

The Manufacturing Growth Programme Phase 2 Interim Summative Assessment



Contents	Page No.
Executive Summary	1
1. Project Context	4
1.1 Introduction	4
1.2 Objectives	4
1.3 Evaluation Methodology	5
1.4 Project Context	6
1.5 Economic and Policy Context	8
2. Project Overview	10
2.1 Introduction	10
2.2 Project Aims and Objectives	10
2.3 Lesson learned on MGP1	11
2.4 Market Failure	12
2.5 Project Strategy and Alignment	12
2.6 Delivery Model	13
2.7 Management and Governance	13
2.8 Marketing and Publicity	15
3. Project Progress	16
3.1 Introduction	16
3.2 Project Progress	16
3.3 Project Impact (Spend)	16
3.4 Project Impact (Deliverables)	17
3.5 COVID-19 & BREXIT impact and implications	18
3.6 Spend and Output Performance	19
3.7 Delivery of Horizontal Principles	20
4. Project Outcomes and Impacts	22
4.1 Introduction	22
4.2 MGP Market Data	22
4.3 Additional Economic Impact – Business Survey	22
4.4 Additional Economic Impact – Case Studies	26
4.5 MGP2 Workshop Delivery	28
4.6 Addressing Market Failure	29
4.7 Strategic Added Value	29
5. Project Delivery and Management	31
5.1 Introductions	31
5.2 Project Management	31
5.3 Delivery and Management During COVID-19	33
5.4 Project Governance	34
5.5 Marketing and Communication	35
5.6 Customer Journey	35
5.7 Compliance	36
6. Project Value for Money	38
6.1 Introduction	38
6.2 Expenditure	38
6.2 Value for Money Analysis	38
7. Conclusions and Lessons Learned	39
7.1 Introduction	39
7.2 Interim Conclusions	39
7.3 Interim Lessons Learned and Recommendations	40
7.4 Final Summative Assessment	40

Appendices:	
1: MGP2 Logic Model	41
2: List of Consultees	42
3: Business Surveys	43
4: 18 LEP Areas: Financial Split Between More Developed and Transition Regions	49
5: MGP2 Organogram	50
Tables:	
Table 1: LEP Areas and Category of Region	6
Table 2: Project Activity and Associated Costs	7
Table 3: Business Improvement Projects – Minimum and Maximum Interventions in More Developed Regions	10
Table 4: Business Improvement Projects – Minimum and Maximum Interventions in Transition Regions	11
Table 5: Capital Improvement Projects – Minimum and Maximum Interventions in More Developed Regions	11
Table 6: Capital Improvement Projects – Minimum and Maximum Interventions in Transition Regions	11
Table 7: MGP2 Governance Structure	14
Table 8: MGP2 Sign-Off Responsibilities	14
Table 9: Original Project Budget (up to 31 March 2022)	17
Table 10: Re-profiled Project Budget (up to 30 June 2023)	17
Table 11: Original Project and Re-profiled Deliverables (up to 30 June 2023)	17
Table 12: Spend Performance	19
Table 13: Output Performance	20
Table 14 How Businesses Found Out About MGP2	23
Table 15: Outcome of Support	23
Table 16: Future Business Support Requirements	26
Table 17: Unit Cost Per Output: Benchmark and Forecast	38

Executive Summary

15 December 2021

Project	The Manufacturing Growth Programme Phase 2	
Time period	April 2019 – June 2023	
Geographical Areas Covered	<ul style="list-style-type: none"> • Black Country • Coventry & Warwickshire • D2N2 • EM3 • Greater Birmingham & Solihull • Greater Lincolnshire • Hertfordshire • Humber • Leeds City Region 	<ul style="list-style-type: none"> • Leicester & Leicestershire • Sheffield • Solent • South East • South East Midlands • Stoke-on-Trent & Staffordshire • The Marches • Worcestershire • York, North Yorkshire & East Riding
Original Project Value	£22,668,228	
Current Project Value	£35,954,426	
C1: Nos. of SMEs receiving support	2,935	
C6: Private investment matching public support to enterprises (grants)	£17,090,020	
C8: Employment increase in supported enterprises	3,918	
Range of support available	<ul style="list-style-type: none"> • Providing support and guidance for each SME through a dedicated Manufacturing Growth Manager • Enabling SMEs to procure an independent Manufacturing Growth Expert to assist in the delivery of the improvement project • Offering grants to SMEs for improvement projects including products, processes and services and capital investment • Delivering a series of specialist workshops 	

Overview

MGP2 is managed and delivered by Oxford Innovation Services Ltd (OIS) trading as Oxford Innovation Advice. It was designed to create a targeted service supporting manufacturing SMEs to invest in their growth through delivering business improvement projects in areas such as strategic planning, productivity and process improvement, competitiveness, innovation and leadership & management.

The ERDF contract for MGP2 was awarded by Department for Levelling Up, Housing and Communities to OIS, commencing 1 April 2019 and completing 31 March 2022. The Project included 16 LEP areas. Since its commencement the Project has changed and now includes 2 new LEP areas, additional funding in 1 existing LEP area and an extended completion date to 30 June 2023. The 18 LEP areas cover Transition and More Developed categories of regions.

MGP2 is funded from Priority Axis 3c (Supporting the Creation and Extension of Advanced Capacities for Product and Service Development) of the ERDF Operational Programme (2014 – 2020) and seeks to deliver the specific objective to ‘Increase the growth capacity of small and medium sized enterprises’ by working with SMEs to drive growth, innovation and productivity.

The total Project budget is £35,954,426 of which ERDF is contributing £18,864,405.

The Interim Summative Assessment allows 4 Local Enterprise Partnership (LEP) areas to be sampled and these are Greater Lincolnshire; Hertfordshire; Leeds City Region and Stoke-on-Trent and Staffordshire. The Interim Summative Assessment will report on outcomes and impacts, focusing on the documentation and data review, up to 31 December 2021. The Final Summative Assessment will report on outcomes and impacts forecast to 30 June 2023.

Key Findings

Market Failure

Evidence suggests that there was a strong rationale for the Project at the time of application which was designed to address clear market failures and that this rationale continues to be relevant. The on-line business survey, undertaken as part of this Interim Summative Assessment, provide some indication that MGP2 has had successes in addressing some of the market failures identified at the outset of the Project, these being: low levels of productivity; lack of innovation; lack of investment capital and SME failure to seek business advice. A larger survey of the 18 participating LEP areas, will be undertaken for the Final Summative Assessment and used to test the conclusions drawn from this sample exercise.

The business survey also indicates that businesses are highly satisfied with 91% of the respondents rating the support as 'excellent' and the remaining respondents rating it as 'good'. The responses suggest that the full achievements and impacts of the Project could be significantly under-estimated at the point of meeting the required MGP2 reporting timescales. Asked to summarise any business expectations they have for the next 5 years, resulting from the MGP2 support received, 88% of respondents anticipated an increase in turnover and/or employment of new staff in the next 5 years. This is particularly relevant considering the immediate impact COVID-19 has had on the manufacturing sector and the ability of businesses to create new jobs.

Strategic Added Value

MGP2 offers a distinct manufacturing service to businesses and stakeholders across a large geographical area. The following areas of Strategic Added Value have been identified through the Interim Summative Assessment processes:

- The role which the MGP2 Project Team and local MGMs undertake in supporting manufacturing businesses is given high importance by stakeholders/Growth Hubs and the beneficiary businesses. Particular emphasis is given to the MGM role in providing insight into the development of UK economic policy and regulatory systems, as these relate to advanced manufacturing; technical innovation and its associated application & benefits to industry; and practical advice on areas such as process management and efficiency, skills needs assessments and supply chain management
- Qualitative reporting techniques used in providing stakeholders with information on MGP2 progress and effectiveness within local areas and industry data made available to stakeholders through the Manufacturing Barometer
- OIS GROWTHmapper is a comprehensive diagnostic system specifically designed for manufacturers. GROWTHmapper is effectively used in MGP2 to produce a Project Action Plan that identifies key manufacturing issues/challenges as well as key opportunities to achieve high growth potential. GROWTHmapper provides a more in-depth analysis of all activity being undertaken through MGP2 than was previously possible through MGP1.

Project Delivery and Management

Experience developed through MGP1 enabled the Project to hit the ground running. The benefits this has brought to the Project cannot be underestimated as it allowed: continuity of support; the building of relationships in MGP1's existing LEP areas; and, in the new participating LEP areas, the ability to understand the work, capacity and time required to engage stakeholders and businesses.

MGP2 is delivered by a highly motivated, dedicated and committed team. The Team play to their strengths with a combination of technical, business development and specialist manufacturing skills.

The roles of the Operational Director, Regional Managers and MGMs are held in high regard by stakeholders including LEPs, Growth Hubs and Local Authority Economic Development Teams and the businesses they support. Their reliance on expert manufacturing advisors to interpret trends and innovations in future manufacturing has been highlighted in conversations with the stakeholders. In addition, the MGP2 support package for manufacturing businesses is seen by the stakeholders as a significant resource that is integrated with each LEP's business support offer.

MGP2 has streamlined and refined its management systems and processes since MGP1. The systems allow immediate access to critical data and make informed decisions as to whether the Project has to 'flex' to remain on profile. The margins for ensuring the right balance of projects that maximise outputs, spend and match funding are extremely tight. To be able to interpret data accurately and quickly, requires highly efficient project management tools and a skilled Project Delivery Team. The results are reflected in the high performance of the Project to date and its successful delivery over a multi-LEP area. In addition, the MGP2 infographics charts and information, provided to LEPs monthly and included on the MGP2 website, are noted by stakeholders as easy to absorb and pitched at the right level.

The Project Delivery Team has facilitated a quick turnaround at each stage of the customer journey, including approval of support and payment of grant. The Project's delivery arrangements also meet all compliance requirements. This efficient approach makes participation in the programme very attractive to SMEs.

COVID-19

Since the arrival of COVID-19, the delivery of the Project has been faced with unanticipated challenges. The MGP2 Team had to adapt quickly to deliver the Project remotely. This new way of working severely impacted on how MGPs could interact with clients as they were unable to visit them at their business premises and see businesses in operation. There were also additional challenges with specialist advisors and contractors having restricted access into businesses to undertake work and many SMEs having to revisit project priorities. MGP2 reacted quickly and worked with businesses to reassess their priorities. The Project adapted its delivery arrangements to ensure the delivery timetable was not adversely affected. The COVID-19 crisis has not diminished the value of the Project but has arguably increased its relevance within the current economic context.

The MGP2 Team is to be commended on its management of the associated risks COVID-19 placed on the Project and how it continues to deliver under restricted conditions.

Marketing

The variety of marketing approaches has created a strong flow of interest and, even during COVID -19, the Project has continued to generate good quality applications. There is a need to sustain this momentum to generate the required volumes of growing and eligible businesses. There are a variety of opinions from within the MGP2 Team, as to how and where marketing should be focused going forward.

Workshops

Specialist workshops have been included in MGP2 in response to lessons learned in MGP1. As well as industry-specific topics, workshops are designed to cover areas such as leadership and management practices. Since COVID-19 the workshops have been suspended and, while internal discussions are being held to bring them forward again through an on-line presence, there are no immediate plans to re-introduce them. Pre-COVID-19 the workshops were accessible to the business base, being held at local venues in each of the LEP areas. From consultations with stakeholders and the Project Team, it is evident that the workshops were highly valued and seen as an important activity as part of the MGP2 offer to businesses. It is still uncertain if COVID-19 will restrict face-to-face events in the future and workshops being held in venues will need to take into consideration latest government guidelines. Developing different digital learning platforms could enable remote and accessible video content across the 18 LEP areas.

Raising the Profile

MGP2 is responding to the current needs of the SME manufacturing sector, however the global economic context is rapidly changing. Policymakers and business support providers continue to develop responses to new challenges, technologies and opportunities. Over the next 18 months it is vital that the Project works more closely with other national and local stakeholders to raise the profile of the work being undertaken by MGP2, to take advantage of any collaborative opportunities and to keep ahead of the emerging policy context.

In conclusion, the delivery of the Project during the COVID-19 pandemic is presenting unanticipated challenges. However, despite these challenges MGP2 is delivering in a cost-effective manner and is on track to achieve very good value for the ERDF investment.

1. Project Context

1.1 Introduction

1.1.1 In September 2021 Paula Rogers Consulting was commissioned by Oxford Innovation Services Ltd (OIS) trading as Oxford Innovation Advice to conduct a Summative Assessment of The Manufacturing Growth Programme Phase 2 ('MGP2' or 'the Project'). The Interim Report is part of the wider Summative Assessment which will be completed by 13 March 2023. The Interim Report analyses project activity forecast to 31 December 2021. MGP2 delivers across 18 LEP areas. The Interim Summative Assessment allows 4 Local Enterprise Partnership (LEP) areas to be sampled and these are Greater Lincolnshire; Hertfordshire; Leeds City Region and Stoke-on-Trent and Staffordshire.

1.1.2 MGP2 works with manufacturing SMEs across 18 LEP areas, providing complimentary intervention options that are locally configured, these being:

- Support for Priority Sectors - undertaking an independent business review to identify opportunities for business improvement and growth using a diagnostic tool (GROWTHmapper) specifically
- Designed to help benchmark businesses against internal aspiration and goals. A detailed action plan is prepared, guiding the business through the process of change and improvement
- Sector Growth Engagement Initiatives and Support to Procure Specialist Sector Expertise - working with external experts to implement action plans
- Manufacturing Innovation – providing dedicated, experienced specialist Manufacturing Growth Managers (MGMs) skilled in manufacturing innovation
- Manufacturing Leadership – delivering leadership and management support to a growing manufacturing SME's management team
- Manufacturing Support Grants – providing manufacturers with broader grants to encourage/assist co-investment in improvement projects with third party Manufacturing Growth experts
- Connecting SMEs to wider support to maximise opportunities for growth

1.2 Objectives

1.2.1 The overall objective of the Summative Assessment is to gather evidence to assess the:

- Continued relevance and consistency of the Project
- Progress of the Project against contractual targets
- Experience of delivering and managing the Project
- Economic impact attributable to the Project
- Cost effectiveness of the Project and hence its value-for-money

1.2.2 The Interim Report provides:

- A review of European Regional Development Fund (ERDF) claims, change requests, reports and project performance data from April 2019 and forecasting to 31 December 2021
- Analysis of face-to-face and telephone discussions with the Project Support Team and MGMs and stakeholders in the 4 sample LEP areas
- Interim review of:
 - Progress and the continued relevance of the Project
 - Performance against forecast spend and deliverables
 - The experience of implementing and managing the Project and any lessons which have emerged from this
 - The economic impact attributable to the Project and any intended or otherwise outcomes
 - Value for money analysis of the cost-effectiveness of the Project considering its intended and unintended outcomes and impacts
 - Business and stakeholder consultation
 - Issues for consideration in future delivery of the Programme

- Issues identified by Warwick Economics & Development (WECD) in the MGP Summative Assessment April 2019
- Conclusions and lessons learned up to 31 December 2021

1.2.3 The Final Summative Assessment will provide further consultation analysis and conclude the review of documentation, lessons learned and recommendations going forward.

1.2.4 The intended audience of the Interim Summative Assessment is the managing authority, the Department for Levelling Up, Housing and Communities (DLUHC)¹ and the service provider, OIS. Other interested partners, outside of the Project, could include Local Enterprise Partnerships (LEPs) and their Growth Hubs and other organisations providing business support across England. The Interim Report provides the relevant information for the audience to understand how the Project has performed up to 31 December 2021.

1.3 Evaluation Methodology

1.3.1 The Interim Report is part of the wider Summative Assessment process, which is based around three phases, these being

- Stage 1: Summative Assessment Planning - Preparation of the Logic Model and The Summative Assessment Plan - This process has been completed by OIS as the service provider
- Stage 2: Data Collection and Reporting on the ERDF Programme's Monitoring Requirements – ongoing until 30 June 2023
- Stage 3: Reporting and Communication – Submission of the Interim and Final Summative Assessments by date 20 December 2021 and 13 March 2023 respectively

1.3.2 The framework for the evaluation is provided within the Project's Logic Model developed at the Project's inception. The Logic Model shows the link between the investment in business support, the Project output targets and predicted outcomes and impacts (see Appendix 1).

