

Evaluation of the South Yorkshire Combined Authority funded Authority funded

Tech Welcome South Yorkshire Project



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City of
Doncaster
Council



0115 8559 983



info@s4w.org.uk



www.s4w.org.uk

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Appendix A – List of Contributors

1 Executive Summary

- 1.1 Overall, the Tech Welcome project has been a considerable success in terms of supporting the growth of the digital tech sector across South Yorkshire. The fund has been a valuable tool to support the soft landing of businesses considering locating in South Yorkshire. Tech Welcome has also helped support indigenous businesses make the transition into their first premises.
- 1.2 Barnsley Metropolitan Borough Council, on behalf of the other Local Authorities of South Yorkshire has commissioned this evaluation of the South Yorkshire Tech Welcome project. The aim of the evaluation is to:
- Identify whether the project will achieve its aims and objectives
 - Obtain feedback from beneficiaries on project processes
 - To understand and quantify the likely impacts of the grants
 - Assess the value for money of the project
 - Learn key lessons from the experiences of supporting technology businesses to secure their first premises in South Yorkshire.
- 1.3 The aim of the project is to support the growth of digital technology businesses to locate and grow in South Yorkshire by providing ‘soft landing’ financial assistance to businesses taking on their first premises within the region. The fund was initially aimed at digital technology businesses that were relocating or expanding into the region from elsewhere, but was subsequently widened to include businesses who meet the criteria from within South Yorkshire seeking their first premises.
- 1.4 The project has been administered by Barnsley Metropolitan Borough Council (within the Enterprising Barnsley team), working as the accountable body for a partnership consortium with Doncaster Council, Rotherham Metropolitan Borough Council and Sheffield City Council.
- 1.5 The South Yorkshire Tech Welcome project was initially awarded £300,000 from the South Yorkshire Mayoral Combined Authority Renewal Action Plan funding. The investment was to fund the project for 18 months from 1st October 2022 to the end of March 2024. The intervention rate for the project from South Yorkshire Combined Authority is 100%, covering all the grant and project administration costs.
- 1.6 As show in Table 1.1 below, the project should support a total of 40 businesses with investment by its completion, which is within 10% of the overall target. The businesses engaged were expected to represent 141 jobs ‘new to the region’, either newly created or relocated into South Yorkshire. The total number of gross additional jobs to the region is forecast to be 144 jobs from businesses currently under contract and increase to 170 based on businesses still in contracting processes. The target, as defined and measured, should easily be exceeded.

Table 1.1 Project Performance Measures

Project Outputs	Target	Achieved May 2024	Forecast outputs	% of target
Number of start-up/scale up and new to the region businesses support	39	28	40	103%
Jobs Created	141	N/A	170	120.5%
Total Grants Awarded	43	28	40	93%

- 1.7 Analysis from applications to the Tech Welcome project suggests the average salary levels of the jobs proposed to be created/relocated is £44,063, which is around 20% above the current mean average pay for South Yorkshire of £36,829¹. It has also been reported anecdotally that the project has been successful in supporting more female owned tech businesses to establish themselves in the region and generating more female employment within the region.

Potential Employment Impacts

- 1.8 The ‘number of jobs created/relocated’ output figure does come with a number of potential challenges around additionality. Within business interviews with beneficiaries, they were asked to attribute their decision to move into the region/move into their first premises to the investment from Tech Welcome and to identify the actual amount of gross new jobs they have created that will be physically based in South Yorkshire.
- 1.9 Of the businesses interviewed, inward investing businesses had created an average of 1.8 additional jobs within South Yorkshire since locating in the region. Interview responses from these businesses suggested a relatively high rate of deadweight and substitution (what would have happened anyway) to be at 75%.
- 1.10 Of the indigenous business that took on their first premises in South Yorkshire, an average of 2 new jobs were physically created in the region. The rate of deadweight and substitution for indigenous buildings has deemed to be slightly lower at 60%.
- 1.11 Within the profile of investments for Tech Welcome, 19 businesses were previously located outside of South Yorkshire and 17 businesses were previously working from home/virtually within South Yorkshire. As shown in Table 1.2, an extrapolated total of 68.2 gross new jobs (located within South Yorkshire) are ultimately expected to be created by businesses supported by the Tech Welcome grant. Of these jobs, total of 22.2 net additional direct jobs are forecast to be created by the scheme (calculating for deadweight and substitution).

