carney Green evaluation survey (2023)

5.3 Positive feedback and comments here related to the ability to access funding, but also the level of support and assistance provided by the Connecting Innovation team. For example, one respondent commented:

"The team were very easy to work with and quick to respond to questions."

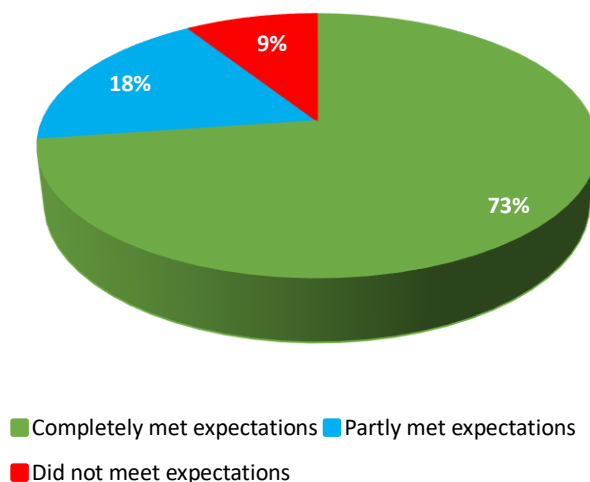
5.4 In response to the survey asking participant SMEs to state, on a scale of 0-10, how likely they would be to recommend Connecting Innovation to a friend or colleague the average score was 8.2 – further demonstrating general positivity towards the support received.

5.5 In contrast, negative comments related primarily to the challenging process of applying for a Connecting Innovation grant. One respondent commented:

"In order to ensure we completed as per the requirements we had to have lots of conversations with the [Connecting Innovation] team, and some requirements came to us late in the day."

- 5.6 The online survey also indicated that respondents' expectations upon joining Connecting Innovation had largely been met, whereby 73 per cent stated these had been completely met and another 18 per cent stated they had been partly met – as shown below.

Figure 5.2: Meeting expectations



Source: Carney Green evaluation survey (2023)

- 5.7 The table below highlights the percentage of respondents (from the online survey) that had each type of expectation when joining Connecting Innovation and the extent to which each of these were subsequently achieved/met following receipt of support. It is evident that, despite a small proportion of respondents still being in the process of receiving support when they completed the survey, most expectations were either met or exceeded. In particular, more businesses accessed the programme's funding than initially expected to, whilst more businesses achieved outcomes related to new products/services and processes/systems than anticipated.

Figure 5.3: Original versus achieved expectations

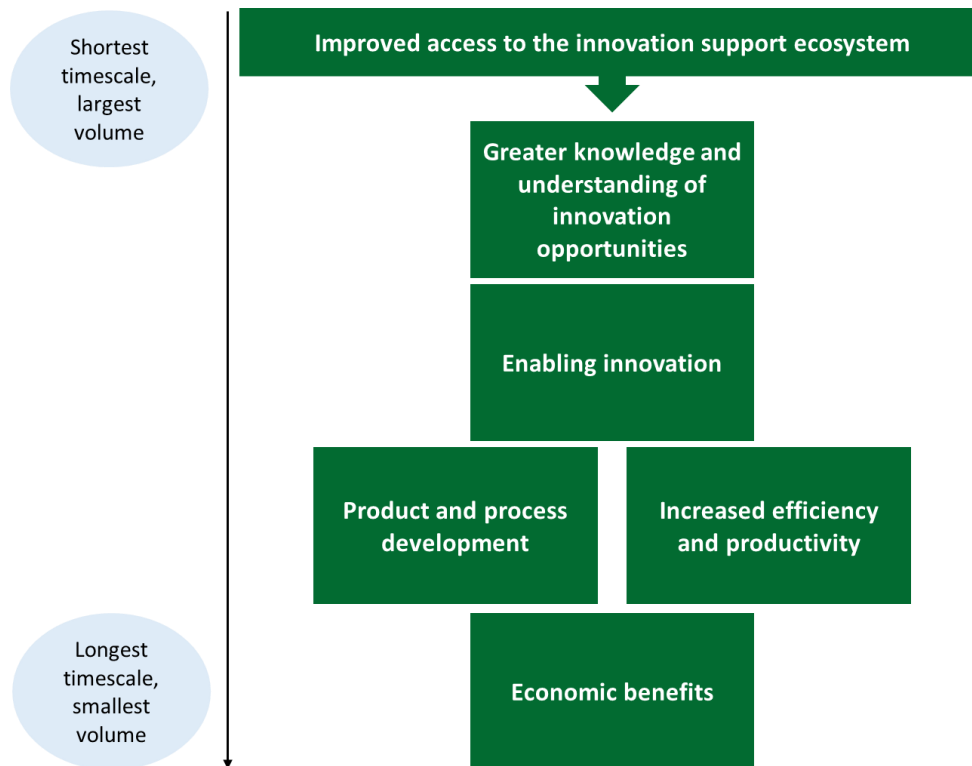
Expectation	Initial expectation (% of respondents)	Subsequently achieved (% of respondents)	Difference (positive or negative)
To obtain information in order to better understand the innovation support landscape (i.e. what support was available to the business)	17%	17%	0
To access a wider range of innovation support and advice	17%	8%	-9
To better understand my business' innovation needs or opportunities	17%	17%	0
To access funding (either via Connecting Innovation or other sources)	58%	75%	+17
To obtain advice on how to increase the innovation skills and / or capacity within the business	0%	8%	+8
To be able to do something different or new within the business (that we could not do previously)	0%	8%	+8
To develop a new process or system (internal or external to the business)	17%	25%	+8
To develop a new product or service (internal or external to the business)	42%	50%	+8

Source: Carney Green evaluation survey (2023)

Outcomes achieved

- 5.8 Ongoing delivery of programme activity at the time of writing, together with the expected long-term nature of expected outcomes and impacts associated with the grants, made it challenging to clearly demonstrate a significant body of outcomes and impacts from Connecting Innovation – furthermore, the economic downturn over the second half of the programme (following on from the negative impact of Covid-19) may have delayed or reduced impacts. However, a review of programme data and documentation, alongside consultation with a sample of beneficiary SMEs and stakeholders, did identify a series of headline outcomes generated by Connecting Innovation.
- 5.9 Given the significant variations in the type and volume of support provided to different beneficiaries by Connecting Innovation, these outcomes will have occurred to different extents for each business engaged (and will not have occurred at all for some) – but they nevertheless represent core benefits which were most commonly identified. These outcomes are summarised in the figure below.