1.3.3 The Interim Summative Assessment will report on outcomes and impacts, focusing on the documentation and data review, up to 31 December 2021. The Final Summative Assessment will report on outcomes and impacts forecast to 30 June 2023.

1.3.4 The documentation and data review were undertaken to provide an understanding of MGP2's:

- Aims and objectives
- Delivery management, activities and delivery structure
- Impact in terms of forecast and achieved spend and outputs

1.3.5 The documentation and data reviewed included:

- ERDF Full Application
- Project Change Requests
- Financial and output monitoring data
- Internal monitoring and reviews

1.3.6 Face to face consultations were conducted with MGP2 Senior Management Team including the Operations Director, 2 Regional Managers, the ERDF Programme Manager, Head of Finance, Operations Manager and the Marketing Executive. The Growth Managers and stakeholders from each of the 4 chosen LEP areas were interviewed. A list of consultees is provided in Appendix 2.

¹ Formerly the Ministry for Housing, Communities and Local Government (MHCLG)

1.3.7 A survey was distributed to a total of 200 businesses across the 4 LEP areas. 58 responses were received (29% response rate) which was considered very good and representative of the sample of businesses surveyed. Survey questions and responses are attached in Appendix 3. The Marketing Team emailed the surveys to businesses. Survey responses were returned to and analysed by Paula Rogers Consulting. All survey responses remained anonymous.

1.4 Project Context

1.4.1 The ERDF contract for MGP2 was awarded by DLUHC to OIS, commencing 1 April 2019 and completing 31 March 2022. The Project included 16 LEP areas. Since its commencement the Project has changed and now includes 2 new LEP areas, additional funding in 1 existing LEP area and an extended completion date to 30 June 2023. The 18 LEP areas cover Transition (T) and More Developed (MD) categories of regions and these are listed in Table 1 below. ERDF resources allow up to 60% of funds in Transition regions and up to 50% of funds in More Developed regions.

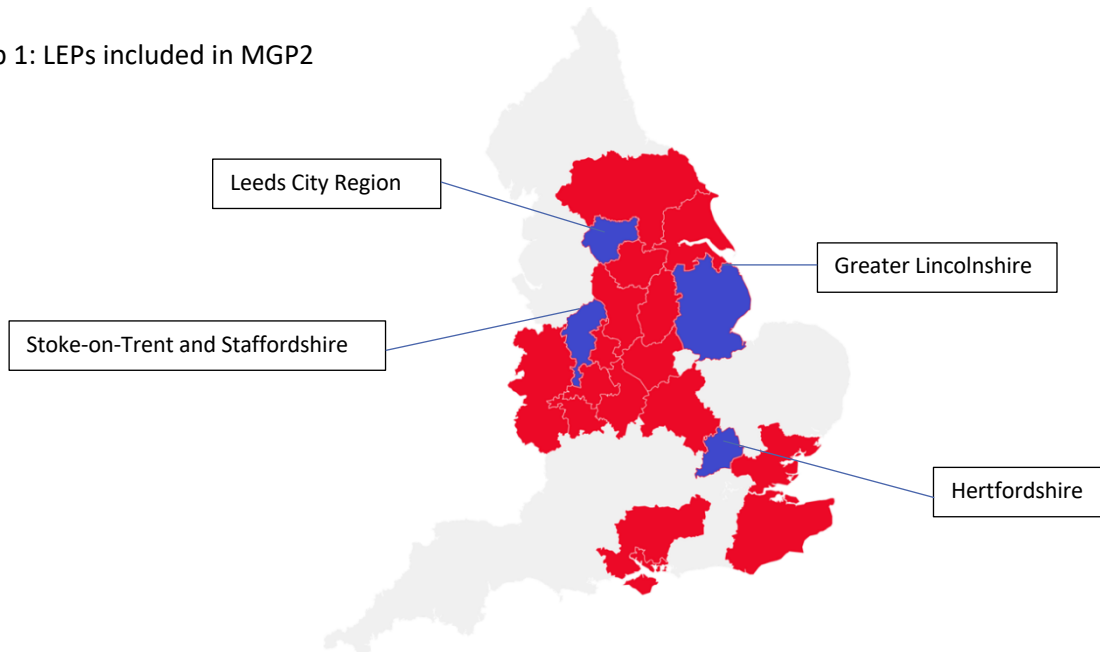
Table 1: LEP Areas and Category of Region

LEP Area	MD	T	LEP Area	MD	T
Black Country	✓		Sheffield	✓	✓
Coventry and Warwickshire	✓		Solent	✓	
D2N2	✓		South-East	✓	
EM3	✓		South East Midlands	✓	
Greater Birmingham & Solihull	✓	✓	Stoke-on-Trent & Staffordshire		✓
Greater Lincolnshire		✓	The Humber		✓
Hertfordshire	✓		The Marches	✓	✓
Leeds City Region	✓		Worcestershire	✓	
Leicester and Leicestershire	✓		York, North Yorkshire & East Riding	✓	✓

1.4.2 The MGP2 map below indicates the LEP areas in which the Project operates (coloured red and blue). The 4 LEP areas that are analysed in the Interim Summative Assessment are coloured blue

1.4.3

Map 1: LEPs included in MGP2



1.4.4 MGP2 is funded from Priority Axis 3c (Supporting the Creation and Extension of Advanced Capacities for Product and Service Development) of the ERDF Operational Programme (2014 – 2020).

- 1.4.5 MGP2 seeks to deliver the specific objective of Priority Axis 3c to 'Increase the growth capacity of small and medium sized enterprises' by working with SMEs to drive growth, innovation and productivity. The Logic Model identifies the following Project Objectives:
- Create a highly beneficial, targeted service which can support all eligible high growth potential manufacturing SMEs, encouraging them to invest in improvement projects that will significantly enhance their business. Projects will be tailored to the individual SME and may focus on any business area, such as strategic planning, productivity and process improvement, competitiveness, innovation and Leadership & Management
 - Build long-term capability, empowering SMEs to maintain sustainable growth beyond the improvement project, embedding innovation cultures and processes through educating SMEs on agile innovation tools
 - Embed sustainability, equality and quality within SMEs with a focus on delivering effective improvement plans which recognise the requirements of environmentally sustainable business and equal opportunities
 - Raise growth aspirations of the manufacturing SMES in the 18 supported LEP areas – attracting skilled workers from elsewhere with a view to building the skills force
- 1.4.6 The original total budget of the Project was £22,668,228, within which ERDF contributed £11,832,937. The ERDF contribution was split between the More Developed region (£8,840,000) and the Transition region (£2,992,937).
- 1.4.7 As part of the delivery process projects can submit Change Requests to DLUHC for consideration. Change Requests provide DLUHC with a rationale to change the delivery of the Project, which can impact on the original forecast spend and outputs. MGP2 has submitted four Change Requests up to 31 December 2021 that were approved by DLUHC. The Change Requests resulted in overall spend and outputs being increased. From April 2020 the total budget increased to £35,954,426 (representing a 63% increase). The ERDF contribution totalled £18,864,405 and was split between the Transition region (£5,323,155) and the More Developed region (£13,541,250).
- 1.4.8 Table 2 provides a breakdown of Project activity and associated costs:

Table 2: Project Activity and Associated Costs

Expenditure Profile	More Developed	Transition	Total
Capital	£6,509,836	£1,991,256	£8,501,092
Revenue	£20,572,664	£6,880,670	£27,453,334
Salaries	£4,990,989	£1,975,893	£6,966,882
Consultancy	£13,833,400	£4,231,422	£18,064,822
Rent	£176,201	£61,099	£237,300
Professional Fees	£31,162	£10,598	£41,760
Marketing	£120,915	£43,085	£164,000
Other Revenue	£469,366	£181,133	£650,499
Office Costs	£201,983	£81,056	£283,039
Flat rate indirect costs	£748,648	£296,384	£1,045,032
Total capital + revenue	£27,082,500	£8,871,926	£35,954,426

- 1.4.9 Match funding totals £17,090,022 and comprises cash contributions from SME beneficiaries.
- 1.4.9 In March 2020, the implementation of UK Government lockdown measures, to fight the coronavirus global pandemic, resulted in the immediate closure of most UK manufacturing business operations for an unknown

period of time. At the start of the pandemic client-businesses were focused on short term plans to adapt to lockdown and the implications this had for their business. During this time MGP2 flexed its project pipeline to facilitate this. Following this initial slow period, businesses realised that COVID-19 was not short term and MGP2 could help them to adapt and grow and the programme continued to deliver at pace. Further detail is provided in Section 3.5.

1.4.10 Documentation and data gathered for this Interim Report has provided no indication of BREXIT-related impacts upon the delivery of the MGP2 Programme nor any prevalence of business projects that are seeking to mitigate against BREXIT related issues.

1.5 Economic and Policy Context

1.5.1 European

The Project is funded through the Priority Axis 3, Enhancing the Competitiveness of Small to Medium Sized Enterprises (SMEs) of the ERDF England Operational Programme. The primary aim of this Priority Axis is to improve the competitiveness of SMEs by increasing the capacity and capability of SMEs and promoting entrepreneurship. The Priority Axis compliments the Government's commitment to support SMEs and in doing so strengthen the pipeline of high growth business across England.

1.5.2 National

The Government's Industrial Strategy, 'Building a Britain Fit for the Future, 2017', provides an ambitious vision for the future, setting out how productivity will be raised across every sector, how skill levels and wages will be increased and living standards improved across the country. The Industrial Strategy identifies four grand challenges that the UK economy will need to address if businesses are to remain competitive in an increasingly global race, these are to:

- Put the UK at the forefront of the artificial intelligence and data revolution;
- Maximise the advantages for UK industry from the global shift to clean growth;
- Become a world leader in shaping the future of mobility; and
- Harness the power of innovation to help meet the needs of an ageing society.

The Strategy highlights that there is a gap between SMEs and larger firms. In 2014, SMEs contributed 45% of total gross value in Great Britain, despite representing 57% of total employment. Also, while many SMEs say they want to grow in the next two to three years, most will not actually show growth in any given year.

As part of the approach to improving the business environment, the Industrial Strategy White Paper announced that government would launch a review of the actions that could be most effective in improving the productivity and growth of small-medium sized businesses (SMEs). The Business Productivity Review (November 2019) following The Call for Evidence Business Productivity Review (May 2018) highlighted that SMEs in the UK are less likely to use formal management practices (internationally the UK is ranked only 5th in the G7 for management best practice adoption), skills gaps exist in business workforce and businesses are too slow to adopt tried and tested technologies that can improve productivity.

In the 4 years since the strategy was published, the Government recognises that the economic environment has changed. Creating and supporting jobs remains the government's central economic focus, but helping to drive growth in existing, new and emerging industries is also a priority. The Industrial Strategy is currently transitioning into the 'Plan for Growth' to reflect these new priorities.

1.5.3 Local

Local strategies, including Local Industrial Strategies for Greater Lincolnshire, Hertfordshire and Stoke-on-Trent & Staffordshire Local Enterprise Partnerships and the Strategic Economic Frameworks for the four LEP areas included in this Interim Report, set out the economic evidence base for business needs across their geographies.

The four sample LEP areas have each highlighted Advanced Engineering and Manufacturing as strategic sectors, contributing to their economy and GVA, within their Local Industrial Strategies, Strategic Economic Plans and other evidence-based policy documents. These policy documents identify the need for specialist provision to support manufacturing sector growth, raise productivity rates, increase investment in R&D, automation & digitisation in manufacturing processes, in order to increase GVA and global competitiveness. These manufacturing business needs were found to be consistent across the four sample LEP areas and were supported by their Growth Hubs. The MGP2 project was designed to provide specialist business support to address these identified needs and has strategic fit with these strategy documents.

2. Project Overview

2.1 Introduction

2.1.1 This section considers the economic and policy context in which the Project was designed, including its aims and objectives, lessons learned from MGP1, market failure, strategy and alignment, the delivery model, management and governance and marketing and publicity.

2.2 Project Aims and Objectives

2.2.1 MGP2 commenced 1 April 2019 and will end 30 June 2023. The key outcomes for the Project, identified in the Project Logic Model, are:

- Gross increase in GVA
- Employment increase in supported enterprises

2.2.2 In general, the overall objective of MGP2 is to improve the productivity, efficiency and competitiveness of SME manufacturers across the 18 LEPs areas by raising awareness, generating demand for improvement and growth opportunities and promoting the adoption of new processes and technologies. By offering SMEs opportunities for co-investment in improvement projects coupled with expert industry advice, MGP2 aims to drive growth, innovation and productivity.

2.2.3 MGP2 blends 3 levels of support providing revenue grant assistance enabling a business to procure external advice from a knowledgeable expert (Standard Business Improvement Project and Intensive Business Improvement Project) and, if the business wishes to invest further, grant assistance towards capital equipment (Capital Improvement Project).

2.2.4 The 3 levels of support involve the following interventions:

- i. Strategic Business Review: Conducted by an MGM resulting in the identification of a Business Improvement Project. This support has a maximum value of £500 and is provided free of charge to the SME beneficiary.
- ii. Business Improvement Project (Standard and Intensive): Undertaken by a Manufacturing Growth Expert (MGE) independently procured by the SME beneficiary. The MGE works with the SME beneficiary to implement its Business Improvement Project.

The minimum and maximum interventions are detailed in Tables 3 and 4 below.

Table 3: Business Improvement Projects – Minimum and Maximum Interventions in More Developed Regions

More Developed				
		% Split	Min	Max
Standard	Project	100.0%	£2,991	£5,300
	Grant	33.4%	£1,000	£1,772
	Match	66.6%	£1,991	£3,528
Intensive	Project	100.0%	£5,300	£10,000
	Grant	33.4%	£1,772	£3,344
	Match	66.6%	£3,528	£6,656

Table 4: Business Improvement Projects – Minimum and Maximum Interventions in Transition Regions

Transition				
		% Split	Min	Max
Standard	Project	100.0%	£2,327	£5,300
	Grant	43.0%	£1,000	£2,277
	Match	57.0%	£1,327	£3,023
Intensive	Project	100.0%	£5,300	£10,000
	Grant	43.0%	£2,277	£4,297
	Match	57.0%	£3,023	£5,703

- iii. Capital Improvement Project: Investment in equipment to improve the productivity and capability of the Manufacturing SME.

The minimum and maximum interventions of Capital Improvement projects are detailed in Table 5 and 6 below.

Table 5: Capital Improvement Projects – Minimum and Maximum Interventions in More Developed Regions

More Developed				
		% Split	Min	Max
Capital	Project	100.0%	£2,991	£24,999
	Grant	33.4%	£1,000	£8,359
	Match	66.6%	£1,991	£16,640

Table 6: Capital Improvement Projects – Minimum and Maximum Interventions in Transition Regions

Transition				
		% Split	Min	Max
Capital	Project	100.0%	£2,327	£24,999
	Grant	43.0%	£1,000	£10,742
	Match	57.0%	£1,327	£14,257

In addition, the Project offers manufacturing workshops, managed and delivered by MGMs with specific areas of expertise, providing up to date information and guidance on current key manufacturing topics such as Lean Manufacturing, Improving Your Supply Chain and Industry 4.0. This support has a maximum value of £500 per attendee/workshop and SME beneficiaries can attend up to 4 workshops. Workshops are provided free of charge to SME beneficiaries.

- 2.2.5 Regarding State Aid, the strategic business review (i) capital grants (iii) and manufacturing workshops operate under the De Minimis state aid regulation and consultancy grants (ii) operate under the Article 18 GBER Commission Regulation (No 651/2014) - Aid to enable SMEs to purchase consultancy to improve or develop their business) where it falls within the scope of Regulation 6(5).

2.3 Lessons learned on MGP1

- 2.3.1 A market survey was undertaken with MGP1 clients to assess market need and formed the basis of a LEP roadshow prior to the MGP2 bid being submitted. Lessons learned on MGP1 have been used to inform MGP2. The questions that were asked are as follows:

1. Would you like to see MGP provide support for more 'in-depth' needs within your business?
2. Would you like to see MGP provide support to make small scale capital purchases to help make improvements?
3. Would you like to see a series of manufacturing themed workshops that would help to upskill your employees?
4. What is the biggest training need within your business?
5. Have you received support to help you export over the past 18 months?