¹ Annual Survey of Hours and Earnings, Gross Mean Full Time Workers Earnings for South Yorkshire (2023), ONS

Table 1.2 Net Additional Employment – Tech Welcome

Business Status	Number of Businesses	Average Number of Jobs Created	Total (Gross) New Jobs	Deadweight and Substitution	Net Additional Employment
Located outside of South Yorkshire	21	1.8	37.8	75%	9.4
Previously Working from Home in South Yorkshire	19	2	38	60%	15.2

- 1.12 Using the London School of Economics Employment Multiplier, this suggests a total indirect job creation across South Yorkshire of a further 17.2 net additional jobs, totalling 41.8 net additional jobs.
- 1.13 Based on the project supporting the creation of 41.8 net additional direct and indirect jobs and with the latest Gross Value Added (GVA) per filled job in South Yorkshire being £45,351², it would suggest the Tech Welcome project has supported an annual increase in **Gross Value Added (GVA) of around £1.9m**. On a basic single year assessment, this would result in a **net economic return of £6.32 for every £1 invested in the project**. The unit cost per net job created is also very low at £7,177.
- 1.14 As part of the business interview process, beneficiaries of Tech Welcome were asked to identify the impact of the grant on any wider activity of the business and the decision to locate within a premises within South Yorkshire. Beneficiaries were overwhelmingly positive about South Yorkshire having a soft landing and grants programme to support digital businesses and almost all businesses interviews said there had been a range of wider positive impacts on the business.
- 1.15 A number of businesses stated the grant was helpful with cashflow, including both businesses local to South Yorkshire and those inward locating. This was particularly relevant to newer stage businesses. In some cases the grant helped businesses to negotiate more appropriate terms with their landlord, including making a commitment to a longer lease and subsequently negotiating on price, being able to afford better specification or scale premises or a better location.
- 1.16 Finally, business cited a range of productivity improvements focussed around access to markets, suppliers and customers, being able to engage with academic and funding institutions and to have the ability to bring staff, teams and customers together to develop new ideas and work collaboratively.
- 1.17 Overall, regional stakeholders felt the Tech Welcome grant offer was a valuable addition to the business support offer of South Yorkshire. Tech Welcome has helped

² 2020 Regional gross value added (balanced) per head and income components (2022 release) ONS

good quality tech businesses that will add value to the regional economy in both the short and long term.

- 1.18 Overall, the management processes around the Tech Welcome fund were deemed to be very effective. The application process was viewed as being simple and the Enterprising Barnsley Team were able to be flexible with the management of the fund and turnaround of applications was relatively quick.
- 1.19 Like many grant projects and programmes, Tech Welcome needed time to build momentum – which progressed slowly as awareness of the fund built and applications were processed. However, as momentum began to peak, the project had to close to new applications.
- 1.20 There has been a challenge overall in demonstrating the additionality of the project and demonstrating the significance of the fund in influencing decision making within businesses and then demonstrating any subsequent jobs created are new and would not have happened anyway. However, it is important to note that, at this point in the project cycle, additionality has not been part of the overall decision making in grant awards.
- 1.21 Many of the impacts of the Tech Welcome project have yet to be realised as most of the applicants are still in the system and still receiving a grant. It is not clear how much long term impact will be realised from the businesses supported by the fund, partly as most businesses are presently in a job creation phase and there is also no clarity on business's longer term commitments to the region.
- 1.22 Most of the lessons learnt from the project, identified within the concluding chapter, relate to the complexity in launching the scheme and subsequently securing a suitable pipeline of businesses. Clearly, this is a project that needs to have longer lead times than 18 months to be effective.

2 Introduction and Project Background

2.1 Barnsley Metropolitan Borough Council, on behalf of the other Local Authorities of South Yorkshire (Doncaster City Council, Rotherham Metropolitan Borough Council and Sheffield City Council) has commissioned this evaluation of the South Yorkshire Tech Welcome project. The aim of the evaluation is to:

- Identify whether the project will achieve its aims and objectives
- Obtain feedback from beneficiaries on project processes
- To understand and quantify the likely impacts of the grants
- Assess the value for money of the project
- Learn key lessons from the experiences of supporting technology businesses to secure their first premises in South Yorkshire

2.2 The evaluation process has been co-ordinated by S4W Ltd, drawing on a range of performance, contextual and impact data, interviews with key project staff across the four Local Authorities and interviews with fourteen beneficiary businesses.

About the South Yorkshire Tech Welcome Project

2.3 The South Yorkshire Tech Welcome project is a business support and investment project, administered by Barnsley Metropolitan Borough Council (within the Enterprising Barnsley team), working as a consortium in partnership with the other South Yorkshire Local Authorities, Doncaster Council, Rotherham Metropolitan Borough Council and Sheffield City Council.

2.4 The aim of the project is support the growth of digital technology businesses to locate and grow in South Yorkshire by providing 'soft landing' financial assistance to businesses taking on their first premises within the region. The Tech Welcome project was initially designed as a pilot to test whether there is scope to deploy a larger scale scheme in the future. The fund was initially aimed at digital technology businesses that were relocating or expanding into the region from elsewhere, but was subsequently widened to include businesses from within South Yorkshire seeking their first premises.

2.5 The South Yorkshire Tech Welcome project was initially awarded £300,000 from the South Yorkshire Mayoral Combined Authority Renewal Action Plan funding. The investment was to fund the project for 18 months from 1st October 2022 to the end of March 2024.