Figure 5.4: Headline outcomes



5.10 Each outcome type is explored in more detail below.

Improved access to the innovation support ecosystem

5.11 Connecting Innovation, primarily through the work of its IGMs, supported SMEs within West Yorkshire to understand, and access, the wider innovation support ecosystem. This formed a key initial element of support for most businesses engaged. In some instances it occurred as part of more detailed support (e.g. capacity building support or grant funding), whilst in other instances it was via a relatively rapid referral. Such outcomes were enabled via:

- The IGMs undertaking initial discussions, and in some cases full diagnostics (132 SMEs had received a full diagnostic by April 2023, excluding support delivered via the externally procured C1/C4 contract), with SMEs to understand specific innovation-related needs
- The breadth of knowledge held by IGMs regarding innovation support provision across (and beyond) the LCR – this was generally viewed as a strength of the IGMs
- The positive relationships which were in place between IGMs and other innovation support providers/wider business support provision (although this did appear to differ across the IGMs and across different support providers)

- 5.12 Within the evaluation survey, 77 per cent of SME respondents stated that they had a better understanding of innovation support available to their business, with many direct references to referrals provided by the programme.
- 5.13 This referral and brokerage role was also evident in data provided by WYCA, which showed that Connecting Innovation had worked with 93 third party support providers by January 2023 – whilst the evaluation’s survey found that 43 per cent of respondents agreed that the programme had enabled them to access other business support (recognising that not all respondents would have been seeking other support). IGMs sought to provide ‘warm’ handovers to referral partners wherever possible.
- 5.14 Referral and brokerage support not only enabled SMEs to access additional support, but in some cases led to them accessing funding. For example, one beneficiary SME commented:
“With your advice and input we have been able to secure funding from the Digital Enterprise Scheme and this has enabled us to create a digital product and bring it to market - something we just never would have been able to afford to do had you not introduced us to this scheme and support.”
- 5.15 The IGMs themselves also highlighted referral and brokerage as a central aspect of their role, identifying significant needs among businesses in this respect. One IGM commented:
“Helping businesses to understand the innovation support landscape was a key benefit of the programme. Many businesses did not know where to start.”

Greater knowledge and understanding of innovation opportunities

- 5.16 Support from Connecting Innovation’s IGMs assisted SMEs to have a greater understanding of their innovation-related needs. This formed a key component of the initial, and in many cases, ongoing support. The diagnostic played a central role here, providing the opportunity for the SME to reflect on their business and its innovation-related opportunities – with the IGM (or more latterly advisers within the externally procured C1/C4 contract) providing associated support and advice. This led to various different routes (or a combination of these) for businesses, including:
- Direct referral to additional business support/other providers
 - Ongoing engagement and discussions between the IGM and the SMEs to further develop the business’ ideas and knowledge
 - Access to specific workshops to obtain additional knowledge (this related specifically to the externally procured C1/C4 support from November 2022 onwards)
 - Support for the SME to access one of Connecting Innovation’s grants
- 5.17 Some SMEs therefore benefited from more significant and lengthy working relationships with the IGMs – whereby the IGM acted as an account manager or critical friend for them,

providing advice and support as required. For example, one business beneficiary commented:

“A huge thank you [to my IGM] for your continued support and feedback given to both me and for the business’ development. I always appreciate our open, honest discussions and you have provided some great expertise and insight into helping me realise my dream of getting a digital product to market. You have always been there to contact, offer advice and support on whatever challenges I might be dealing with and I am sincerely grateful for this. You clearly go above and beyond in terms of offering support and genuine care for your clients. You show a genuine interest and passion for us to succeed and this has been really encouraging especially during times which have proved to be very challenging over the last two years especially during and post Lockdown. The fact that you have been able to relate to and understand the isolation of running your own business and the challenges we face and that I have a point of contact of someone to call who understands has helped me hugely.”

5.18 One of the programme’s IGMs also referenced this type of support:

“A key benefit for participants was when we were able to build relationships with them and provide ongoing support. There were many examples of this, where we became their ‘go to’ person. This was particularly important during lockdown as some people in smaller businesses became quite isolated.”

5.19 This ongoing support enabled some of the businesses to more clearly understand and articulate their innovation opportunity, including the project they subsequently funded via a Connecting Innovation grant. One SME commented:

“We had an initial idea of what we wanted to do in terms of developing our businesses and innovating, but following discussions with the programme it became clear this was not the best way forward. We subsequently adopted a different approach which was more beneficial to us.”

5.20 Indeed, some SMEs (and IGMs) explained that the joint discussions had led to several businesses not only increasing understanding of their innovation opportunities, but also changing their initial ideas.

Enabling innovation

5.21 Partly linked to the above outcome of increasing knowledge and understanding of innovation opportunities, Connecting Innovation also directly enabled innovation. This mainly occurred via the 28 grants funded by the programme, several examples of which are detailed within Section 4 above. Feedback from programme stakeholders and beneficiary SMEs highlighted that the grants enabled businesses to:

- De-risk innovation activity due to the funding provided

- Undertake an innovation project which they would otherwise not have been able to afford
- Bring forward their innovation project, ensuring it occurred at a much earlier date than it would have otherwise
- Increase or maintain the scale of their innovation project

5.22 One of the programme's delivery staff commented:

"The funding enabled businesses to stay at the forefront of what they were doing . One example of this was a business which developed exercise machines and toning tables, including wheelchair users. The innovation project (funded by the grant) enabled it to significantly increase the speed of its modifications – rather than having to create a new framework for all 12 of its blueprints when a modification was required, it could subsequently do this in one step through an overriding framework. This increased efficiency and profit, enabling the business to remain at the forefront of its market."