The following key lessons from MGP1 were used to enhance the processes and inform the design of MGP2 as follows:

- SME Acquisition: Delivery of MGP1 has tested the most effective marketing techniques for SME acquisition. Social media campaigns used were particularly successful, as were leads generated through the MGP website. MGP2 undertakes Social Media posts and campaigns and continues to follow up on leads generated from enquiries through the MGP2 website
- SME Management: MGP1 SMEs asked for more time with MGMs for additional support. To meet this need, MGP2 reduced the number of projects as well as the number of SMEs to be supported to allow MGMs to spend more time with SMEs on an individual basis
- SME Completion: Spending more time with SMEs on an individual basis, to substantially reduce drop out completion rates
- SME Activity: Grants towards capital equipment and availability of workshops including varied themes that would assist development of existing staff

2.4 Market Failure

2.4.1 The manufacturing sector is critical to the UK economy, providing 10% of UK GVA (£177bn), generating around 50% of UK exports and accounting for 70% of business-led Research and Development. MGP2 seeks to support the Government's ambitions for growth in productivity of the manufacturing sector, by addressing a number of market failures:

- Low levels of productivity
- SME failure to seek business support
- Lack of innovation
- Absence of capital investment

2.4.2 MGP2 works with SMEs across 18 LEP areas, helping them to realise their potential. By offering SMEs opportunities for co-investment in improvement projects, coupled with expert industry advice, MGP2 aims to drive growth, innovation and productivity.

2.5 Project Strategy and Alignment

2.5.1 MGP2 is regarded as sitting well within Priority Axis 3 (Enhancing the Competitiveness of SMEs) of European Regional Development Fund England Operational Programme. The primary aim of this Priority Axis is to improve the competitiveness of SMEs by increasing the capacity and capability of SMEs and promoting entrepreneurship. The priority axis supports the Government's commitment to support SMEs and in doing so strengthen the pipeline of high growth business across England. The clear focus on working with SMEs to raise awareness, generate demand for improvement and growth opportunities and promote the adoption of

new processes and technologies is an excellent example of how ERDF can be used to deliver this ambition and is cited as a benefit by SMEs through evidence received as part of this Interim Summative Assessment.

- 2.5.2 Similarly, there is a good understanding of how the MGP2 aligns with the Strategic Economic Plans within each of the LEP areas. For example, Leeds City Region, which has the largest manufacturing sector in the country outside London, has identified the need to improve productivity rates, including through increased investment in R&D, automation and digitisation of manufacturing processes. To do this, Leeds City Region has identified the need for SMEs to review and improve their systems, and skills and investment plans to keep ahead of the competition.

Within the 4 sample LEP areas, key manufacturing sectors include: automotive; aerospace; telecommunications; food and drink; textiles; medical components and equipment; chemicals and biotechnologies; sustainable construction; life sciences and agricultural technology; ports and logistics; steel and polymers; energy generation and advanced materials.

2.6 Delivery Model

- 2.6.1 The Economic Growth Solution Ltd staff involved in the successful delivery of MGP1 were transferred to OIS under TUPE for the delivery of MGP2. OIS currently delivers the MGP2 with robust controls that ensure full compliance with project management and governance requirements, these include:

- A bespoke Project Delivery Manual to ensure the delivery team complies with ESIF project regulations and deliver the best possible support for SMEs
- A comprehensive, secure web-based Client Relationship Management (CRM) Database
- A comprehensive Financial Management System
- A Business Management System (hosted on SharePoint)
- A robust Governance Structure including monthly management meetings to monitor all relevant KPI's and practises

- 2.6.2 MGP2 works closely with LEPs and Growth Hubs through the MGMs to align business projects with other local business support delivery, ensuring that effective cross-referrals are made.

2.7 Management and Governance

- 2.7.1 MGP2 is managed and delivered by Oxford Innovation Services. The Operations Director reports to OIS CEO and has overall responsibility for the administration and operational functions of MGP2. The Stakeholder Manager reports to the Operations Director. The Regional Director has overall responsibility for managing MGP2 and reports directly to the Operations Director.

MGP2 includes the following senior management roles who report to the Regional Director:

2 x Regional Managers

1 x Head of Finance

1 x Operations Manager

1 x Marketing Manager

1 x ERDF Programme Manager

19 MGMs are employed to cover 18 LEP areas and each MGM is assigned and is based in a specific locality. An organogram is attached in Appendix 4 that identifies all Team members and its reporting lines. All staff within MGP2 are 100% funded by the Project. Delivery and management are analysed further in Section 5.

- 2.7.2 A governance structure is in place with clear reporting lines and schedules of meetings. Table 7 below summarises the groups that meet; the members in each group; the responsibilities of each group and how regularly they meet.

Table 7: MGP2 Governance Structure

Groups	Members	Responsibilities	Schedule
Project Sponsors ↑	Operations Director Regional Director Head of Finance CEO	Provision of strategic oversight on delivery & development of the project	6 monthly
Contract Management ↑	DLUHC (previously MHCLG) Head of Finance ERDF Programme Manager	Updates on project delivery, outputs and impacts	Monthly
Management Group	Operations Director Regional Managers Operations Manager Marketing Manager ERDF Programme Manager	Updates on delivery of project targets, outputs and match funding	Monthly

2.7.3 The Senior Managers Team Meeting meets monthly and reports into the Management Group. The meeting has responsibility for:

- Reviewing the previous month performance and looking forward to the following month
- Programme performance – finance and outputs
- Monitoring spreadsheet through Earn Value Management (comparing against targets)
- EBI ('even better if') and whether there are any gaps
- Future – clients and claims
- Marketing activity
- Compliance – Article 125, internal audits, Summative Assessment

2.7.4 There are frequent and regular meetings between smaller groups of the Project Delivery Team and each line manager is responsible for scheduling these as required. Other programmed meetings include:

- MGP2 Operations Meetings (weekly)
- Programme Support (weekly)
- Marketing (monthly)
- Finance (monthly)
- Strategic Marketing (monthly)
- Management Information (monthly)
- Compliancy and ERDF (monthly)

2.7.5 As part of the governance structure, key team members have responsibility for authorising sign off on delivery related activities and these are illustrated in Table 8 below:

Table 8: MGP2 Sign-Off Responsibilities

Sign Off Areas	Nominated Team Members
SME eligibility check	ERDF Programme Manager and Regional Manager
Purchasing, financial and match funding checks	Head of Finance and Operations Manager
Outputs, systems & results check	Operations Manager
MGM/SME Paperwork Quality check	ERDF Programme Manager
ESIF Branding guidelines check	Marketing Manager

2.7.6 The delivery of the Project across the 18 LEP areas was awarded as one contract to OIS. The contract split costs and deliverables between the 18 LEP areas to ensure distribution of activity and, for reporting purposes, to enable progress to be monitored in the More Developed regions and the Transition regions.

2.8 Marketing and Publicity

- 2.8.1 The Project has a dedicated marketing budget (£164,000) to implement the following marketing activities:
- Deliver an effective Marketing Plan includes case study creation, national and local press releases, social media activity, stakeholder comms, website activity and quarterly newsletters sharing market intelligence and thought leadership articles.
 - Undertake electronic direct marketing
 - Continuously follow up on leads gained through the website and supported Growth Hub/LEP events e.g. breakfast meetings, exhibits, networking events
 - Provision of marketing intelligence through the Manufacturing Barometer to enables MGP2 to provide better support to SMEs based on evolving needs
- 2.8.2 Marketing is used in a focused manner to ensure efficient lead generation, by identifying clients through the following activities:
- Use of Manufacturing Growth Programme database of manufacturing SMEs across the supported LEP areas who have requested contact is continued
 - Working closely with Growth Hubs from each supported LEP area on the development of SME identification/referrals and engagement plans
 - Adopting a multi-media approach including electronic direct marketing campaigns using e-flyers to clients/consultants and social media. MGP2 is promoted using inspiring case studies, from MGP and MGP2, on the website and through social media accounts. The website and social media messages are the principal marketing tools used to promote the project and share details of the Manufacturing Growth Managers, success stories and project contact details to encourage SME sign-up.
 - Maximising visibility at partner manufacturing business networking events,
 - Enabling direct client approaches via the website
 - Delivering masterclass workshops (225 over the MGP2 programme period. This has the added advantage of supporting a range of SMEs and building peer to peer networks).

3. Project Progress

3.1 Introduction

3.1.1 This section considers progress to date against contracted spend and output targets and the horizontal principles and reflects on the impact and implications COVID-19 and Brexit has had on the Project.

3.2 Project Progress

3.2.1 MGP2 has undergone changes since the contract commenced in April 2019. The Project has submitted 4 Project Change Requests (PCRs) including a request to extend the Project completion date from 31 March 2022 to 30 June 2023.

3.2.2 The PCRs were approved by DLUHC. An overview of each PCRs is as follows:

- PCR 1 (submitted October 2019, later approved) – ‘Manufacturing Growth Experts List’ removed from the Grant Funding Agreement list of conditions, amended Investment Priorities to 100% PA3c (previously 50% PA3c, 50% PA3d)
- PCR 2 (approved February 2020) – enabled changes to revenue and capital intervention rates to achieve full recovery of eligible costs within the Revenue funding profile
- PCR3 (approved May 2020) – enabled extension of the Project by 15 months to 30 June 2023, inclusion of Sheffield City Region and increased contribution by Greater Birmingham and Solihull LEP from April 2020 to June 2023. This change request resulted in additional expenditure and deliverables
- PCR4 (approved February 2021) – inclusion of D2N2 LEP. This change request resulted in additional expenditure and deliverables

3.2.3 A Project Inception Visit (PIV) was undertaken in June 2019 and an Article 127 audit check in September 2020. The purpose of a PIV is to ensure that applicants understand the requirements of the funding agreement and required systems are in place to meet the monitoring and audit requirements and the Article 127 audit check is to undertake a systems review of the organisation responsible for delivery of the project followed by a detailed review of the original source documentation held in support of a selected claim. All actions agreed at the visits were addressed accordingly.

At the time of writing the Interim Summative Assessment an Article 125 On-the-Spot Verification Visit (OTSV) is being undertaken. The purpose of OTSV is to verify that the Project is delivering to the terms and conditions set out in its Funding Agreement and Offer Letter and complies with the Regulations as set out in the Council’s Regulations (EC) 1303/2013. The outcome of the visit will be reported in the Final Summative Assessment.

3.3 Project Impact (Spend)

3.3.1 The original total budget was £22,668,228, within which ERDF contributed £11,832,937. The total budget was split between the More Developed regions (£17,680,000) and the Transition regions (£4,988,228). Table 9 provides details on the original Project budget.

Following the PCRs approved in May 2020 and February 2021 the Project budget was increased to £35,954,426 and split between the More Developed regions (£27,082,500) and the Transition regions (£8,871,926). Table 10 provides details on the re-profiled Project budget and Appendix 5 provides a detailed breakdown of each LEP area and its allocation.

Table 9: Original Project Budget (up to 31 March 2022)

Category of Region	ERDF		SME Contribution		Total		
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Overall
MD (50%)	£1,420,952	£7,419,048	£1,420,952	£7,419,048	£2,841,904	£14,838,096	£17,680,000
Transition (60%)	£481,087	£2,511,850	£320,725	£1,674,566	£801,812	£4,186,416	£4,988,228
Total (52.2%)	£1,902,039	£9,930,898	£1,741,677	£9,093,614	£3,643,716	£19,024,512	£22,668,228
	£11,832,937		£10,835,291				

Table 10: Re-profiled Project Budget (up to 30 June 2023)

Category of Region	ERDF		SME Contribution		Total		
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Overall
MD (50%)	£2,176,636	£11,364,614	£4,333,200	£9,208,050	£6,509,836	£20,572,664	£27,082,500
Transition (60%)	£855,649	£4,467,506	£1,135,608	£2,413,164	£1,991,256	£6,880,670	£8,871,926
Total (52.2%)	£3,032,285	£15,832,120	£5,468,808	£11,621,214	£8,501,092	£27,453,334	£35,954,426
	£18,864,405		£17,090,022				

3.4 Project Impact (Deliverables)

3.4.1 Deliverables are split between More Developed and Transition regions. Following the inclusion of Sheffield City Region and D2N2 LEPs and increased activity in Birmingham and Solihull LEP the original targets for deliverables were increased during the delivery of the Project. All amendments were addressed and approved in PCRs to DLUHC. Original and re-profiled Project targets up to 30 June 2023 are detailed in Table 11 below.

Table 11: Original Project and Re-profiled Deliverables (up to 30 June 2023)

Indicator	Category of Region	Original GFA Target	June 2023 Target
C1 Number of Enterprises Receiving Support	More Developed	1,595	2,311
	Transition	360	624
C2 Number of Enterprises Receiving Grants (Sub-set of C1)	More Developed	1,513	2,183
	Transition	342	594
C4: Number of enterprises receiving non-financial support (Sub-set of C1)	More Developed	1,595	2,311
	Transition	360	624
C5: Number of new enterprises supported (Sub-set of C1)	More Developed	41	62
	Transition	9	15
C29 Number of enterprises supported to introduce new to the firm products (Sub-set of C1)	More Developed	504	727
	Transition	114	194
C6: Private investment matching public support to enterprises (grants)	More Developed	£8,840,000	£13,541,250
	Transition	£1,995,291	£3,548,770
C8: Employment increase in supported enterprises	More Developed	2,018	3,086
	Transition	455	832

3.5 COVID-19 & BREXIT impact and implications

- 3.5.1 At the outset of COVID-19, the Management Team undertook a programme impact assessment, developing three possible mitigation plans based upon programme forecasting scenarios for the achievement of only 25%, 50% or 75% of contracted targets. The scenario planning and associated mitigating actions were communicated clearly to all MGMs so that there would be full understanding of potential mitigation routes that might be followed. As early mitigation actions were put in place, it became apparent that the Team did not need to proceed with any of these 3 scenarios because targets continued to be met.
- 3.5.2 The Management Team pursued early dialogue with DLUHC, regarding potential programme impacts and made the following adjustments to mitigate against slow-down in delivery:
- COVID-19 had an immediate impact upon the ability of businesses to create new jobs and put existing employee jobs at risk. The Project agreed with DLUHC that numbers of jobs safeguarded (collected as an additional output to measure of impact by the Project) was seen as a more realistic output for businesses to achieve during this time
 - A “Crisis Management Framework” was quickly developed to support MGMs engaging with SMEs during the COVID-19 crisis. Feedback from MGMs suggested that this was received well in the market
 - A rule which only permitted up to 25% of businesses supported to return and receive a second area of support was relaxed to allow more businesses to access further support at this time of economic crisis.
- 3.5.3 The Management Team, which had been office based since the start of the programme, quickly accessed home equipment and instigated new internal procedures to accommodate efficient homeworking through lockdown. The MGMs were already home-based, fully equipped and operational for conducting online interaction with the Management Team, using systems and processes established at the Project outset. All engagement with business clients moved online with immediate effect.
- 3.5.4 MGM interactions with clients were held purely online from end of March 2020, with a number of implications for client support:
- Workshop delivery was suspended. While internal discussions are being held to bring them forward again through an on-line presence, there are no immediate plans to re-introduce them. Workshops are designed to cover areas such as leadership and management practices as well as industry-specific topics. Up to March 2020 workshops were accessible to the business base, being held at local venues in each of the LEP areas
 - MGMs reported that, while it was possible to continue to support clients with their project development planning and delivery, the suspension of face-to-face interaction and factory visits may potentially have led to some reduction in the ability to identify and highlight a full range of potential business needs e.g. the additional value of sitting with the client to work through GROWTHmapper results had potential to diminish slightly in an online setting; the ability to notice and point out areas for discussion while visiting the factory floor was lost; access to a fuller range of senior employees, and therefore to a fuller range of potential issues, could sometimes be lost through the move to online interaction. As noted by MGMs, an online setting enables the client to manage the information flow more closely and they will naturally present the ‘best face’ of their business to the MGM which can reduce the benefits they might otherwise receive through face-to-face meetings and site visits from an MGM. MGMs needed to work far harder to try to maximise benefits of time spent with clients and the ability to build a lasting working relationship was potentially diminished
 - Client sign-off processes, previously requiring wet signatures, were relaxed to enable online approvals. This improved the speed and ease with which some processes could be brought to conclusion
- The nature of the support being sought by businesses changed significantly in response to the pandemic. MGMs reported that businesses were putting planned projects on hold in favour of pursuing new time-critical projects. MGMs were required to flex immediately to respond to new needs and reported that those needs continued to change over time as the pandemic developed. For example, business face-to-face contact with the customer base stopped overnight in March 2020 and the need for new Marketing

Strategies and online marketing, systems and processes increased significantly. Later in the year, enquiries increased from businesses seeking advice on COVID-19 Exit Strategies and support on how to bring staff back from furlough, often requiring HR consultancy input on this

3.5.5 Documentation and data evidence gathered for this Interim Report provides no indication of BREXIT-related impacts upon the delivery of MGP2 nor any prevalence of business projects that are seeking to mitigate BREXIT-related issues.