5.23 In addition to direct delivery of the 28 grant-funded innovation projects, feedback from SME beneficiaries also demonstrated an increasing focus towards innovation. For example:

- 78% of survey respondents had increased their expenditure on R&D since engaging with Connecting Innovation, whilst the remaining 22% had maintained existing expenditure
- 85% reported a greater capacity and capability to innovate
- 64% referenced an increased innovation culture/a greater desire to innovate
- 86% had undertaken an innovation project since engaging with Connecting Innovation

Product and process development

5.24 Although the timescales of the evaluation make it difficult to fully identify and understand the impacts emanating from the more direct innovation support delivered by Connecting innovation (i.e. its grant provision), there was evidence of new product and process development - as well as projects which were expected to generate these at a later date. For example:

- 50% of respondents to the evaluation survey had developed new products or services since engaging with Connecting Innovation, whilst 25% had developed new processes or systems
- The programme, at the time of writing, is expected to deliver 22 C28 (enterprises supported to introduce new to the market products) outputs
- The programme is also projected to achieve 29 C29 (enterprises supported to introduce new to the firm products) outputs

"The grant has been immensely helpful in getting us to where we are today. As a new start-up who are funding all our development work from our personal money the success of being accepted for the grant gave a significant boost to our project. It has enabled us to get further towards our end goal without having to take on debt or forgo equity. It also helped us to

produce a more robust, future-proof product by funding more prototypes and thus increasing the number and depth of testing we can undertake on the device. Not only is the monetary side a help, but also the introductions made to other grant and advice providers - for example PAPI whom we are getting capital investment assistance from - has been of significant value and helped us move our business forward. The discussions with yourself were also invaluable - being 'interrogated' by an unbiased, knowledgeable third party helped clarify our plans and objectives and reinforced our belief in our product." [Connecting Innovation grant recipient]

- 5.25 Rather than directly leading to the end of a product or process' development, other innovation projects supported via Connecting Innovation instead helped to fund part of the development (i.e. a specific step). An example of this was Little Journey, which received funding to enable specific research and data collection that was pivotal in helping the company understand the next stage of their product's development.

DigiBete Global Limited

DigiBete Global Limited, which supports the DigiBete (CIC) award-winning digital platform for patients with Type 1 Diabetes and their clinical teams, secured finance through the Kickstart Innovation Fund to source external expertise needed for the next stage of its innovation project. Specifically, this meant the development and implementation of two-way communication into its current app – therefore enabling communication between clinics and their patients.

John Hughes, Director at DigiBete, commented:

"DigiBete is developing its innovative digital resources in a progressive way and as a naturally collaborative business, the grant from Connecting Innovation has allowed us to match-fund a further important step on our development pathway in a timelier manner, working with our trusted development partners. Being able to match-fund projects alleviates the financing burden and makes our own funds go further."

John also commented on the importance of utilising the funding to lever in external expertise and foster collaboration:

"We are a small team and we recognise the importance of collaborations to enhance our growth prospects and help meet our strategic objectives. It gives us the ability to leverage additional skills, which is particularly important for newer businesses; it provides enhanced project scoping through wider discussion, minimising mistakes and therefore improves the chance of better outcomes, all through collaboration."

Improved efficiency and productivity

- 5.26 The innovation projects supported by the programme's grants had led to (or were expected to lead to) improvements to the efficiency and productivity of SME beneficiaries. This had been enabled by various means, but particularly the adoption of improved processes or the use of new technology (one example of this was an SME working closely with the University of Bradford via a Connecting Innovation grant in order to access specific technology).
- 5.27 This was partly evident within the evaluation survey, within which 64 per cent of participants agreed that since engaging with Connecting Innovation they had invested in new technologies to improve productivity. There were numerous examples of Connecting

Innovation grants being used to support increased digitalisation and automation. One SME grant recipient commented:

“Productivity has increased dramatically due to the project [funded via the Connecting innovation grant]. What previously took two weeks can now be done in a single day.”

Economic benefits

5.28 Whilst economic benefits typically occur following a time-lag from support delivered, there is already some evidence of these from Connecting Innovation at the time of writing. Examples include:

- **Job creation:** The programme is projected, based on its grants alone, to enable the creation of 62.5 jobs (C8 outputs). Furthermore, 57% of respondents to the online survey stated they had already created a job since accessing support from the programme, whilst 43% stated they expected to do so over the next year – on average, SMEs attributed 61% of their job creation to the support received from Connecting Innovation.
- **Jobs safeguarded:** 14% of survey respondents stated they had already safeguarded a job following engagement with the programme, while a further 14% expected to safeguard a job within the next 12 months.
- **Turnover:** No respondents to the online survey stated they had increased turnover since accessing support, but 86% expected to do so over the next year.
- **An increased ability for SMEs to generate additional income and create jobs:** The evaluation survey established that 77% of SME respondents agreed that following engagement within Connecting Innovation they had an improved ability to create additional income and employment opportunities.

5.29 Further to these impacts, some SMEs also stated that the support provided had enhanced their ability to access new market opportunities.

Gross and net economic impact assessment

5.30 The summative assessment guidance requires an assessment of gross and net economic impact for interventions, ideally focused on job creation and Gross Value Added (GVA). To estimate Connecting Innovation’s contribution to additional GVA, we have utilised its final projected C8 figure for employment increase.⁵² This is expected to total 63.8. Some caution should be taken when using this figure, given that (due to the timing requirements of the summative assessment) all of these jobs have not formally been confirmed by beneficiary

⁵² It is probable that increased productivity (output per worker) achieved will have also generated additional GVA; however, the capture, measurement and evidencing of this was not feasible within the scope or timescale of the assessment

SMEs at the time of writing – however, the projected jobs are specifically based on agreements/discussions relating to the grants provided by the programme.

Gross economic impact

- 5.31 The C8 employment increase figure enables an outline estimated calculation of the programme's initial gross direct contribution to GVA within the regional economy, based on the latest available GVA per job figure for West Yorkshire.⁵³ Using this methodology, it is estimated that the programme's initial gross direct economic impact is as shown in the table below.

Figure 5.5: Estimated gross direct economic impacts

Impact type	Impact
Jobs created	63.8 <i>This figure was provided by WYCA as its final projected C8 output</i>
GVA generated	£3.23m per annum (not including any persistence effects) <i>Estimated by applying the total number of estimated jobs created by latest available regional GVA per job data</i>

Net economic impact

- 5.32 It is important to recognise that not all gross economic impacts can be wholly attributed to the programme; some may have occurred anyway without its support. Furthermore, it is possible that some impacts may occur outside of the programme's geographical area, or that the impacts achieved by a beneficiary business may displace potential impacts for a non-beneficiary business. To take account of these factors ratios have been applied to enable consideration of net economic impacts; these factors are explained below.