3.6 Spend and Output Performance

3.6.1 Table 12 provides an analysis of MGP2's spend targets up to 31 December 2021 and 30 June 2023, actual performance on 31 October 2021 and forecast performance to 31 December 2021.

3.6.2 The spend target of £35,954,426 is made up of £18,864,405 ERDF and £17,090,022 match. To date (31 October 2021) the total Project expenditure is £21,078,584 within which £9,856,961 ERDF has been allocated. By 31 December 2021 the Project forecasts a total Project expenditure of £22,420,150 within which £11,944,748 ERDF will be allocated.

At the current time, the Project is in a comfortable position to allocate within budget and contract by 30 June 2023.

Table 12: Spend Performance

	Category of Region	Targets 31 Dec 2021	Targets 30 June 2023	Actual Performance 31 Oct 2021	Forecast Performance 31 Dec 2021
Capital Expenditure	More Developed	£3,973,457	£6,509,836	£4,059,656	£4,287,563
	Transition	£1,263,721	£1,991,256	£1,105,575	£1,137,067
	Total Capital	£5,237,178	£8,501,092	£5,165,230	£5,424,630
Revenue Expenditure	More Developed	£13,518,553	£20,572,664	£11,735,046	£12,478,870
	Transition	£4,567,421	£6,880,670	£4,178,308	£4,516,650
	Total Revenue	£18,085,974	£27,453,334	£15,913,354	£16,995,520
Total Expenditure	More Developed	£17,492,010	£27,082,500	£15,794,701	£16,766,433
	Transition	£5,831,142	£8,871,926	£5,283,883	£5,653,717
	Total Cap and Rev	£23,323,152	£35,954,426	£21,078,584	£22,420,150

3.6.3 Table 13 provides an analysis of MGP2's output targets up to 31 December 2021 and 30 June 2023, actual performance at 31 October 2021 and forecast performance to 31 December 2021.

3.6.4 The Project has already achieved 1,997 enterprises receiving support (C1) against its 31 December 2021 target (2,070). Other notable outputs, where the December 2021 has already been exceeded, include 71 new enterprises supported (C5) against a target of 39 and 619 enterprises supported to introduce new to the firm products (C29) against a target of 585.

Section 3.3 describes the impact COVID-19 has had (and continues to have) on businesses with many businesses unable to employ new staff, this is demonstrated in the current and forecast figures for Employment increase in supported enterprises (C8) where the Project outputs are forecast to achieve 90.2% of the 31 December 2021 target. The Project Delivery Team is closely monitoring this output and it is uncertain as to whether the Project will be able to achieve full delivery at this stage.

In light of COVID-19 and the impact it has had on businesses, the Project faces a particularly stretching target to achieve, this being 'Employment Increase' by 30 June 2023. Evidence from the online survey suggests that additional employment impacts are lagging behind the Project management period (see 4.3.6).

In addition to the C8 output the Project also records the numbers of jobs that have been safeguarded. As discussed in 3.4.2, this measurement was particularly valuable during lockdown and continues to be an important impact measurement for those businesses that continue to adapt during COVID-19. By 31 October 2021 businesses had reported that 3,619 jobs had been safeguarded as a result of receiving support from MGP2.

Regarding all other outputs, on current projections and following discussions with the Project Delivery Team, the Project is making excellent progress and is on track to deliver all its targets or to deliver within the 15% tolerance level².

Table 13: Output Performance

Indicator	Category of Region	Targets 31 Dec 2021	Targets 30 June 2023	Actual Performance 31 Oct 2021	Forecast Performance 31 Dec 2021
C1 Number of Enterprises Receiving Support	More Developed	1,652	2,311	1521	1,595
	Transition	418	624	476	508
	Total C1	2,070	2,935	1,997	2,103
C2 No. of Enterprises Receiving Grants (Sub-set of C1)	More Developed	1,398	2,183	1,283	1,354
	Transition	386	594	410	443
	Total C2	1,784	2,777	1,693	1,797
C4: No. of enterprises receiving non-financial support (Sub-set of C1)	More Developed	1,652	2,311	1,521	1,595
	Transition	418	624	476	508
	Total C4	2,070	2,935	1,997	2,103
C5: No. of new enterprises supported (Sub-set of C1)	More Developed	31	62	59	67
	Transition	8	15	12	14
	Total C5	39	77	71	81
C29 No. of enterprises supported to introduce new to the firm products (Sub-set of C1)	More Developed	463	727	450	479
	Transition	122	194	169	181
	Total C29	585	921	619	660
C6: Private investment matching public support to enterprises (grants)	More Developed	£8,121,115	£13,541,250	£7,670,327	£8,133,079
	Transition	£2,106,874	£3,548,770	£2,186,609	£2,342,323
	Total C6	£10,227,989	£17,090,020	£9,856,936	£10,475,402
C8: Employment increase in supported enterprises	More Developed	1,780	3,086	1,428	1,545
	Transition	491	832	461	504
	Total C8	2,271	3,918	1,889	2,049

3.7 Delivery of Horizontal Principles

3.7.1 Whilst there were no contractual targets associated with the horizontal principles, it was noted that MGP2 gave consideration in respect of the following:

- Providing a flexible approach to delivery using remote advisory techniques. This was particularly helpful during COVID-19 lockdown and has become a good method of communication that is now widely used.
- Having a standing agenda item at monthly team meetings, regularly discussing ways to improve support and activities designed to reach minority groups regularly reviewed.
- Maintaining a log of venues that provide suitable disabled access and facilities

²In Line with DLUHC's tolerance level for Underperforming Methodology

- Using broadband access to enhance the service offered to anyone with a disability, for example video conferencing facilities are available at the OIS office, holding interactive events via the web
- As part of the diagnostic service provided by the GROWTHmapper tool, MGMs have a role in reviewing equality and diversity and environmental policies with the business, providing support (and referrals to other Programmes in the area) where appropriate.

4. Project Performance and Impacts

4.1 Introduction

4.1.1 This section reports on beneficiary experience through a business survey and 4 case studies and considers the extent to which market failures are being addressed at this point in the Project's delivery. Finally, this section considers the Project's Strategic Added Value.

4.2 MGP Market Data

4.2.1 The market data, compiled for MGP1 and MGP2, indicates that, since October 2016, the main types of manufacturing businesses that have accessed support are as follows:

- Engineering: 18%
- Food and Drink: 12%
- Electrical/Electronic Equipment: 10%
- Metals & Other Basic Metal products: 9%
- Packaging/Paper/Print: 6%

4.2.2 The size of businesses accessing support has included micro (46%) small (42%) and medium (12%) with turnovers up to £10m and above. 83% of businesses have a turnover of between 0 - £5mil.

4.2.3 To date, MGP2 has successfully engaged with and delivered support to manufacturing businesses across all 18 LEP areas. As discussed in 5.2.6, it is evident that businesses in some LEP areas are more difficult to engage with, however MGP2 continues to attract interest across all LEP areas and, if momentum is sustained, is on track to address the Project Objectives, as set out in Section 1.4.5.

4.3 Additional Economic Impact – Business Survey

4.3.1 To assess the additional economic impact of MGP2 and to understand business needs going forward an online beneficiary survey was undertaken in October 2021.

4.3.2 The survey was circulated to 50 businesses in each of the 4 sample LEP areas (200 in total). 58 responses were received (29% response rate). Whilst noting that the response rate is a good return and represent the views of those 200 businesses that were surveyed, overall, the conclusions are based on a relatively small number of businesses. The responses, however, do provide an indicative picture of performance and effectiveness from a beneficiary point of view, at a mid-point in the Project's delivery.

4.3.3 The responses received reflect the distribution of type and size of businesses across the Project with the highest percentage of responses being received from engineering (22.4%) followed by food and drink (12%) and construction (12%). Other sector responses include electronics; textiles; medical; software/IT; packaging/paper/print, medical, cosmetics; furniture and jewellery; toiletries and personal care and electrical consumer goods. The responses represent different size of businesses with 33% from micro (1 – 9 employees) 46% from small (10 – 49 employees) and 21% from medium (50 – 249 employees).

4.3.4 The survey asked businesses to identify how they had found out about MGP2. Some businesses ticked more than one way of finding out about the Project and the information sources are set out below, see Table 14.

The results suggest that 'word of mouth' (40% of businesses) is the most popular way, indicating that the businesses who are sharing enquiry details view the Project and MGPs as a trusted source of support. 'Contacting the local Growth Hub' (26% of businesses) 'looking on the MGP2 website' (22%) and 'signposted from other business support programmes' (17% of businesses) indicates that these are successful ways to engage with the target audience. MGP2 'social media' and 'attending an event/roadshow' only represents a small number of approaches (3% of businesses in total).

Table 14: How Businesses Found Out About MGP2

Type of Engagement	Number
Word of mouth	23
Contacting the Growth Hub	15
Manufacturing Growth Programme 2 website	13
Signposted from other business support programmes	10
Local Growth Hub website	3
Contacting the local Chamber of Commerce	3
Attending an event/roadshow	1
Social media	1
Other – ‘networking’, ‘worked with them before’, ‘Staffordshire County Council’	3

The Final Summative Assessment will analyse whether the types and distribution of referral routes vary across the LEP areas and, if so, will examine whether this provides some insight into how OIS could look to strengthen referral routes in the delivery of future programmes within different LEP areas.

- 4.3.5 The survey indicates that the most popular types of business support that businesses are accessing are ‘facilitating the development of new products and processes’ (60% of businesses) and ‘improving efficiency’ (53% of businesses).

As a result of MGP2 business support received, businesses are citing improved productivity, improved turnover, creating new jobs and increased sales as the main outcomes. The ‘other’ types of outcomes that businesses identified include ‘increased capacity’ and ‘better work practices, more efficient system, more professional’. Businesses also recognised that without financial assistance they would not have been able to undertake the work and this could have prevented or hindered business growth.

‘Allowed us to launch a new patented product that without this grant we would have struggled to fund’

‘As a start-up, with innovative products, we desperately needed the right help, guidance and financial support via grants’

‘As a result of a grant we will be able to reach more clients and grow as a business’

The outcomes, as a result of support provided, are listed in Table 15.

Table 15: Outcome of Support

Outcome of support	Number
Improved productivity	32
Improved turnover	25
Created new jobs	24
Increased sales	23
Safeguarded jobs	19
Too early to say	10
Positive environmental impacts	8
More diversity amongst the workforce	0
Other, please explain	5

4.3.6 It is important to understand whether the support provided by MGP2 is expected to have a future impact, mindful that positive impacts of business support often lag behind the intervention received. It is encouraging to see that most respondents (88%) anticipate an increase in turnover and/or employ new staff in the next 5 years. This is particularly relevant considering the immediate impact COVID-19 has had on the manufacturing sector and the ability of businesses to create new jobs.

The survey responses suggest that the full achievements and impacts of the Project that are required to be reported within the MGP2 reporting timescales could be significantly under-estimated. Survey respondents were asked to summarise any business expectations they have for the next 5 years, resulting from the MGP2 support received. A sample of the responses received from each of the LEP areas are provided below:

Leeds City Region:

'Growth expected of 30% and 5 new jobs'

'We could expect a turnover of 8m next year which is an increase by 7 times in a year'

Greater Lincolnshire:

'I expect to increase productivity by 50% as the machinery I purchased as helped me to produce other furniture. I hope to employ 2 new apprentices in January.'

'10% growth and 2-5 new jobs.'

Hertfordshire:

'We aim to grow the business by 100% and expand to over 50 people.'

'In the last few months we have added 12 new jobs and increased turnover by 100%. In the next 5 years we see the business being 4 x larger than today.'

Stoke-on-Trent and Staffordshire:

'Our expectation is that the implementation of the new software package will increase our efficiency, improve sales and lead to the creation of at least 3 jobs.'

'25% growth in turnover'.

4.3.7 Businesses were overwhelmingly positive about the support received. 91% of respondents rated the support as 'excellent' with the remaining respondents rating it as 'good'. Respondents were asked to provide further comments on how the support from MGPs could be improved in anyway, a sample of these responses is provided below:

'No improvements at all as David Whiteley was extremely helpful, knowledgeable and patient with our company'.

'Excellent service. Very smooth process with no headaches or mountains of paperwork!'

'The local agent was very understanding of our business and showed us ways in which MGP could assist us in our growth plans.'

'Amanda Freeland has been amazingly helpful in giving us excellent advice and making the process easy to follow. Thanks so much for your help and support.'

'Amanda is excellent and has been extremely helpful in many differing ways with her time and advice.'

The only comments offering suggestions going forward included *'a greater % contribution'*, *'a newsletter to keep me up to date with grant opportunities'* and making criteria for accessing grants less limited.

- 4.3.8 A valuable part of the MGP2 service is referral into the local Growth Hub and other business support providers for further advice or support. 50% of respondents were very aware and appreciative of the referral support that had been provided. The comments received demonstrated that referrals are being made to a wide variety of additional support on offer. A sample of responses from each of the LEP areas is provided below:

Greater Lincolnshire:

'I needed to be able to produce cad drawings for my customers and Mr Harriman sorted this out for me.'

'Skills Support for Workforce'.

Hertfordshire:

'The support from Amanda, the DIT and the growth hub has been seamless.'

'Funding for business improvement (MRP Installation), production equipment, business coaching.'

Leeds City Region:

'Not as such but made it very clear that we could go back to him for any queries and told us about an IT grant'.

'Skills training, environmental'.

Stoke-on-Trent and Staffordshire:

'Phillip Somers is excellent at explaining support on offer.'

'Directed us to procurement business support'.

The remaining 50% of respondents said that their MGM had not referred them to other types of business support. Consultation with MGMs from the 4 LEP areas indicated that they do discuss with clients the other business support available in their LEP area. Notwithstanding this, a client focused on their current project may quickly forget the referrals provided for further work. There is an opportunity, in future, to record referral suggestions and to follow-up and remind business clients, once the MGP2 activity has been completed.

- 4.3.9 Finally, beneficiaries were asked to comment on other types of business support that they might wish to pursue in future. Only 4 respondents said it was too early to say. On average, those businesses identifying the need for future support, selected 3 different business survey options, listed in the survey question (see

Table 16) as potentially beneficial to their business going forward. The response to this question suggests that businesses accessing MGP2 continue to demonstrate an appetite to grow and, to do so, continue to require the types of support that MGP2 provides.

It is interesting to note that only 1 business identified ‘other’ types of support that might be required in the future (however did not explain the reasons for this). The low response to this option could confirm that all support currently offered is suitable for future business needs, however, it could also highlight that some businesses rely on manufacturing experts to assess future challenges and opportunities for this sector and align areas of support with these. For example, in the future businesses will be required to respond to Government’s Net Zero Strategy: Build Back Greener and the UK Digital Strategy and most likely require support to understand government ambitions, targets and expectations and to navigate how they might prepare their own business to meet new regulatory requirements and access new opportunities for growth. This reliance on expert manufacturing advisors to interpret trends and innovations in future manufacturing has been highlighted in conversations with the 4 LEP/Growth Hubs as a strategic value of the MGMS delivering advice to businesses through MGP2.

All responses are identified in Table 16.

Table 16: Future Business Support Requirements

Future Business Support Requirements	Number
Improving management systems or processes	33
Improving and/or developing new manufacturing processes	33
Improving and/or developing new products	32
Reducing environmental impact	30
Financial investment in new equipment	29
Reaching new markets	28
Improving human resource management	9
Too early to say	4
Other, please explain	1

4.4 Additional Economic Impact – Case Studies

4.4.1 Case studies have been undertaken in each of the 4 sample LEP areas. The case studies demonstrate how MGP2 has supported manufacturing businesses to innovate and enabled businesses to grow through a combination of expert advice and co-investment and are as follows

Case Study 1: Supporting Business Growth and COVID-19 Recovery Planning

Starting from their kitchen table, Daniel’s Delights has been manufacturing chocolate since 2007. The Stoke-on-Trent company has worked with the Manufacturing Growth Programme, focussing on business growth and accessing advice on accreditation and marketing.

In 2019, the business accessed an MGP2 capital grant of £10,320, matched by company investment of £13,680 towards the purchase of:

- A 2,000kg chocolate melting and holding tank which enabled the company to triple their daily production of chocolate
- A box making machine to automate the packaging of the chocolate, improving process efficiency

This production boost created 6 FTE jobs.

The COVID-19 pandemic created several challenges, both during and post-lockdown, for production safety, staff retention (21.5FTE), client retention, continued access to finance and in meeting supplier and client expectations. Plans to increase market presence, volumes and profitability required detailed review. In July 2020, MGP2 grant-assisted provision of expertise to support the company in reviewing their 5 Year Plan to factor in the economic downturn and loss of a quarter of 2020/21 trading. An MGP2 consultancy support grant of £3,225 was matched with £4,275 of company funds to complete this work by August 2020.

Case Study 2: Supporting the Journey from Prototype to Production

Watford based Ezidrops Ltd. designed an innovative eyedrop applicator. The perfected prototype received strong interest from Boots and The Royal National Institute for the Blind. In November 2019, with no previous experience in manufacturing, the company sought MGP2 advice in moving from the prototype device to full manufacturing production.

The MGM worked with the company to provide a business needs diagnostic which highlighted areas of the business that needed further work to enter the manufacturing phase and supported EZIDrops to develop an Action Plan to deliver this work. MGP2 provided the following:

- Research on CE requirements for the product
- Legal advice on requirements for registering IP
- Advice on manufacturing process management and stockpiling of a product which has a seasonal demand flow (higher in hayfever season)
- Packaging advice
- Promotional advice incl. appropriate retail, pharmacy and optical product & service channels
- A Capital Grant of £4,324 to purchase required manufacturing tooling, matched by a £8,676 capital invested by the company

The project moved this new product into manufacturing production in April 2020. The Royal National Institute for the Blind are selling the product and Boots plan to stock it in 1,800 stores. The company has gone on to:

- Create a second prototype for ear drops, with further advice & support from MGP2
- Further develop their website for French, German and Spanish customers and is working with DiT in overseas promotions.

Hertfordshire LEP

Case Study 3: Helping to Increase Manufacturing Productivity & Capacity

Founded in 2012, Axholme Brewing Company Ltd. manufactures beer, placing emphasis on consistency, quality & inventiveness and creating classic styles, utilising seasonal and home-grown ingredients for their wide range of guest beers. The company trades as *Docks Beers*, selling around the country, with their bottled beers being bottled by hand and sold to shops, festivals and markets.

In 2017 the company set up a new brewhouse to meet their ever-growing demand. The brand new 2500L plant was installed in a converted church in Grimsby, enabling them to build on their Trade Sales, adding to their E-Commerce Sales and featuring a new on-site Tap Room where beers can be purchased and consumed while watching the brewers work.

In 2021 strong online sales enabled an overall sales increase. The company contacted MGP2 for support in increasing their storage capacity. The MGM undertook a company GROWTHmapper diagnostic which identified productivity and capacity as the weakest areas for the business and identified opportunity for marketing improvements. The business was supported by MGP2 to:

- Improve their approach to digital marketing and e-commerce sales through consultancy support valued at £6,800. They accessed £2,924 MGP2 grant to match their own investment of £3,876, completing this work in May 2021.
- Increase productivity & capacity through the purchase of a new 6000Ltr brewing tank and a 20ft Refrigerated Storage Container. These additions increase capacity by 40%, which equates to roughly 130,000 pints per year (circa £330k of trade sales). MGP2 supported this project with a capital grant of £2,580 alongside company investment of £3,420. This part of the project was completed in October 2021.

These two areas of work have enabled the creation of 2 FTE jobs, including a new Brewing Assistant, and the company is forecasting a 75% increase in turnover. The company is now progressing further plans to open Docks Beers Academy on the top floor of the building, which will enable Live Music Events to be held onsite and has plans for two more large fermentation tanks.

Greater Lincolnshire LEP

Case Study 4: Developing a Roadmap from Product Design to Commercial Launch & Planning an Efficient Manufacturing Process Flow

Passive Innovations Ltd., a pre-revenue company based in Leeds, has a company objective to be a Pathfinder in modern construction methods, constructing timber-frame off site panels as a carbon zero product for house builders. This is a high growth market driven by government targets and regulations and the company has identified a set of product and process objectives including to:

- Exceed 2030 RIBA carbon targets for new homes construction
- Achieve passive house product certification
- Produce a product affordable across all sectors of the housing market, using sustainable raw materials where commercially viable and capability of erection on site (from DPC to airtight) within a few working days.
- Achieve continuous manufacturing in a controlled environment
- Use a manufacturing process suitable for CNC machining, linking architects 3D drawings with design, cutting and framing data.

The MGM undertook a business needs diagnostic using GROWTHmapper. The company hoped to demonstrate the value of net zero carbon home construction to potential clients across Yorkshire and sought advice from MGP2 on setting up an efficient build system within a new factory setting and achieving required quality assurance standards. MGP2 provided support for the following:

- Development of a Roadmap from product design to the commercial launch of the company’s timber frame offsite panels including:
- investigating raw material requirements and identifying potential suppliers; consultancy and advice on requirements for achieving quality assurance and communications standard ISO 9001 and 19650 (including Built Offsite Production Assurance scheme)
- Assessing and developing their manufacturing processes and determining their equipment requirements
- Achieving a factory design and layout/work-flow consistent with lean principles
- Revenue funding of £4,494.60 towards expert consultancy work, matched by a company investment of £9,265.40

The MGM also provided introductions to the Leeds City Region Growth Hub (regarding capital grant programmes of potential interest) and to Huddersfield University who manage the Leeds LEP’s Supply Chain programme (regarding support for an ISO9001 (Quality Management System)).

The company completed their MGP2 projects by May 2021 and has achieved the following:

- The factory is in production and has completed its first home, aiding the construction of 20 more for Pure Acre Park in Drighlington in Bradford. It is in talks with York Council to make 110 carbon free homes rising to 600, using 100sqm of panelling in each home
- The first employee is in place (currently using 8 sub-contract employees)
- A forecast turnover of £480K in the first year with 3-5 employees. A 5 Year Plan is in place to build 1000 homes/year, representing a £10m yearly turnover with 150 employees in final year.
- The company has secured £200k private investment to help scale up production

Leeds City Region LEP

4.5 MGP2 Workshop Delivery

4.5.1 With the advent of COVID-19 in March 2020, workshop delivery was suspended. Workshops were designed to cover leadership and management, as well as introducing learning around industry specific topics such as Industry 4.0, Supply Chain Management, Process Flow and Lean Manufacturing.

4.5.2 From consultations with stakeholders and the Project Team, it is evident that the workshops were highly valued and seen as an important activity as part of the MGP2 offer to businesses. Stakeholders note that workshops assisted in:

- Introducing new businesses to MGP2 and the wider, local business support network

- Delivering new ideas in a bite-sized and accessible format
- Encouraging business owners to engage in new learning, often noted as particularly hard to achieve with family-owned manufacturing enterprises where learning is passed down from generation to generation and
- Bringing businesses together who might not otherwise meet up to build communities of interest.

4.5.3 Workshops offered a valuable resource for manufacturing businesses up to COVID-19 and it is important that they continue within the remainder of the contract. Any face-to-face future workshops will need to take into consideration latest COVID-19 government guidelines. Developing different digital learning platforms could enable remote and accessible video content across the 18 LEP areas.

‘Lean Workshops and Supply Chain Development Workshops are clearly appreciated and effective’.
LEP Stakeholder

The workshops prior to COVID were also beneficial. There is potential to bring forward again through an online presence. We are currently looking at a ‘lean workshop’ and have been working with the Simulation Centre at Coventry University to produce this.
MGP2 Team Member

4.6 Addressing Market Failure

4.6.1 Section 2.4 identifies the market failures MGP2 sets out to address, these being:

- (i) Low levels of productivity
- (ii) Lack of innovation
- (iii) Absence of capital investment
- (iv) Supply Chain Management

4.6.2 The business survey represents a very small number of businesses that have been supported so far in the programme. It does suggest, however, that by aiming support solely at SME manufacturers, providing impartial advice and offering small capital grants combined with expert support does have a significant impact on businesses who are looking to innovate and grow. In this respect, the survey suggests that the Project addresses market failures (i), (ii) and (iii) identified above. It also suggests that without the support on offer through MGP2, it is unlikely that businesses would realise how improvements can be made, or indeed, the type of improvements that are needed. It is therefore less likely that businesses would have invested at all, to the same extent or within the same timeframe without the support provided through MGP2.

4.6.3 The survey also demonstrates that MGP2 is highly regarded amongst the businesses that have been supported with 40% of businesses hearing about the Project through word of mouth. MGP2 is gaining traction as a resource for manufacturing SMEs and, alongside the business advice and referral support from LEPs/Growth Hubs, manufacturing businesses are now in a better position to know where to seek business support from. In this respect the Project addresses market failure (iv) above.

4.6.4 The Final Summative Assessment will survey a larger number of businesses and will be able to test these assumptions more closely.

4.7 Strategic Added Value

4.7.1 Strategic Added Value captures benefits that have arisen through the Project that are over and above those which are felt by beneficiaries.

4.7.2 It is evident from the business survey and consultation with LEPs/Growth Hubs that the MGP2 Project Team and MGMs are held in high regard and play an important role in supporting manufacturing businesses. They are seen to have a good understanding of the manufacturing sector, some having sectoral specialisms that can be drawn upon, and their views are well respected. The MGP2 Regional Director and Regional Managers continually engage with LEP areas and attend Board and strategic meetings, where requested. The Regional

Director and Managers provide a strategic insight for partners and business as to how the sector is developing, how Government is responding and how these impact on their LEP area. The degree to which local areas take advantage of this specialist knowledge does vary. Some Growth Hubs gain significantly greater benefit through their more formal engagement arrangements that ensure they and their other delivery partners have access to this specialist knowledge, for example:

- Stoke-on-Trent and Staffordshire Growth Hub include the MGM and Regional Manager in their Quarterly Growth Hub Steering Group, which oversees Growth Hub delivery and forward planning, and bi-monthly Enterprise Round Tables which includes all delivery providers and partners incl. local authorities, which examines and fills gaps in business needs provision; and
- Greater Lincolnshire Growth Hub includes the MGM and Regional Director on the LEP's Manufacturing Board, which sets LEP Economic Strategy & Policy for the sector. The MGM also sits on the Growth Hub Operations Board, to provide input on direction of travel on manufacturing business needs, and the Providers Forum, which supports joint working by providers and uses a Case Conference approach to client support management.

- 4.7.3 MGMs provide a variety of strategic added value for businesses and partners in their local area, which varies in accordance with local priorities. MGMs tend to have a strong local business knowledge and frequently support Growth Hub Advisors in providing informal training in respect of local manufacturing business needs and support them on business visits to provide diagnostic advice to the Advisor and suggestions to resolve areas of business concern.

In those areas which have opportunities for multiple manufacturing business support packages, MGMs work with partners to provide advice to other project promoters to avoid duplication of support and encourage complementary support packages and joint working in delivering solutions for businesses. In Leeds City Region, for example, the MGM works closely with the Huddersfield University Supply Chain Programme, which has some areas of commonality with MGP2, to ensure there is no duplication in efforts and to minimise confusion for the beneficiary business. This MGM also meets monthly with the 3M BIC Centre whose programme can provide 'match funding' for MGP2, to create a bigger combined package for the business recipient. Finally, this MGM supported the development of the Manufacturing Champions programme and makes referrals to this programme where the client business requires more significant funding for growth intensive support over longer periods of time than is available through MGP2. MGMs with specialist knowledge will also often lend support to workshop delivery within various LEP areas e.g. Lean Manufacturing and Supply Chain Improvement.

- 4.7.4 As part of the Manufacturing Barometer partnered with SWMAS, SME manufacturers are surveyed every quarter. The survey maps confidence, trends and opinions from within the manufacturing industry where the findings are used to help lobby local and national Government to ensure that SME manufacturers are receiving more of the right support they need to grow within an ever-competitive environment. The Barometer is an important tool, which sits outside MGP2 and is used to inform LEPs/Growth Hubs, business organisations and manufacturing businesses themselves about the issues facing the sector.
- 4.7.5 MGP2 provides market data on the progress of the MGP1 and MGP2 Projects. LEP infographics are provided, monthly, to each LEP area, for their own specific reporting requirements. From consultation with stakeholders it is evident that Growth Hubs, LEPs and Local Economic Development Officers place a high value on the MGP2 infographics charts and information which they note is easily absorbed and pitched at the right level. Other providers have gone on to replicate some of this approach in their own paperwork. Market data and the Manufacturing Barometer are reported on the MGP website.
- 4.7.6 OIS GROWTHmapper is a comprehensive diagnostic system specifically designed for manufacturers. GROWTHmapper is effectively used in MGP2 to produce a Project Action Plan that identifies key manufacturing issues/challenges as well as key opportunities to achieve high growth potential. GROWTHmapper provides a more in-depth analysis of all activity being undertaken through MGP2 than was previously possible through MGP1.

5. Project Delivery and Management

5.1 Introduction

This section of the report highlights the experience of implementing and managing MGP2. It examines management and governance and day to day delivery. It also analyses compliance and marketing and communication.

5.2 Project Management

5.2.1 MGP2 is managed and delivered by OIS, an organogram is provided in Appendix 4. The Operations Director (0.6FTE) reports to OIS CEO and has overall responsibility for the administration and operational functions of MGP2. The Stakeholder Manager (0.6FTE) reports to the Operations Director and, alongside the Operations Director, engages with partners and stakeholders to promote MGP2. The Regional Director has overall responsibility for managing MGP2 and reports directly to the Operations Director.

The MGP2 Senior Management Team report to the Regional Director and comprise of:

- 2 Regional Managers (1 responsible for the Midlands and the North regions and 1 responsible for the South and East regions). The Regional Directors monitor progress of MGP2 and line manage 19 MGMs, responsible for engaging and providing support to manufacturing businesses in their designated LEP area
- 1 ERDF Programme Manager – responsible for the co-ordination and delivery of the MGP2 ERDF contract
- 1 Head of Finance – responsible for financial support and analysis. The post line manages the Finance Assistant
- 1 Operations Manager – responsible for compliance and data analysis. The post line manages 2 Senior Project Co-ordinators and 4 Project Co-ordinators within the Administration Team
- 1 Marketing Manager – responsible for Project marketing and communication and line manages the Marketing Executive and Marketing Co-ordinator.

The Team is well resourced to ensure the Project is successfully delivered and targets are met.