Table 5.6: Additionality factors applied

Additionality Factor	Measure applied
Deadweight: the level of outcomes from an intervention which would have occurred anyway if it had not gone ahead. For example, deadweight would be high if a business stated it would have generated jobs anyway without the support of the programme. Respondents to the evaluation survey estimated an attribution level of 60.5% (a deadweight of 39.9%). Given this is only based on a sample of beneficiaries, it is also relevant to consider established literature regarding deadweight. The Homes and Communities Agency (HCA) Additionality Guide ⁵⁴ provides a deadweight ready reckoner for business support projects of 45.5%. Therefore, a halfway point was used between the deadweight proxy identified in the survey and the ready reckoner from the HCA, providing a proxy value of 42.5%.	42.5%

⁵³ Office for National Statistics (July 2022) Subregional Productivity release

⁵⁴ HCA (2014) Additionality Guide

Displacement: the number or proportion of intervention outcomes accounted for by reduced outcomes elsewhere within the target area. For example, the creation of jobs by a business supported by the programme may displace jobs from a business elsewhere within the region that did not receive support. Due to the relatively small number of businesses supported (in comparison to the overall region) and the generally small size (and therefore proportion of market share) of the beneficiary businesses, displacement is likely to be low. HCA guidance provides a low displacement ready reckoner estimate of 25%.	25%
Leakage: the number/proportion of outcomes that benefit those outside of an intervention's target area/group. As the programme was specifically targeted at businesses within the LCR, with defined eligibility criteria, it is likely to have experience minimal leakage. Therefore, a low ready reckoner of 10% ⁵⁵ is applied.	10%
Economic multiplier: reflects further economic value associated with the additional income to those employed as a direct result of an intervention, and additional value within business supply chains (<i>induced</i> and <i>indirect</i> effects). HCA guidance ⁵⁶ provides a ready reckoner economic multiplier of 1.51 at the regional level for business development interventions.	1.51

- 5.33 Using the figures above, the calculation of net economic impacts can be made based on the summative assessment guidance (note these only represent 'one-off' benefits and do not include any persistence effects).

Figure 5.7: Gross to net calculation

Impact indicator	Additionality Factor	Measure	Adjustment
Jobs Created	Gross impact	63.8	n/a
	Deadweight	36.7	42.5%
	Displacement	27.5	25%
	Leakage	24.8	10%
	Net additional	37.4	1.51 multiplier
Gross Value Added (GVA)	Gross impact	£3,225,090	n/a
	Deadweight	£1,854,427	42.5%
	Displacement	£1,390,820	25%
	Leakage	£1,251,738	10%
	Net additional	£1,890,124	1.51 multiplier

Source: Carney Green (partly adapted from data provided by WYCA, April 2023)

Note: the treatment area is the LCR and the timescale is for the duration of the programme

Persistence effects

- 5.34 The above headline figures represent 'one-off' benefits. However, in reality these benefits will persist. Applying a 10-year persistence period and discounting at 3.5 per cent (in line with

⁵⁵ HCA (2014) Additionality Guide

⁵⁶ HCA (2014) Additionality Guide

HM Treasury Green Book guidance), the overall GVA benefit from the jobs created would be £16.27m.

Sensitivity testing

- 5.35 Recognising various factors can impact upon the estimated economic impact figure for the programme, we have undertaken sensitivity tests based on a series of different scenarios (negative and positive) to assess the impact of these on the net estimated GVA (and persistence effect GVA). These are presented below.

Figure 5.8: Sensitivity tests (GVA)

Scenario	Explanation	Net GVA (one-off)	Net GVA (with 10-year persistence)
a) Original estimated net GVA	Estimated figures presented above	£1.89m	£16.27m
b) Confirmed jobs at 31/03/2023 only (with original deadweight)	Based <i>only</i> on the 35.8 jobs that had been achieved and confirmed at 31 March 2023	£1.06m	£9.13m
c) Zero deadweight (with full projected jobs)	Recognises that all C8 outputs are confirmed by SMEs to have been generated as a result of the programme's support – hence all deadweight is removed	£3.29m	£28.29m
d) Zero deadweight (with confirmed jobs at 31/03/2023 only)	As above (zero deadweight) but only with the 35.8 jobs achieved and confirmed at 31 March 2023	£1.84m	£15.88m
e) Increased deadweight (with full projected jobs)	Deadweight is based on the HCA's guidance only, hence is 45.5% ⁵⁷	£1.79m	£15.42m
f) Leakage ratio based only on programme data	Programme data indicated that only 2% of beneficiaries receiving a diagnostic were from outside the LCR – hence leakage is reduced to 2% rather than 10% ⁵⁸	£2.06m	£17.72m

Source: Carney Green (partly adapted from data provided by WYCA, April 2023)

⁵⁷ HCA (2014) Additionality Guide

⁵⁸ 2% is unlikely given that some benefits (e.g. induced and indirect) will leak out the area anyway from businesses based within it

- 5.36 The table above demonstrates that the removal of deadweight is the most sensitive scenario, whereby this would result in a significant uplift in the economic benefit associated with the programme. In contrast, if the programme were only to achieve the level of confirmed jobs evident at 31 March 2023 (and deadweight were to remain applied), this would significantly reduce the economic benefit.

Strategic impacts

- 5.37 Further to the direct impacts upon beneficiary SMEs, and the associated economic impacts, Connecting Innovation also sought to provide wider strategic impacts – most notably through the following two means:
- a) Helping to increase understanding of the LCR’s innovation support ecosystem and therefore enabling SMEs to navigate this more effectively
 - b) Supporting an increased culture of innovation within the LCR
- 5.38 As discussed above, Connecting Innovation played a positive role in terms of helping SMEs to navigate the innovation support ecosystem. This primarily occurred through direct engagement with SMEs and subsequent navigation and brokerage advice/assistance, with at least 380 businesses and 93 third party support providers engaged by the programme. One stakeholder external to the programme commented:
- “Connecting Innovation has definitely helped to connect different parts of the innovation ecosystem in West Yorkshire. There were so many innovation programmes out there so it made sense for a centralised hub to deal with all those and filter them. It was very important at the time the programme was set up and continues to be important going forward.”*
- 5.39 In addition to this very direct support, several stakeholders commented that Connecting innovation had played a role in helping to bring different providers together across the innovation field. In addition to achieving this through referral activity, this included:
- Connecting Innovation helped to launch and facilitate the **West Yorkshire Innovation Network**⁵⁹ (a key priority of the LCR Innovation Framework), which should enable the ongoing development and enhancement of innovation support across the region (including greater coordination) – and, anecdotally, has increased awareness among partners of their provisions and specialisms
 - Connecting Innovation played a significant role in the development and facilitation of the **West Yorkshire Innovation Festival**, which commenced in 2021 and also occurred in 2022 – it is anticipated this will continue to be an annual event
 - Less positively, feedback indicated that there was less engagement between the programme and **HEI partners** than originally anticipated – the specific reasons for this are unclear, but may have included a combination of HEIs being less responsive to

⁵⁹ The Network brings together key innovation stakeholders from the region with the aim of ensuring a connected and collaborative ecosystem for the benefit of the region and its businesses – its first meeting occurred in June 2020

opportunities than the private sector, HEIs having less focus on smaller grant pots, and less awareness or clarity of Connecting Innovation among HEIs as a result of its delayed start and changing focus

- 5.40 Whilst the programme therefore played a positive role with regard to enhancing understanding and collaboration within the innovation support ecosystem, there clearly remains work to be done here – given that Connecting Innovation will have only engaged with a small proportion of the region’s SMEs overall.
- 5.41 The provision of support directly to SMEs, together with engagement of stakeholders through referral mechanisms and more strategic approaches (e.g. the Festival and Innovation Network) will have naturally helped to raise the profile of innovation to an extent. However, the challenges faced by Connecting Innovation (documented throughout this report), together with its relatively limited scale, mean it is unlikely to have made significant inroads in terms of enhancing the region’s culture of innovation. In particular, this ambitious objective did not align well with the defined output targets of the ERDF funding regime, or the multiple tasks assigned to the programme’s IGMs.