5.2.2 Since MGP1 the delivery and management systems and processes have been streamlined and refined to provide more detailed, timely data and comprise of 3 main tools:

- A financial database that enables the Team to manage its cashflow on a day-to-day basis and to understand where specific areas of spend may need intervention. Close monitoring of the Project is reported monthly to Senior Management Team and the Operational Financial Management Meeting
- A Management Information Tool (MIT) that records outputs, eligibility, compliance (including state aid) and progress of 'live' individual businesses projects. The MIT tracks progress of each client and each LEP and ensures detailed, up to the moment performance data, is recorded. MGMs update client data each day, enabling the Administration Team to circulate a high-level daily report to the MGP2 Team and it feeds into a more detailed weekly report, that is used for weekly 1:1s between the Regional Manager and the MGM
- The MGP2 [GROWTHmapper](#) diagnostic system enables a more in-depth analysis of all activity, being undertaken with the Project and wider business operation than was previously possible. The Project Action Plan generated from this analysis, can be effectively used to understand whether the Project is delivering on target, in terms of both its profiled outputs and expenditure. It should be noted that GROWTHmapper is a product, developed by OIS, for start-up to mature businesses, which has a wider application than is utilised in MGP2. GROWTHmapper offers an on-line analytical service for every business growth stage and situational challenge. An important capability of the product is that it allows data across England to be consolidated and benchmarked.

The financial database, MIT and GROWTHmapper tools are used for:

- Management Information
- National & local LEP Infographics on performance
- MGM Dashboards covering individual performance
- Referral's analysis
- Monthly Outstanding Claims Analysis
- Monthly Operations Board Report
- Contracted Output analysis

- 5.2.3 The systems and processes in place enable Senior Managers to have immediate access to critical data and to make informed decisions as to whether the Project has to 'flex' to remain on profile. In addition, the reports can quickly indicate where some LEPs may need a boost to bring them back on track, triggering, for example, a marketing campaign and/or additional MGM resource.

'Paperwork feels like a healthy balance by comparison with MGP1 paperwork'.

MGP2 Team Member

'GROWTHmapper is good basis for a rounded discussion about the business and support identification of multiple needs....an excellent tool as part of the diagnostic package'.

MGP2 Team Member

- 5.2.4 The established experience of the Project Management Team and the capability of the systems in place are a real strength of the Project. These established and highly efficient project management resources are reflected in the high performance of the Project to date.

Consultation undertaken has shown that MGP2 is delivered by a highly motivated, dedicated and committed team. The Team play to their strengths with a combination of technical, business development and specialist manufacturing skills.

'All staff are passionate about their work; the Team is fluid in how it operates and are extremely supportive to one another'.

MGP2 Team Member

'The staff have an 'Even Better If' mentality. With such a complex Programme the Team is always looking to see how it can improve. The Team must constantly review and have a flexible approach'.

MGP2 Team Member

'The whole MGM approach tailors all time spent to client needs and availability to make best use of their time...we're aiming for a great client experience'.

MGP2 Team Member

- 5.2.5 The Growth Hubs, located within each of the participating LEP areas, are a key stakeholder for the Project. Tasked by Government to provide a one-stop-shop for business support within their area, each Growth Hub has developed its own individual operational arrangement to meet their local business needs. MGMs therefore work with their Growth Hubs in a variety of ways, fitting in with local arrangements. As a result,

the relationship between the MGM and the local Growth Hub is not necessarily the same within all LEP areas.

- 5.2.6 In consultation with the Project Team it was mentioned that businesses in some LEP areas are more difficult to interact with and provide support to. This can be for various reasons, including the business support processes and systems in place (as mentioned in 5.2.4 above) the location of the business and its perception of ‘business support’, capacity on the ground and knowledge and understanding of the type of support available (from being involved in previous manufacturing programmes). For example, performance has been lower in the 2 new LEP areas, Sheffield City Region and D2N2, where manufacturing support had previously disappeared and had to be re-established. Also, in consultation with stakeholders and MGMs it was noted that there is variation in the extent to which partners make referrals. The Team was keen to stress that these factors do not hinder delivery of the Project, as the arrangements within MGP2 are flexible and able to adapt to meet changing needs. In future, it is important, that there is not a gap in provision and the relationships that MGMs have built with businesses and stakeholders are not lost, otherwise this could seriously impact on future performance.

‘The 2 new LEPs have required more intense support. This creates a mixed playing field however it does not hinder delivery of the Programme. MGMs are very aware of how their LEP works and the best ways to access businesses.’

MGP2 Team Member

‘Referral mechanisms could be better. Everyone has good intentions at events, but they soon go back to delivering their own KPIs. It would be good if all business projects could add value together and not be in a position where everyone is competing for outputs.’

LEP Stakeholder

The variety of relationships with stakeholders will be considered further in the Final Summative Assessment including the influence this had on delivery and opportunities for a future programme.

- 5.2.7 OIS is committed to sustainable development and equality and opportunities and deploys an Equalities Policy and Procedure (16 August 2018) and an Environmental Policy (11 October 2021). Both documents are reviewed annually to ensure continual improvement. As detailed in 3.7, the horizontal principles are integrated in the management and delivery of the Project as part of its compliance requirements as listed in 5.7.

5.3 Delivery and Management During COVID-19

- 5.3.1 The Project Management Team has taken a fast and flexible approach in supporting the needs of the businesses and the Team in continuing to work to deliver the programme during COVID-19.
- 5.3.2 A ‘Crisis Management Framework’ was quickly developed as an engagement tool when COVID-19 broke, enabling routes to market to remain open and, in doing so, helping SMEs to recognise the need for, and access to, MGP2 support. The Framework was also developed as evidence that the MGM’s time was being used efficiently as it was evident that ‘regular’ business support activity was being impacted. At this time, it was not known how long the crisis would last. The Framework gave MGMs a practical and structured approach that was consistent across all businesses and enabled the MGMs to be seen as the ‘trusted go-to advisor’.
- 5.3.3 Support was provided to staff, with the focus being on their wellbeing. The Team moved from face-to-face to regular series of formal and informal online meetings and catch ups, through Teams. Staff less familiar with the technology were supported to become competent and comfortable. Informal sessions such as a fortnightly online quiz became a key feature that promoted team-building and strengthened existing relationships across the whole delivery team. This was well received by staff, who were further empowered

to adopt their own informal, supportive approaches in working with colleagues e.g. Once full lockdown was relaxed, the newest member of the MGM team began meeting one of the long-established MGMs, at a mid-point motorway café, for a monthly face-to-face coffee, to check-in and receive some informal support. MGM also had a social network they used throughout the lockdowns.

'All staff had actions and things to focus on. Some staff adapted quickly and some more slowly. The quizzes that were put in place were a really good way to keep communicating and to 'check-in on one another'

MGP2 Team Member

5.4 Project Governance

5.4.1 OIS is a commercial organisation that is committed to meeting the deliverables and spend targets set out in the Grant Funding Agreement, whilst at the same time ensuring that it can deliver in a commercially viable way. The systems are set up to operate a lean, uncomplicated and efficient delivery process, that fulfils the requirements of MGP2 from a commercial point of view whilst, ensuring stakeholders are engaged and businesses are benefiting from a simplified process.

5.4.2 MGP2 has an internal governance structure that does not require representation from stakeholders on its decision-making groups, often in place for other ERDF projects. MGMs have developed and maintained close working relationships with LEPs and Growth Hubs and MGP2 Regional Director and Regional Managers continually engage with LEP areas and attend Board and strategic meetings, where requested. The Regional Director and Managers provide strategic insight for partners and business as to how the sector is developing, how Government is responding and how these impact on their LEP area.

From the consultations held with the 4 LEP areas it was evident that LEPs and Growth Hubs have good established relationships with MGMs and did not highlight the lack of external partner presence in governance structures.

'MGP2 works well with other business products that the LEP has on offer and we have a good working relationship with the MGM'.

LEP Stakeholder

'It is important that MGP2 and MGM expertise continue to be available. They open the eyes of local manufacturing businesses to new directions of travel for the sector. We rely on the MGM for this input'.

LEP Stakeholder

5.4.3 There is a closely managed MGP2 application process in place that requires businesses to demonstrate suitability prior to completing an MGP2 application form. Once a business is deemed suitable it is closely monitored by the MGM to ensure the Project remains on profile and the business is carefully supported throughout the process. This system eliminates the need for a decision-making group.

'MGP2 has taken out bureaucracy and has hidden the wiring from client engagement'.

MGP2 Team Member

'Excellent service. Very smooth process with no headaches or mountains of paperwork!'

MGP2 Business

5.4.4 MGP2 governance structures provide an efficient and robust management system for delivering a complex programme that could become bureaucratic and drawn out if additional governance layers were added.

Both MGP1 and MGP2, to date, have delivered a successful manufacturing programme for businesses and, during consultations undertaken with stakeholders, it was not suggested that governance structures should change.

5.5 Marketing and Communication

- 5.5.1 Marketing and publicity has proceeded in line with the agreed Marketing Plan and details set out in paragraph 2.8.1 which noted key areas of activities would include: profile-raising with established industry connections built through MGP1 delivery; close working with partners especially local Growth Hubs and other business support providers; electronic direct marketing; use of social media activity linked with a dedicated website; attendance at networking events and delivery of workshops within participating LEP areas; and signposting linked to other market intelligence work such as the Manufacturing Barometer.
- 5.5.2 Within the 4 sample LEP areas, the business survey indicated that the two most common ways that businesses found out about the Project were via word of mouth and through referrals from the local Growth Hub. The importance of Growth Hubs is unsurprising since they have a remit to provide a 'one stop shop' for signposting to UK business support.
- 5.5.3 The Marketing Team logs numbers of hits achieved through social media work and has noted that LinkedIn is popular. However, it is not currently possible to demonstrate the impact of the Project's social media work because hits are not tracked or evaluated. Although social media is a good platform for general awareness raising there is currently no evidence of a hit having translated into a project enquiry. Some evaluation would enable the Team to determine how social media should be used in the future.
- 5.5.4 There are currently two operational websites which come up when 'Manufacturing Growth Programme' is typed into a search engine. These are branded differently. One website contains some strong case studies, including more accessible video case studies. However, content of both websites is generally confusing in that it is not obvious what an interested party must do to access support or what the Project support might involve. The Marketing Team has identified these issues and a new website and rebranding are currently under development which should provide a fresher design with a better layout for a more simplified customer journey. The Team hopes that this will generate more traffic and sustain the current levels of interest. The impact of the new website will be re-visited in the Final Summative Assessment.
- 5.5.5 Notwithstanding this, the Project has had a strong flow of interest and, even during COVID -19, has been able to continue to generate good quality applications. This interest indicates that other marketing approaches are working sufficiently well.
- 5.5.6 Conversations with the whole Project Team have indicated that there are a variety of opinions on how and where marketing should be focussed. Some feel that less marketing spend is required, some feel more is needed while others consider that a more focused marketing approach on the types of activity supported may generate greater interest. Information on leads and sources of enquiries are currently held in different parts of the Team. An analysis of all leads and their sources would enable the Marketing Team to consider the comparative benefits of various proposed approaches and provide their recommendations on the most effective use of marketing resources.

5.6 Customer Journey

- 5.6.1 To ensure the Project is delivered successfully, 8 stages have been established to guide business through the application, delivery and claiming processes ('customer journey'). It should be noted that these being:

Stage 1: Client Acquisition

Potential clients are generated through the MGP2 website, social media, word of mouth, MGM generated leads and external referrals such as Growth Hubs.

Stage 2: Eligibility

Interested businesses are required to complete an eligibility form available on the MGP2 website or call MGMs directly. Eligible businesses are contacted by the MGM and, if suitable to progress, are asked to complete a Registration Form

Stage 3: Client Suitability

MGMs assess a company's needs and whether it is suitable for MGP2. The company must demonstrate:

- Ambition
- Opportunity
- Capacity

Stage 4: Diagnostic Assessment - GROWTHmapper

SMEs work with their dedicated MGM using the GROWTHmapper diagnostic tool to identify key manufacturing issues/challenges as well as key opportunities. A Project Action Plan is then agreed. A Strategic Business Review is completed by the SME.

Stage 5: Plans for Growth

SMEs will be supported and incentivised by the MGM to undertake improvement projects:

- Standard Improvement Project
- More Intensive Improvement Project
- Capital Improvement Project

Stage 6: Submission of Application Form

SMEs deemed suitable for MGP2 are required to complete:

- Request for quotation – appointment of supplier
- ERDF Procurement Form
- Grant Application Form – Consultancy
- Grant Application Form - Capital

Stage 7: Grant Offer and Delivery

A grant offer letter and claim pack issued. SMEs have 4 months to complete and defray costs (extensions can be requested)

Stage 8: Project Close/Funding Award

Claim, financial and output evidence submitted by the SME. Verification and compliancy checks undertaken and, if authorised, BACS payment made, alongside annual State Aid notification letters (as agreed by DLUHC) Claims not authorised are considered the following month.

5.7 Compliance

5.7.1 Rigorous controls are in place to ensure compliance throughout all stages of the Project's delivery. The controls in place set appropriate levels of permissions and activities which aid adherence to compliance requirements, these include:

- SME eligibility
- Match funding
- Procurement
- State Aid
- Publicity
- Sustainable Development
- Equality and Diversity
- Finance - expenditure, documentation, evidence to show defrayal
- Eligible activities

MGMs are fully trained to advise SMEs about ERDF eligibility and compliance. An MGM Client Journey Workbook is in place to ensure MGMs provide consistent and compliant advice.

- 5.7.2 Data is collated, scrutinised and verified at different stages of the Customer Journey. SMEs are required to undertake checks and complete forms, as follows:
- Eligibility Check – before a business proceeds it is required to check if it is within a participating LEP area, classified as a manufacturer and is a SME. The SME must have an intention to grow/improve (this may be through the creation of increased turnover, increased jobs, improved productivity and/or the introduction of a new product, service or process)
 - Registration Form – The SME is required to declare its address, SME size, business status, De Minimis aid (if funding has been received over the previous 3 fiscal years) marketing preferences and agreement to data protection
 - Strategic Business Review – Completed following support received from the MGM. The form acknowledges the support and its value and is recorded for State Aid: De Minimis Aid purposes
 - Request for Quotation – Following the scope of support that is agreed in the Strategic Business Review, SMEs are required to complete to demonstrate that a robust and transparent procurement process has been followed
 - ERDF Procurement Form - Provides a framework to ensure all the required information for the procurement (direct award) is collected and declarations of compliance are completed / signed off by the SME, e.g. self-declaration that there is no Conflict of Interest between the SME and potential supplier
 - Grant Application Form (Consultancy and Capital) – SME completes to declare project content, deliverables, selected supplier/contractor, budget (confirming SME contribution) and agreement to data protection. The MGM also declares that the application is accurate and compliant
 - Payment of grant – SME provides an invoice from supplier, confirmation of total cost, copies of bank statement to evidence payment. Checks are in place to ensure any capital work has been undertaken.
- 5.7.3 The Administration Team is responsible for recording compliancy and monitors each stage of the customer journey on the Management Information System. On satisfactory completion of a business project the Head of Finance is responsible for financial sign-off. Once signed off, payment is made and the project is closed.
- 5.7.4 The ERDF Programme Manager audits 1 project application per MGM every month. The types of project applications selected vary and any actions/errors are fed back to line managers. Approximately 22% of projects are audited every month.
- 5.7.5 A PIV was undertaken in June 2019 and an Article 127 audit check in September 2020. The purpose of a PIV is to ensure that applicants understand the requirements of the funding agreement and required systems are in place to meet the monitoring and audit requirements and the Article 127 audit check is to undertake systems review of the organisation responsible for delivery of the project followed by a detailed review of the original source documentation held in support of a selected claim. All actions agreed at the visits were addressed accordingly.
- 5.7.6 At this interim stage in MGP2's delivery, all the processes are in place to ensure compliance in the Project's delivery are thorough and well-managed.

6. Project Value for Money

6.1 Introduction

6.1.1 This section of the report analyses the cost-effectiveness of the Project up to 31 December 2021. For the Interim Summative Assessment value for money looks at whether the Project is on track to deliver good value for the ERDF investment. The report provides benchmarks for contracted targets and values and assesses performance and value for money against these.

6.2 Expenditure

6.2.1 On current projections, and following discussions with the Project Delivery Team, the Project will deliver 96.1% of its forecast Project expenditure by 31 December 2021. At the time of writing the Interim Summative Assessment, the Project is in a comfortable position to allocate within budget and contract by 30 June 2023.

6.3 Value for Money Analysis

6.3.1 Table 17 provides an interim analysis of costs per output, using the primary contracted ERDF output targets as a benchmark. The 'Benchmark Unit Cost Per Output' divides the Project value (£35,954,426) by the 'Contracted Output Targets 30 June 2023'. The 'Forecast Unit Cost per output' divides the 31 December 2021 Forecast Project Spend (£22,420,150) by the forecast outputs.