Performance against logic model outcomes and impacts

- 5.42 The original Connected Innovation logic model, developed by WYCA at the outset of the programme, included specific outcomes and impacts. Whilst some impacts will naturally occur over a longer period, progress against each is summarised below – based on consultation, data and documentary evidence.

Figure 5.9: Progress against logic model outcomes and impact

Logic Model Outcomes

- **Increase in SME Investment in R&D as a result of intervention:** 78% of evaluation survey respondents stated they had increased expenditure on R&D since engaging with Connecting Innovation, whilst the remaining 22% had maintained existing expenditure levels on this. Whilst non-financial advice, support and knowledge from the programme is likely to have contributed to this, a central factor will have been the match funding which SMEs contributed towards their Connecting Innovation grants.
- **Increased numbers of SMEs cooperating with HEI:** Whilst some of Connecting Innovation’s grant funding was utilised by SMEs to undertake partnership working with HEIs, this was relatively minimal – whereby most grants were used for joint working with private research partners (a positive outcome itself). Overall, feedback indicated the programme found it challenging to engage directly with HEIs – despite referring SMEs to them and promoting the programme to HEIs. The evaluation survey established that only 33% of respondents agreed that Connecting Innovation had led to them engaging or cooperating with a HEI.
- **Increased take up of Innovate UK grants:** The evaluation survey found that 50% of respondents strongly agreed that Connecting Innovation had helped them to access an Innovate UK grant. Whilst this was based on a relatively small sample size, it does recognise the positive navigation and brokerage role played by the programme – and the benefit of Connecting Innovation’s grants in terms of being a stepping stone towards other funding.

- **Increased take up of Knowledge Transfer Partnerships (KTPs):** The evaluation survey demonstrated that approximately a fifth of respondents agreed that Connecting Innovation had assisted them to take up a KTP. Whilst this does indicate that the programme did support take-up of KTPs, it is likely this was partly limited due to the challenges faced engaging with HEIs.

Logic Model Impacts

- **Contribution towards increase productivity through SME investment in new technologies including digitalisation and automation:** Although this impact is likely to be ongoing beyond the timescale of the summative assessment, the evaluation survey showed that 64% of respondents agreed that since engaging with Connecting Innovation they had invested in new technologies to improve productivity. There were numerous examples of Connecting Innovation grants being used to support increased digitalisation and automation.
- **A positive change in the innovation culture in the region with more SMEs engaging in R&D:** As outlined above, whilst the provision of support (including grants) from Connecting Innovation will have supported additional SMEs to engage in more R&D activity, overall the relatively minimal scale of the programme means it will not have had a hugely significant effect on innovation culture at a regional level.
- **Increase in regional R&D Spend:** As outlined above, 78% of evaluation survey respondents stated they had increased expenditure on R&D since engaging with Connecting Innovation, whilst the remaining 22% had maintained existing expenditure levels on this. Whilst this is positive, it is likely to have minimal impact at overall regional level due to the relatively limited scale of Connecting Innovation.
- **More SMEs that successfully deliver R&D projects because of investment in innovation and project management techniques:** The programme supported 28 SMEs to directly deliver R&D projects/invest in innovation, incorporating a total grant funding pot of £406k and contributing towards projects worth a total of £898k.

6. Value for Money Assessment

6.1 This section analyses the value for money provided by Connecting Innovation.

Unit costs

6.2 Unit costs are calculated using programme expenditure data divided by outputs achieved, for each type of indicator. Figure 6.1 below provides 'forecast' unit costs, based on Connecting Innovation's agreed expenditure and output targets within its second PCR (summer 2022), as well as its projected final achieved unit costs, based on performance data shown in Section 3. For reference, it also shows unit costs forecast at the very start of the programme (prior to any PCRs).

Figure 6.1: Profiled and achieved cost per outputs

Indicator	Original forecast unit cost (prior to any PCRs)	PCR2 forecast unit cost	Achieved* unit cost
C1: Enterprises receiving support	£17,374	£18,828	£14,572
C2: Enterprises receiving grants	£46,331	£57,558	£58,808
C4: Enterprises receiving non-financial support	£25,271	£27,980	£19,372
C5: New enterprises supported	£277,985	£287,792	£164,664
C6: Private investment matching public support to enterprises	£2.18 per £1 invested privately	£2.64 per £1 invested privately	£3.35 per £1 invested privately
C8: Employment Increase in supported enterprises	£79,424	£50,364	£25,809
C26: Enterprises cooperating with research entities	£69,496	£402,909	£411,659
C28: Enterprises supported to introduce new to the market products	£185,323	£83,939	£74,847
C29: Enterprises supported to introduce new to the firm products	£79,424	£59,251	£56,781

* based on projected final output and expenditure performance

Note: private sector match funding has been excluded from the total funding amount when calculating unit costs, given this related to a specific output category (C6); in addition, published benchmarks within Figure 6.2 (below) also exclude private sector funding

Source: Carney Green, adapted from data provided by WYCA (April 2023)

6.3 Figure 6.1 shows that the programme delivered positive unit costs compared to the majority of its PCR2 targets, whereby unit costs were lower for six of the indicators than anticipated. In addition, unit costs for two other indicators were only two per cent greater than their PCR2 target unit costs. This achievement was linked to the programme's significantly lower level of expenditure than forecast within PCR2, compared with its more positive performance

against PCR2 output targets. It should be recognised here that, at the time of writing, several outputs have not yet been confirmed and are only projected to be achieved by 30 June 2023 (see Section 3).