Table 17 – Unit Cost Per Output: Benchmark and Forecast

Indicator	Contracted Output Targets 30 June 2023	Benchmark Unit Cost Per Output (£35,954,426)	Targets 31 Dec 2021	Forecast Output Performance 31 Dec 2021	Forecast Unit Cost Per Output (£22,420,150)
C1 Number of Enterprises Receiving Support	2,935	£12,250	2,070	2,103	£10,661
C5: No. of new enterprises supported (Sub-set of C1)	77	£466,941	39	81	£276,792
C29 No. of enterprises supported to introduce new to the firm products (Sub-set of C1)	921	£39,038	585	660	£33,970
C8: Employment increase in supported enterprises	3,918	£9,177	2,271	2,049	£10,942

6.3.2 Table 17 demonstrates that MGP2 is forecast to deliver key output targets at significantly lower costs, compared to the benchmark unit cost per output, by 31 December 2021. These outputs include: Number of Enterprises Receiving Support (C1); Number of New Enterprises Supported (C5) and Number of Enterprises Supported to Introduce New to The Firm Products (C29).

Employment Increase in Supported Enterprises (C8) is forecast to deliver 90.2% of its original 31 December 2021 target. Although this is well within DLUHC's tolerance level for underperforming projects, it reflects the impact COVID-19 has had, and continues to have, on businesses. More evidence will be collected for the Final Summative Assessment and further analysis of all outputs and value-for-money will be undertaken at this later stage. Depending on data available, an assessment will also benchmark against other similar interventions.

6.3.3 MGP2 reports Gross Value Added (GVA) per employee, which at the end of October was £39,385. Up to 31 December 2021, 2,049 net jobs are forecast to be created, resulting in £80,699,865 GVA. The employment increase and gross increase in GVA directly address the Project's key outcomes, identified in the Project Logic Model (Appendix 1).

6.3.4 In conclusion, at this interim stage, MGP2 is delivering in a cost-effective manner and is on track to deliver very good value for the ERDF investment.

7. Conclusions and Lessons Learned

7.1 Introduction

7.1.1 This final section of the report provides an interim assessment of MGP2 to date, highlighting points for consideration in the final 18 months of the Project and potential lessons for the future.

7.2 Interim Conclusions

- 7.2.1 Evidence suggests that there was a strong rationale for the Project at the time of application which was designed to address clear market failures and that this rationale continues to be relevant. The on-line business survey undertaken as part of this Interim Summative Assessment, indicates that businesses are highly satisfied with 91% of the respondents rating the support as 'excellent' and the remaining respondents rating it as 'good'. In addition, 88% of respondents are already anticipating that the support will have a positive future impact in terms of its turnover and employing new staff.
- 7.2.2 Experience developed through MGP1 enabled the Project to hit the ground running. The benefits this has brought to the Project cannot be underestimated as it allowed: continuity of support; the building of relationships in MGP1's existing LEP areas; and, in the new participating LEP areas, the ability to understand the work, capacity and time required to engage stakeholders and businesses.
- 7.2.3 MGP2 is delivered by a highly motivated, dedicated and committed team. The Team play to their strengths with a combination of technical, business development and specialist manufacturing skills.
- 7.2.4 The roles of the Operational Director, Regional Managers and MGMs are held in high regard by stakeholders including LEPs, Growth Hubs and Local Authority Economic Development Teams and the businesses they support. Their reliance on expert manufacturing advisors to interpret trends and innovations in future manufacturing has been highlighted in conversations with the stakeholders. In addition, the MGP2 support package for manufacturing businesses is seen by the stakeholders as a significant resource that is integrated with each LEP's business support offer.
- 7.2.5 MGP2 has streamlined and refined its management systems and processes since MGP1. The systems allow immediate access to critical data and make informed decisions as to whether the Project has to 'flex' to remain on profile. The margins for ensuring the right balance of projects that maximise outputs, spend and match funding are extremely tight. To be able to interpret data accurately and quickly, requires highly efficient project management tools and a skilled Project Delivery Team. The results are reflected in the high performance of the Project to date and its successful delivery over a multi-LEP area. In addition, the MGP2 infographics charts and information, provided to LEPs monthly and included on the MGP2 website, are noted by stakeholders as easy to absorb and pitched at the right level.
- 7.2.6 The Project Delivery Team has facilitated a quick turnaround at each stage of the customer journey, including approval of support and payment of grant. The Project's delivery arrangements also meet all compliance requirements. This efficient approach makes participation in the programme very attractive to SMEs.
- 7.2.7 Since the arrival of COVID-19, the delivery of the Project has been faced with unanticipated challenges. The MGP2 Team had to adapt quickly to deliver the Project remotely. This new way of working severely impacted on how MGMs could interact with clients as they were unable to visit them at their business premises and see businesses in operation. There were also additional challenges with specialist advisors and contractors having restricted access into businesses to undertake work and many SMEs having to revisit project priorities. MGP2 reacted quickly and worked with businesses to reassess their priorities. The Project adapted its delivery arrangements to ensure the delivery timetable was not adversely affected.
- 7.2.8 The MGP2 Team is to be commended on its management of the associated risks COVID-19 placed on the Project and how it continues to deliver under restricted conditions.

7.3 Interim Lessons Learned and Recommendations

- 7.3.1 The variety of marketing approaches has created a strong flow of interest and, even during COVID -19, the Project has continued to generate good quality applications. There is a need to sustain this momentum to generate the required volumes of growing and eligible businesses. There are a variety of opinions from within the MGP2 Team, as to how and where marketing should be focused going forward.

It is recommended that within the remaining period of the Project an internal analysis of all leads and their sources would enable the Marketing Team to consider the comparative benefits of various proposed approaches and provide their recommendations on the most effective use of marketing resources.

- 7.3.2 MGP2 is responding to the current needs of the SME manufacturing sector, however the global economic context is rapidly changing. Policymakers and business support providers continue to develop responses to new challenges, technologies and opportunities. Over the next 18 months it is vital that the Project works more closely with other national and local stakeholders to raise the profile of the work being undertaken by MGP2, to take advantage of any collaborative opportunities and to keep ahead of the emerging policy context.

It is recommended that MGP2 increases its profile and working relations with national and local stakeholders, including: Department for Business, Energy & Industrial Strategy (BEIS); Department for International Trade (DiT); growth hubs; local and combined authorities; universities and research centres; and other government funding bodies.

- 7.3.3 MGP2 offers a distinct manufacturing service to businesses and stakeholders across a large geographical area that provides access to: specialist MGMs - with a good understanding of the manufacturing sector; GROWTHmapper – a unique online diagnostic tool for manufacturing businesses; and a highly specialist infographics resource – which effectively maps performance across local areas.

It is recommended that for the Project to remain an effective and efficient support service for manufacturing businesses and stakeholders going forward the MGP2 Team undertakes a review of new and emerging manufacturing business needs and develops a MGP2 Action Plan. The Action Plan should set out a framework for how MGP2 is best equipped to respond to these findings in the short and long term.

- 7.3.4 Specialist workshops have been included in MGP2 in response to lessons learned in MGP1. As well as industry-specific topics, workshops are designed to cover areas such as leadership and management practices. Since COVID-19 the workshops have been suspended and, while internal discussions are being held to bring them forward again through an on-line presence, there are no immediate plans to re-introduce them. Pre-COVID-19 the workshops were accessible to the business base, being held at local venues in each of the LEP areas. From consultations with stakeholders and the Project Team, it is evident that the workshops were highly valued and seen as an important activity as part of the MGP2 offer to businesses. It is still uncertain if COVID-19 will restrict face-to-face events in the future and workshops being held in venues will need to take into consideration latest government guidelines. Developing different digital learning platforms could enable remote and accessible video content across the 18 LEP areas.

It is recommended that workshops are re-introduced in the remainder of the Project to: reinstate new learning opportunities; drive business interest; build new local communities of support; increase referrals and foster stronger working relationships with other local and national stakeholders. A review of the workshops, including the format they will take, to be undertaken in Quarter 1 2022.

7.4 Final Summative Assessment

- 7.4.1 The Final Summative Assessment will undertake further consultations with stakeholders and businesses across the 18 LEP areas, analyse detailed business data sets, provide findings of the assessment up to 13 March 2023 and forecast performance to the close of the Project on 30 June 2023.

Appendix 1: MGP2 Logic Model

Project

Manufacturing Growth Programme II

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

Context

MGP II is now a 50 month £18.8million Business Support Programme which will help eligible SME Manufacturers to make improvements by identifying, understanding and removing the barriers affecting their business. The project will support ERDF-eligible, manufacturing SMEs to design and undertake improvement projects, providing access to grants to subsidise the cost of improvement project. MGP II will deliver over 4,000 improvement projects, delivering quality support to 2,935 eligible SMEs across 18 LEP areas, raising over £17m of private investment and creating 3,918 new jobs. MGP II clients will have access to funding towards the cost of standard, intensive or capital improvement projects. Clients will also be able to take advantage of MGP II's manufacturing specific workshops.

Market Failure Assessment

The manufacturing sector is critical to the UK economy, providing 10% of UK GVA (£177bn), generating around 50% of UK exports and accounting for 70% of business-led Research and Development. Manufacturing Growth Programme II (MGP II) seeks to address a number of market failures: Low levels of productivity, SME failure to seek business support, Lack of innovation, Absence of Capital Investment. MGP II has been designed to address these market failures. The programme will work with SMEs across the 18 supported LEP areas, helping them to realise their potential. We will raise awareness and generate demand for improvement and growth opportunities, promoting the adoption of new processes and technologies. By offering SMEs opportunities for co-investment in improvement projects coupled with expert industry advice, MGP II will drive growth, innovation and productivity.

Project Objectives

The MGP II model has been developed in response to the ESIF objectives and investment priorities under priority axis 3 to increase the growth capacity of small and medium enterprises. MGP II will work with SMEs to drive growth, innovation and productivity. The objectives to realise this aim are:
1. To create a highly beneficial, targeted service which can support all eligible high growth potential SMEs, encouraging them to invest in improvement projects that will significantly enhance their business. Projects will be tailored to the individual SME and may focus on any business area, such as: strategic planning, productivity and process improvement, competitiveness, innovation and

Rationale

The MGP II delivery model has been developed based on the current Manufacturing Growth Programme, which has received excellent feedback from clients and MHCLG. Learning, reflection and client feedback from the current project has informed the design of MGP II, giving us full confidence that MGP II will be a success. MGP II will be delivered by the current MGP team. With first-hand experience of the current MGP, the delivery team are in prime position to deliver MGP II from 1st April 2019. Each SME will be assigned a Manufacturing Growth Manager (MGM) who is responsible for the account management of an allocated region. SMEs will undertake a detailed business diagnostic and MGMs will support them to develop an Action Plan based on the results. The MGM will also help SMEs to design an improvement project to address one or more of their identified development areas. SMEs will independently procure a Third Party Manufacturing Growth Expert (MGE) to support

Inputs

What	Value
ERDF Funds	£18,864,406.00
Match Funds from Businesses	£17,090,020.00
Salaries	£5,966,882.00
Consultancy	£18,064,822.00
Rent	£237,300.00
Professional Fees	£41,750.00
Marketing	£164,000.00
Other revenue	£550,499.00
Office Costs	£283,039.00
Flat Rate Indirect Costs	£1,045,032.00
Other Capital	£8,501,092.00

Intended Impacts

Increase in level of goods and services sold out of the supported LEP areas
Increased level of innovation demonstrated by businesses based in the 18 supported LEP areas, driving the creation of higher value
To embed a sustainable growth culture in the 18 supported LEP areas and increase entrepreneurial ambition
To grow the skills base and retain skilled and experienced management
To accelerate growth and associated increase in GDP from SMEs accessing the service

Outcomes

ID	Intended Outcome	How is it Measured?	Level	Baseline	Actual
1	Gross increase in GVA	Operating profit + wage costs + depreciation		Client declaration at engagement	
2	Employment increase in supported enterprises	Regular declaration from client businesses		Client declaration at engagement	
3	Increase in GVA/employee by 20% across 100 beneficiaries	Operating profit + wage costs + depreciation / FTEs		Client declaration at engagement	
4					
5					

Outputs

What	Value
Support to eligible SMEs (C1) across 18 LEP areas	2935
Enterprises receiving Grants (C2)	2777
Enterprises receiving non-financial support (C4)	2935
Number of new enterprises supported (C5)	77
Private Investment Raised -match contribution from SMEs (C6)	£17,090,020
New Jobs created (C8)	3,918
Enterprises introducing new to the firm products (C29)	921

Activities

Assigned 19 Manufacturing Growth Managers, responsible for account
Detailed business diagnostic, access to expert advice and
Provision of Grant Funding towards the cost of improvement projects,
Access to manufacturing-specific workshops
Sign-posting and referrals to other support programmes where relevant

Appendix 2: List of Consultees

Name	Role	Organisation
MGP2 Team		
Dean Barnes	Regional Director	OIS
David Ledbury	Regional Manager (North and Midlands)	OIS
David Caddle	Regional Manager (East and South)	OIS
Paul Gosling	ERDF Programme Manager	OIS
Kapil Patel	Head of Finance	OIS
Nabila Khaliq	Operations Manager	OIS
Kate Cale	Marketing Co-ordinator	OIS
Amanda Freeland	MGM Hertfordshire	OIS
Neil Harriman	MGM Greater Lincolnshire	OIS
Phillip Somers	MGM Stoke-on-Trent and Staffordshire	OIS
David Whiteley,	MGM Leeds City Region	OIS
Stakeholders		
Henry Rigg	Head of Business Support,	Leeds City Region, West Yorkshire Combined Authority
Nicola Kent MBA	Head of Funding Business & Enterprise	Staffordshire County Council
Tim Burton	Partnership and Delivery Manager	Hertfordshire LEP
Samantha Harrison	Head of Economic Development	Greater Lincolnshire LEP

**Manufacturing Growth Programme 2
Business Survey (Combined Results)**

	No. Received
Greater Lincolnshire (GL)	10
Hertfordshire (H)	13
Leeds City Region (LCR)	18
Stoke-on-Trent and Staffordshire (S&S)	17
Total	58

1. What type of manufacturing business do you operate?

	GL	H	LCR	S&S	Total
Engineering	3	1	3	6	13
Agri-tech					
Food and Drink	2	4	1		7
Construction	1		1	5	7
Aerospace					
Electronics	1		3	2	6
Defence					
Packaging/paper/print	1		1		2
Automotive/Trailers/other transport					
Textiles	1	1	1	1	4
Software/IT		2			2
Medical		1	1	1	3
Other (Please state)	1	4	7	2	14

Greater Lincolnshire:

- *Other – bicycle maintenance products*

Hertfordshire:

- *Cosmetics*
- *Furniture*
- *Jewellery*
- *Signage and wayfinding*

Leeds City Region:

- *Electrical consumer goods*
- *Toiletries and personal care*
- *Branded: Uniform / Promotional clothing / Business Gifts*
- *Concrete goods for bathroom and kitchen interiors*
- *Electric Heating*

Stoke & Staffs

- *Foam converters*
- *Foam conversion*

2. What size is your business?

	GL	H	LCR	S&S	Total
Micro (1 – 9 employees)	2	8	6	3	19
Small (10 – 49 employees)	7	4	7	9	27
Medium (50 – 249 employees)	1	1	5	5	12

3. How did you find out about the Manufacturing Growth Programme?

Please tick all that apply

	GL	H	LCR	S&S	Total
Attending an event/roadshow		1			1
Contacting the Growth Hub in your area	6	6		3	15
Contacting the local Chamber of Commerce		1	1	1	3
Local Growth Hub website	1		1	1	3
Manufacturing Growth Programme website	2		8	3	13
Social media	1				1
Word of mouth	3	4	8	8	23
Signposted from other business support programmes	2	1	3	4	10
Other (Please specify)		1	1	1	3

Hertfordshire:

- *Networking*

Leeds City Region:

- *Worked with them before*

Stoke & Staffs:

- *Staffordshire*

4. What types of business support did the Manufacturing Growth Programme help you with?

Please tick all that apply

	GL	H	LCR	S&S	Total
Facilitating the development of new products and processes	6	8	10	11	35
Identifying and accessing new markets	2	3	3	3	11
Exploring new commercial opportunities	2	1	2	2	7
Improving efficiency and productivity	6	5	12	8	31

5. Please rate the support you received from the Manufacturing Growth Manager who assisted you with your project

	GL	H	LCR	S&S	Total
1 = poor					
2 = adequate					
3 = good	1		2	2	5
4 = excellent	9	13	16	15	53

Please provide any further comments on how the support from the Manufacturing Growth Manager could be improved in anyway

Greater Lincolnshire:

- *Excellent service. Very smooth process with no headaches or mountains of paperwork!*

Hertfordshire:

- *You may already offer the service, but I think I need a newsletter to keep me up to date with grant opportunities in the future. Thank you*
- *Amanda Freeland has been amazingly helpful in giving us excellent advice and making the process easy to follow. Thanks so much for your help and support*
- *The local agent was very understanding of our business and showed us ways in which MGP could assist us in our growth plans*
- *Amanda is excellent and has been extremely helpful in many differing ways with her time and advise.*

Leeds City Region:

- *The support we received was strong in all areas! Just more of the same please*
- *No improvements at all as David Whiteley was Extremely helpful, knowledgeable and patient with our company*

Stoke & Staffs:

- *The support was excellent but the criteria for the grant was a little limiting, we could only fund one tool and not the two that were needed for the project.*
- *Greater % contribution would be good but everyone would like that. Overall it has been an excellent service.*

6. What are the outcomes of the support you have received?

Please tick all that apply

	GL	H	LCR	S&S	Total
Improved turnover	4	6	8	7	25
Improved productivity	6	6	13	7	32
Increased sales	6	5	6	6	23
Safeguarded jobs	2	2	10	5	19
Created new jobs	6	4	8	6	24
Positive environmental impacts	2	1	3	2	8
More diversity amongst the workforce					
Too early to say	1	3	2	4	10
Other, please explain		3	2		5

Hertfordshire:

- *Increased capacity*
- *Better work practices, more efficient system, more professional*
- *Helped with prototyping grant*

Leeds City Region:

- *New Product Launched*
- *Allowed us to launch a new patented product that without this grant we would of struggled to fund*

7. As a result of the support received through the Manufacturing Growth Programme, do you expect the business to increase its turnover and/or employ more staff IN THE NEXT 5 YEARS?

	GL	H	LCR	S&S	Total
No	1	1		5	7
Yes, please explain further (for example can you provide % growth of turnover and/or numbers of new jobs)	9	12	18	12	51

Greater Lincolnshire:

- *Our aim to go from 6m to 12m*
- *I expect to increase productivity by 50% as the machinery I purchased as helped me to produce other furniture. I hope to employ 2 new apprentices in Janua*

- 10% growth and 2-5 new jobs
- 10% turnover growth
- 20%
- Increase job numbers by 4 turnover should hopefully double.
- Yes as the production capacity will be increased
- It helped 2 new jobs be created
- 25%

Hertfordshire:

- Without doubt
- At least 5 new jobs
- We aim to grow the business by 100% and expand to over 50 people
- Improved production and efficiency (production line space increased for 1 x technician)
- If the process we had help with works as we hope it will
- In the last few months we have added 12 new job and increased turnover by 100%. In the next 5 years we see the business being 4 x larger than today.
- As a result of a grant we will be able to reach more clients and grow as a business
- As a start up, with innovative products, we desperately needed the right help, guidance and financial support via grants
- 2 new positions
- 00
- We were able to hire a sales consultant who helped us get more trade sales
- We expect to add at least one new job during 2022 and two new jobs during 2023

Leeds City Region:

- We are aiming to grow at 15 to 20% pa
- 100% Growth within 12 months
- 2 new jobs
- We hope to increase sales by 20% based on 2020 sales...additional 2-3 jobs I expect
- The new processes will enable us to grow in a sustainable manner, and ultimately increase jobs
- In the future create 1 new position (in addition to new roles already created) / create additional annual T/O of £100_£200K
- Growth expected of 30% and 5 new jobs
- 20% growth and 1 new job
- Next 12 months 60%
- We have launched a heated bath that is the first in the UK, we have orders pending that total around 60k, so will increase our turnover by around 30%
- We could expect a turnover of 8m next year which is an increase by 7 times in a year
- We are planning to double in size from 15 employees to 30
- 30% and 2 new jobs
- 2 new jobs and increased growth
- An extra person with growth of 20%
- Predict 10% growth and 3 more jobs
- Expect turnover to grow by 10% and to employ 4 new people
- 3 new jobs

Stoke-on-Trent and Staffordshire:

- No

- *It is a new product but I am hoping to employ or safeguard three employees and £350,000 turnover gain by year two.*
- *The business is well set for growth but the quantum is totally dependent in the economic climate*
- *2 new jobs*
- *Our expectation is that the implementation of the new software package will increase our efficiency, Improve sales and lead to the creation of at least 3 jobs*
- *1 or 2 more jobs*
- *Improved efficiency and production techniques will improve our competitiveness in the marketplace to capitalise on new opportunities.*
- *25% increase*
- *Already seen growth with new clients coming on line and increased employment*
- *25% growth in turnover*

(2 explanations not provided)

8. Has the Manufacturing Growth Manager referred you to other types of business support that might help your business?

	GL	H	LCR	S&S	Total
No	6	4	9	10	29
Yes, please explain	4	9	9	7	29

Greater Lincolnshire:

- *Skills Support for Workforce*
- *I needed to be able to produce cad drawings for my customers and Mr Harriman sorted this out for me*
- *Marketing and sales coordinators*
- *Supply chain support*

Hertfordshire:

- *We are scheduled to speak again the new financial year to see where we are at*
- *The support from Amanda, the DIT and the growth hub has been seamless*
- *Digital marketing and SEO companies and we are setting out to increase sales and turnover*
- *Funding for business improvement (MRP Installation), production equipment, business coaching.*
- *Wenta*
- *Been advised there are still grants available for businesses who intend to improve their systems*
- *Dit*
- *Other training*
- *funding advice from an external advisor*

Leeds City Region:

- *Via LEP*
- *Skills training, environmental*
- *Not as such but made it very clear that we could go back to him for any queries and told us about an IT grant*
- *Supply chain grant*
- *numerous options*
- *Yes we have received regular emails with support information*
- *General options for such as training etc*
- *explained other grants available*
- *Ongoing dialogue with growth manager*

Stoke-on-Trent and Staffordshire:

- *Phillip Somers is excellent at explaining support on offer*
- *Directed us to procurement business support*
- *Introduced to Chambers of Commerce*
- *Networking and carbon reduction help*

- Referral for financial assistance and other manufacturing advice
(2 explanations not provided)

**9. Looking ahead, what types of business support might you pursue in future?
Please tick all that apply**

	GL	H	LCR	S&S	Total
Improving and/or developing new manufacturing processes	7	6	8	12	33
Improving and/or developing new products	7	7	11	7	32
Improving management systems or processes	7	7	8	11	33
Reaching new markets	5	8	9	6	28
Financial investment in new equipment	5	6	12	6	29
Improving human resource management	2	2	4	1	9
Reducing environmental impact	5	6	13	6	30
Too early to say		2		2	4
Other, please explain				1	1

Stoke & Staffs:
(No explanation provided)

10. Can you provide any suggestions that could help us serve others going forward?

	GL	H	LCR	S&S	Total
No, I am satisfied with the support I received	10	11	16	16	53
Yes, please explain		2	2	1	5

- Hertfordshire:
- Find more ways to let businesses know about the MGP
 - Reduce the time spent doing the paperwork if at all possible

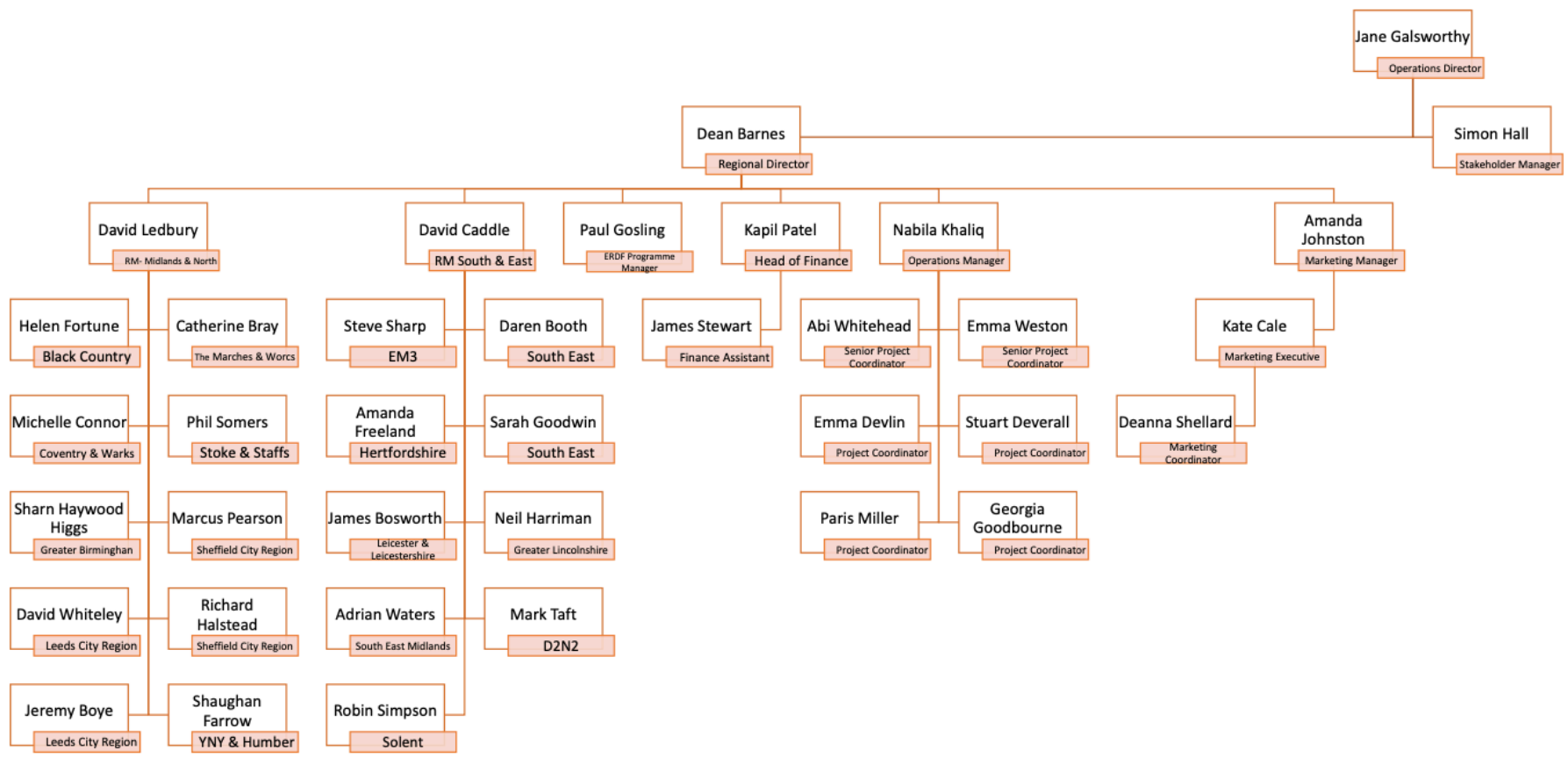
- Leeds City Region:
- It would be helpful to support bigger projects. It would be helpful to provide support for how to plan for Net Zero
 - Keep the grants available.

Stoke & Staffs:
(No explanation provided)

Appendix 4: MGP2 Organogram



Organogram



Appendix 5: 18 LEP Areas: Financial Split Between More Developed and Transition Regions

CoR	LEP	Capital		Revenue		Capital + Revenue		New LEP Funding
		ERDF	Match	ERDF	Match	ERDF	Match	
More Developed	Black Country	£216,908.63	£431,817.14	£1,133,091.37	£918,182.86	£1,350,000.00	£1,350,000.00	£2,700,000.00
	Coventry and Warwickshire	£175,207.79	£348,800.00	£912,292.21	£738,700.00	£1,087,500.00	£1,087,500.00	£2,175,000.00
	D2N2	£80,371.00	£160,000.00	£419,629.00	£340,000.00	£500,000.00	£500,000.00	£1,000,000.00
	EM3	£150,178.11	£298,971.43	£749,821.89	£601,028.57	£900,000.00	£900,000.00	£1,800,000.00
	Greater Birmingham & Solihull	£136,968.63	£272,674.29	£706,781.37	£571,075.71	£843,750.00	£843,750.00	£1,687,500.00
	Hertfordshire	£133,506.96	£265,782.86	£706,493.04	£574,217.14	£840,000.00	£840,000.00	£1,680,000.00
	Leeds City Region	£259,114.64	£515,840.00	£1,340,885.36	£1,084,160.00	£1,600,000.00	£1,600,000.00	£3,200,000.00
	Leicester & Leicestershire	£125,148.42	£249,142.86	£624,851.58	£500,857.14	£750,000.00	£750,000.00	£1,500,000.00
	Sheffield	£48,222.33	£96,000.00	£251,777.67	£204,000.00	£300,000.00	£300,000.00	£600,000.00
	Solent	£125,148.42	£249,142.86	£624,851.58	£500,857.14	£750,000.00	£750,000.00	£1,500,000.00
	South East	£333,744.44	£664,411.43	£1,766,255.56	£1,435,588.57	£2,100,000.00	£2,100,000.00	£4,200,000.00
	South East Midlands	£175,207.79	£348,800.00	£949,792.21	£776,200.00	£1,125,000.00	£1,125,000.00	£2,250,000.00
	The Marches	£33,388.22	£66,468.57	£191,611.78	£158,531.43	£225,000.00	£225,000.00	£450,000.00
	Worcestershire	£66,730.52	£132,845.71	£383,269.48	£317,154.29	£450,000.00	£450,000.00	£900,000.00
	York, North Yorkshire and East Riding	£116,789.89	£232,502.86	£603,210.11	£487,497.14	£720,000.00	£720,000.00	£1,440,000.00
	Total More Developed	£2,176,635.80	£4,333,200.00	£11,364,614.20	£9,208,050.00	£13,541,250.00	£13,541,250.00	£27,082,500.00
IR		33.44%		55.24%		50.00%		
Transitional	Greater Birmingham & Solihull	£47,192.44	£62,633.14	£234,057.56	£124,866.86	£281,250.00	£187,500.00	£468,750.00
	Greater Lincolnshire	£235,551.55	£312,620.72	£1,264,448.45	£687,379.28	£1,500,000.00	£1,000,000.00	£2,500,000.00
	Sheffield	£144,666.99	£192,000.00	£755,333.01	£408,000.00	£900,000.00	£600,000.00	£1,500,000.00
	Stoke-on-Trent and Staffordshire	£235,551.55	£312,620.72	£1,234,448.45	£667,379.28	£1,470,000.00	£980,000.00	£2,450,000.00
	The Humber	£53,555.14	£71,077.54	£273,350.86	£146,859.46	£326,906.00	£217,937.00	£544,843.00
	The Marches	£85,678.03	£113,710.68	£439,321.97	£236,289.32	£525,000.00	£350,000.00	£875,000.00
	York, North Yorkshire and East Riding	£53,454.22	£70,943.69	£266,545.78	£142,389.31	£320,000.00	£213,333.00	£533,333.00
		Total Transitional	£855,649.91	£1,135,606.51	£4,467,506.09	£2,413,163.50	£5,323,156.00	£3,548,770.00
IR		42.97%		64.93%		60.00%		
	LEP	Capital		Revenue		Capital + Revenue		LEP Funding
		ERDF	Match	ERDF	Match	ERDF	Match	
	Total MGP2 PCR#3	£3,032,285.71	£5,468,806.51	£15,832,120.29	£11,621,213.50	£18,864,406.00	£17,090,020.00	£35,954,426.00
		35.67%		57.67%		52.47%		