- 6.4 The only unit cost that was significantly higher (27%) than its PCR2 projection related to private investment levels (C6) – this was due to the lower number of grants than anticipated, and particularly linked withdrawals from the High Impact Innovation Fund.
- 6.5 It is also worth noting here that a significant number of additional SMEs received low levels (in volume terms) of support from the programme – for example brokerage and navigation assistance – but are not included in the outputs or unit cost calculations (i.e. they did not represent C1, C2 or C4 outputs).
- 6.6 When assessing unit costs based only on ERDF expenditure, it is notable that all unit costs were lower than those projected at PCR2 stage with the exception of C6 private investment – as shown below.

Figure 6.2: Profiled and achieved cost per outputs – ERDF funding only

Indicator	PCR2 forecast unit cost – ERDF funding only	Achieved* unit cost – ERDF funding only
C1: Enterprises receiving support	£12,699	£9,354
C2: Enterprises receiving grants	£38,823	£37,752
C4: Enterprises receiving non-financial support	£18,872	£12,436
C5: New enterprises supported	£194,113	£105,704
C6: Private investment matching public support to enterprises	£1.78 per £1 invested privately	£2.15 per £1 invested privately
C8: Employment Increase in supported enterprises	£33,970	£16,568
C26: Enterprises cooperating with research entities	£271,758	£264,261
C28: Enterprises supported to introduce new to the market products	£56,616	£48,047
C29: Enterprises supported to introduce new to the firm products	£39,964	£36,450

* based on projected final output and expenditure performance

Source: Carney Green, adapted from data provided by WYCA (April 2023)

Benchmarking

- 6.7 It is difficult to ascertain what constitutes ‘good’ value for money without reviewing data against comparator interventions. Unfortunately, there is relatively limited literature or data available in this respect. However, Carney Green has developed a series of cost per outputs based on its range of evaluations for ERDF-funded SME-focused support projects, many of which included an innovation focus. Whilst these are not wholly the same intervention types,

and should therefore be treated with caution, they do provide some opportunity for comparison. Furthermore, output unit cost guidance provided for the ERDF 2014-2020 programme,⁶⁰ whilst recognising the significant output cost variation across programmes,⁶¹ gives mean and median suggested unit costs for based on analysis of 1,185 previous interventions. These, together with unit costs of other interventions evaluated by Carney Green, are shown alongside Connecting Innovation in Figure 6.3 below regarding C1 and C8 output indicators (comparator interventions have been anonymised).

- 6.8 Figure 6.3 indicates that Connecting Innovation’s projected unit costs are around average for C1 and lower than average for C8 – indicating the programme was relatively successful from a value for money perspective regarding job creation.

Figure 6.3: Value for money benchmarking

Project	Cost per enterprise assist (C1)	Employment increase in supported enterprises (C8)
Connecting Innovation	£14,572	£25,809
Project A: Masterclasses, 1-2-1 advice and grants	£5,808	£16,330
Project B: 1-2-1 advice, workshops/events, volunteer mentoring and online guides	£6,510	£11,722
Project C: 1-2-1 advice, workshops/seminars and grants	£25,536	£36,899
Project D: 1-2-1 advisor-led support and a series of workshops	£5,774	£11,734
Project E: University-led project providing wide-ranging support within a dedicated physical hub	£18,309	£579,794
Project F: Wide ranging support to businesses from start-ups to high growth SMEs	£9,784	£72,193
Project G: University-led support for via workshops and grants	£11,197	£27,538
Project H: University-led support for SMEs via academic engagement, access to facilities and grants	£26,219	N/A
Project I: Events, knowledge exchange, peer networking, hot-desk provision, grants and mentoring	£15,458	N/A
Project J: Enabling SMEs to work with local universities via accessing research, and innovation services	£16,869	£148,702
Project K: University-led, assisting SMEs to enhance skills/capacity and access supply chains	£12,555	£72,638
2014-2020 programme: indicative guidance (median)	£11,549	£25,700
2014-2020 programme: indicative guidance (mean)	£38,497	£71,000
2014-2020 programme: indicative guidance (recommended cost/output)	£11,323	£26,000

Source: Carney Green (2023)

Note: all figures have been adjusted for inflation

⁶⁰ Regeneris Consulting (2013) England ERDF Programme 2014-20: Output Unit Costs and Definitions

⁶¹ For example, a business assist (i.e. a C1) can range from two days’ (i.e. six hours per day) active consultancy advice or other non-financial assistance, to a significant grant award, or attendance at a series of one-to-many events

- 6.9 A further note of caution when analysing the unit costs above is that, as it is not possible to break down expenditure related to each output category (and hence overall public expenditure is used for all interventions), this does not take account of the fact that some interventions will be delivering a much wider range of outputs than others.

Economy, efficiency and effectiveness

- 6.10 Value for money can also be explored with regard to economy, efficiency and effectiveness. Specifically, these relate to:

- Economy: the careful use of resources to save expense, time or effort (what is spent)
- Efficiency: delivering the same level of service for less cost, time or effort (how the money is spent in terms of delivering the service)
- Effectiveness: delivering the same level of service or getting a better return for the same amount of expense, time or effort (what returns are provided by the money spent)

- 6.11 Each of these is explored below for Connecting Innovation:

- **Economy:** The programme is projected to spend only 77% of its PCR budget (53% of its original budget). Whilst this is due to a range of challenges faced, particularly around grants and resourcing, it does highlight careful oversight and management of expenditure. In particular, WYCA recognised the challenges faced relatively early and subsequently requested a reduction in funding via two separate PCRs. The programme also incorporated very robust assessment of eligibility and suitability for grant funding.
- **Efficiency:** The programme is likely to have experienced inefficiencies due to significant staff turnover (i.e. recruitment activity and training new staff) – even though this ultimately reduced costs. The robust nature of the programme’s systems and processes meant that a significant proportion of time was required to be spent on administrative tasks. Although resulting from unwanted circumstances, the efficiency of programme delivery was most likely enhanced by the significant use of remote working methods regarding delivery of support to SMEs. Following removal of government restrictions associated with the Covid-19 pandemic, these more efficient ways of working continued to be utilised for much of the programme’s delivery.
- **Effectiveness:** As outlined earlier in this section, the programme achieved relatively positive effectiveness from a unit cost perspective – whereby the majority of outputs were delivered at a lower cost than anticipated (both in terms of the original unit cost projections and those associated with PCR2).

Benefit Cost Ratio

- 6.12 Whilst the calculation of Connecting Innovation’s estimated GVA contribution in Section 5 should be treated with caution and is based only on employment outcomes, it does enable

an outline Benefit Cost Ratio (BCR) to be estimated for the programme. Utilising the discounted 10-year persistence benefits alongside the overall costs of the programme, the BCR would be 7.61; whereby £7.61 is generated for every £1 spend.

- 6.13 Utilising the same sensitivity scenarios provided in Section 5, the table below shows the impact of these scenarios on the BCR.

Figure 6.4: Sensitivity tests (BCR)

Scenario	BCR
a) Original estimated BCR	7.61
b) Confirmed jobs at 31/03/2023 only (with original deadweight)	4.27
c) Zero deadweight (with full projected jobs)	13.24
d) Zero deadweight (with confirmed jobs at 31/03/2023 only)	7.43
e) Increased deadweight (with full projected jobs)	7.21
f) Leakage ratio based only on programme data	8.29

Source: Carney Green (partly adapted from data provided by WYCA, April 2023)

7. Summary and Lessons Learnt

7.1 In line with summative assessment guidance, this section provides headline findings by identifying Connecting Innovation's strengths and the challenges it faced/areas for improvement. It concludes with a series of lessons learnt/recommendations.

Programme strengths

7.2 Specific strengths of the programme are summarised below.

- The programme was **based on specific learning from a previous intervention (Access Innovation) and associated research**, and sought to provide a service more focused on the needs of SMEs
- Although ultimately a challenge, **the programme's initial approach was broad and ambitious**, seeking to provide a variety of support to SMEs whilst also helping to simplify the innovation ecosystem and foster an increasing culture of innovation
- **The programme sought to pivot its approach in response to the changing landscape and associated challenges it experienced**, for example via two PCRs – it also recognised the inability to defray all of its original expenditure and was open and transparent with the managing authority regarding this
- **The programme directly engaged with close to 400 SMEs from the LCR, exceeding its original target of 250**, although the type and extent of support varied considerably
- **The diagnostic, navigation and brokerage element of the programme was successful in terms of engaging a wide variety of SMEs and supporting them to a) overcome specific barriers; and b) to understand and access other elements of the innovation ecosystem** – this support did not necessarily contribute to the programme's ERDF targets, but was nevertheless beneficial to the SMEs
- **The programme was therefore very likely to have provided considerably more support and benefit to SMEs than evidenced solely via its ERDF outputs**
- Although recognising the reduction of original targets via PCRs, **the programme is expected to overachieve against its final targets related to the number of businesses supported (C1) and the number of businesses receiving non-financial support (C4)**
- **The programme is also projected to significantly overachieve its C8 employment creation target** – this target was *increased* against the programme's original target, despite the reduction in funding
- Based on *projected* final performance figures, **the programme is expected to deliver lower unit costs than forecast (both at its outset and in its final PCR) for six of its nine output indicators**
- Despite not achieving its C2 and C6 outputs, **the programme still delivered 28 grants supporting projects worth a total of £898k (of which £406k was grant funding and the remainder private match)** – a review of these grants, supported by feedback from a variety of consultees, indicates they should provide positive innovation-related benefits to the recipient SMEs and the wider economy

- Although benefits from grant recipients will naturally occur over longer timescales, **it is evident that the programme enabled a variety of different outcomes for some SMEs**, albeit at different levels and extents dependent on the amount of engagement – outcomes included: improved access to the innovation support ecosystem; greater knowledge and understanding of innovation opportunities; enabling innovation; product and process development; increased efficiency and productivity; and economic benefits
- Based only on its projected C8 employment creation, **the programme is estimated to generate £1.9m net GVA within the regional economy, rising to £16.3m when incorporating 10-year persistence effects**
- Despite the significant turnover of resources within the programme, **there was good communication within the Connecting Innovation management and delivery team**
- **The programme incorporated robust systems and processes**, ensuring a clear focus on ERDF and WYCA requirements
- **WYCA has designed a 3-year successor intervention which is expected to commence in July 2023** – this should not only ensure there is no gap in provision, but also appears to have learnt key lessons from Connecting Innovation

Challenges faced / areas for improvement

7.3 Specific challenges faced by the programme are outlined below; in some cases these also represent potential areas for improvement.

- **Connecting Innovation faced significant challenges with regard to staff resourcing** – including delays in initial recruitment, staff turnover, staff illness and an inability to recruit – **this had a significant impact on the programme’s ability to deliver**
- **The Covid-19 pandemic had a negative impact on the programme** – this was partly from a supply perspective, but most notably in relation to demand
- **The changing innovation support landscape, whilst positive regarding the introduction of Innovate UK EDGE, reduced demand for Connecting Innovation and minimised its USP**
- **Connecting Innovation experienced a slow start**, partly due to the delayed completion of its predecessor (linked partly to Covid-19) and limited resources – **this created a knock-on effect for the remainder of the programme**
- **Linked to its slow start, the programme commenced delivery of its two grant funds considerably later than originally planned** – this not only reduced the ability to market the grant and engage sufficient applicants, but also limited the programme’s ability to respond (i.e. find replacements) when SMEs withdrew from the grant process
- **Whilst the ambition and wide scope of the original programme design should be applauded, this ultimately proved extremely challenging from a delivery perspective** – and was further exacerbated by other contextual factors
- In particular, **the programme placed perhaps too much focus on the role of the IGMs**, which included: 1) diagnostic, navigation and brokerage support; 2) the need to deliver

12-hours of (non-grant related) support to SMEs; and 3) the requirement to promote, deliver and support grants

- **The programme was significantly hindered by a relatively large number of successful grant applicants withdrawing from the process**, due to a variety of factors – the impact of this was exacerbated by the delayed commencement of the grants, whereby there was limited time to replace withdrawals
- **Elements of Connecting Innovation’s design did not align well with the ERDF funding regime** – for example, the broad range of lower-level (in volume terms) support for SMEs regarding diagnostic, navigation and brokerage and the aim of fostering a culture of innovation
- As a result of the above, **the impact of the programme may not be well represented by its core ERDF output performance**
- Given that Connecting Innovation, and innovation programmes more generally, are reliant on engaging businesses which are not necessarily seeking direct support (or are unaware they need it), **the programme would have benefited from more direct/targeted marketing as well as improved/consistent referral mechanisms from partner organisations**
- The decision to externally procure delivery of much of Connecting Innovation’s C4 outputs was appropriate – however, **the procurement of the external C4 support would have benefited from taking place much earlier than in ultimately did** – for example, delivering this support alongside the programme’s grants would have been beneficial
- **Innovation-focused projects do not necessarily align well with the robust guidelines and processes of the ERDF funding regime, and to some extent those of WYCA** (e.g. providing detailed evidence to support a new concept) – whereby, by their very nature, there is a need for an element of risk taking
- Linked to the above point, **the rigid and relatively onerous processes associated with Connecting Innovation’s grants were not necessarily helpful in fostering innovation and risk taking**, and in some cases represented a barrier to it - as a result, the programme provided significant effort and resource towards its grant programmes but ultimately funded only 28 of these

Lessons and Recommendations

7.4 This section outlines a series of lessons learnt for consideration by different audiences.

Lessons for WYCA, partners and those delivering similar interventions

- **Recognising the existing (at the time of writing) innovation support landscape, it appears sensible for WYCA to consider the following:**
 - Provision of an innovation diagnostic, navigation and brokerage role – however, this would need to be clearly demarcated from (and linked to via effective referral) the role of Local Growth Managers. Such a role would benefit from the development of a clear post-ESIF mapping database with regard to innovation support

- Provision of relatively early stage and general innovation support, potentially similar to that delivered through the externally procured C1/C4 contract within Connecting Innovation – this would ideally provide sufficient knowledge and progression to enable SMEs to move on to more detailed, technical and high growth innovation support provision, including via Innovate UK EDGE. This role should ideally be delivered by different individuals to those providing the diagnostic/navigation support above and the grant support below.
- Lower/medium value grant provision for innovation – feedback from the evaluation, together with learning from elsewhere, indicates there is ongoing demand for smaller (e.g. up to £10k) and medium (e.g. £10k-£25k) grants for innovation, but less so for higher value grants.⁶² Grant provision should be accompanied with non-financial assistance to help SMEs ensure it is utilised in the most effective and impactful manner
- **There needs to be absolute clarity regarding any future intervention in terms of its available offer/provision, eligibility and timescales** – this should be clearly communicated to all referral partners and intermediaries as well as businesses themselves.
- **The importance of well informed and effective referral partners (and associated mechanisms) is critical for most interventions, but particularly innovation programmes.** As such, programme mobilisation periods should seek to foster specific referral pathways, ensuring clarity of provision and timescales related to this. Communication with referral partners should be maintained throughout delivery.
- Given the benefits of engagement between SMEs and the knowledge base, **it is important that future interventions ensure effective engagement and referral with HEIs in order to foster collaborative working** – Yorkshire Universities represents a potential enabling stakeholder here.
- **Effective referral mechanisms could be enhanced by avoiding the potential for different interventions/partners to have competing targets;** similarly, it would be helpful to avoid brokers having wider targets than those specifically associated with diagnostic and referral.
- **Innovation programmes would benefit from targeted engagement of beneficiaries, based on detailed research and analysis (e.g. of specific databases)** – therefore ensuring those engaged are most appropriate to the aims and objectives of the intervention. This is particularly relevant for innovation programmes given many businesses will be unaware of how the support can benefit them, or their need for it, and is also important for engaging traditionally less innovative sectors and businesses.
- **Marketing and promotion of innovation-focused interventions should highlight, in clear language, the potential benefits associated with relatively straightforward process and/or systems innovation** – rather than necessarily focusing on product innovation.

⁶² Although it is possible this demand may partly relate to the level of administration associated with higher value grants

- **The marketing and promotion of interventions would benefit from a series of real-life case studies which demonstrate, in straightforward language, how support can generate significant benefits for them.** This approach, together with targeted marketing and effective referral, help to develop an improved innovation culture within the region.
- **Interventions need to ensure there is sufficient time allocated to grants regarding: a) promoting and raising awareness of the offer, including to referral partners; b) commencing the application process early enough to help build further awareness and develop case studies; and c) ensuring there is sufficient time to replace grant recipients/applicants that withdraw from the process.** The latter could be assisted via development of a reserve list.
- Dependent on funding guidance, **interventions would benefit from limiting their bureaucracy and administration wherever possible**, whilst recognising the importance of the effective use of public funding. In particular, it is important that maximum time is utilised for beneficiary-facing delivery and that beneficiaries themselves do not have overly burdensome requirements placed upon them.

Lessons for policy makers

- The innovation support ecosystem, particularly at regional level, should seek to reduce its complexity, increase its coordination, and minimise competing targets. Similarly, any region-wide approach to supporting innovation should ensure adherence to key priorities and strategies (e.g. Innovate UK's West Yorkshire Local Action Plan), whilst also ensuring recognition of localised sector strengths within the region and surrounding areas.
- It would be beneficial for future interventions to be sufficiently lengthy to enable market testing, awareness building, targeting of specific beneficiaries, the embedding of processes and delivery mechanisms, and the generation of quality outcomes. Whilst this depends on the type of intervention, a period of 3-5 years may be appropriate – this could include a gateway review after a specific period of time dependent on progress and performance. Longer interventions also provide the potential to enhance retention levels among staff.
- Whilst robust evidencing of outputs and outcomes is important when spending public money, government/funding leads should give consideration to the balance of evidence requirements when encouraging increasingly innovative activity. Extensive requirements are not only frustrating for beneficiaries (sometimes reducing their propensity to access support) but also require significant administrative staffing resource (rather than actually delivering support).
- All interventions, but particularly those with greater complexity, require sufficient lead-in period (minimum 3 months) prior to delivery commencing to enable them to identify develop systems and processes, paperwork, and referral mechanisms, communication protocols and reporting/monitoring processes. This should form a specific part of the funded intervention prior to delivery.

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- Whilst it is acknowledged that unit costs can be a crude measure of value for money, detailed national guidance providing unit cost ranges for different types of interventions would support the development of funding bids, and their subsequent appraisal.
 - Future funding regimes (and therefore interventions) should seek to capture wider outcomes achieved by participants as a result of support received, rather than being focused primarily on outputs (which represent mainly delivery not achievement). This could include a series of different outcomes, and would require specific mechanisms to capture longer-term impacts of interventions. This is particularly relevant for innovation-focused projects, which are often focused on longer-term benefits.
 - To support the ability to understand the full impact of interventions, it would be beneficial for evaluation processes to commence at the start of interventions – this would assist in implementing clear mechanisms for obtaining beneficiary feedback during and after delivery, making this part of delivery and establishing clear expectations among beneficiaries. Furthermore, enabling evaluation reporting to take place after activity completion would support a greater understanding of overall impact.
 - Aligned to the previous suggestion, and partly dependent on the type of outcomes sought and associated evidence required, funding regimes should consider incorporating a longer post-delivery time period for outcomes to be identified and evidenced – whilst this would incur additional resource requirements it would help to ascertain a more realistic understanding of impact.