2.6 The project provided a capped financial contribution for eligible businesses towards the first year of rental costs for each eligible business. This was to act as an incentive to locate in the region, to de-risk the relocation process and to support cashflow in smaller businesses. Initially the project was designed to cover a broader range of relocation costs, but was subsequently simplified to rent only (although in some cases this included service charges where they could not be distinguished from rent).

- 2.7 The amount of grant that could be claimed back was capped depending on the number of jobs that the business will either create or relocate into the region. If up to 3 jobs were created/relocated, the grant was capped at a maximum of £5,000, between 4-7 jobs, £7,500 and if the business was forecast to create or relocate over 8 jobs, a maximum of £10,000 could be claimed.
- 2.8 The intervention rate for the project from South Yorkshire Combined Authority is 100%, covering all the project costs. This included covering the salary of a full time Project Officer, marketing and communications, all grant investment and this evaluation. Business could claim their grant split over a 12 month period, with the grant award being split into equal payments.
- 2.9 On inception, the Tech Welcome project was envisaged to work closely with a range of other funded Business Accelerator programmes and wider business investment and support schemes across South Yorkshire as part of a wider 'TEAM SY' approach to business start-up and growth. This would have provided a wider range of wrap around business support. However, there have been delays in funding and mobilising these services which has created a gap in provision.
- 2.10 The clear aim of the Tech Welcome grant is to support businesses that are likely to generate additional employment within the tradable sectors in the region³. The online grant application process was designed to be simple to complete for the business. As the project was only paying for a contribution to rental costs, the amount of information required to make an eligibility judgement was far less than for most other grant schemes.
- 2.11 Businesses were either referred for a grant by one of the project partners or wider business support agencies, were put forward by a workspace owner or landlord or applied directly for support. To be eligible for a grant from the project, businesses must be moving into their first premises in South Yorkshire, either locating or relocating into the region, or a businesses established in South Yorkshire that has not previously had a physical premises.
- 2.12 Businesses also had to be active in a digital technology sector or digital technology must form a major part of their business growth, which was a minimum standard expected within the application process, although with some flexibility if needed.
- 2.13 The grant is managed centrally by Barnsley MBC, but the decision making process includes an Investment Panel that includes each Local Authority, who help to review their local applications, and the panel then ultimately make the decision to award grants to eligible businesses. Basic due diligence is undertaken on the business and accommodation provider before the applications are sent to the board, but some applications that were referred by partners and had been through a more extensive process of support before applying. The contracting, monitoring and payments are then completed by the Enterprising Barnsley team.

³ Tradable jobs are based in sectors whereby their sustainability is not directly linked to demand within the local/regional economy

- 2.14 The grant is paid either monthly, quarterly, every six months or annually in arrears on the submission of an invoice and evidence of rent paid. As the payments are profiled for 12 months, this is the minimum commitment businesses must make to stay in the region. In some cases it has not been possible to disaggregate services charges and overheads from rent (especially in Managed Workspaces), so not all businesses have been able to evidence a consistent cost base.

Project Outputs

- 2.15 Table 2.1 below shows the initial contracted outputs for the South Yorkshire Tech Welcome project and the amended amounts as of the final Project Change Request submitted in February 2022.

Table 2.1 Yech Welcome Contracted Outputs

Project Outputs	Original Target	Latest Revision
Total value of grants committed	£219,000	£215,838
Number of Businesses Receiving Grants	43	40
Number of jobs created or attracted to the region	141	170

Project Governance

- 2.16 At a strategic level the accountable body for the project has been South Yorkshire Mayoral Combined Authority (SYMCA), who submitted the business case for investment into the project. The business case specifically named Barnsley Metropolitan Borough Council as the contract manager to administer the grants.
- 2.17 The direct management role of SYMCA has been light touch and the Enterprising Barnsley team has taken on operational responsibility for the delivery of the project. Day-to-day operations are led by a Project Officer, with some administration support and management responsibility within the Council sits with the Group Leader.
- 2.18 As previously stated, a monthly Project Operations Board was established to formally discuss and approve applications, oversee the delivery of the project and to support the wider generation of referrals.
- 2.19 The project was originally envisaged to complete by the end of June 2024. The project is now closed to new applications, but there remain a number of live funds within the portfolio that the Enterprising Barnsley team will continue to monitor until the end of the further grant period to March 2025.
- 2.20 There was an initial proposal to extend the scheme for new applications until December 2024, but high demand as the project drew to a close meant grants had been defrayed and there was no need for a subsequent extension.

Future Project Activity

- 2.21 The current provision for the Tech Welcome project is no longer accepting applications and the application window closed in June 2024. The project can continue to pay grants for businesses currently in the system until their contracts are completed. Barnsley MBC, along with the other South Yorkshire Authorities, are keen to continue the project and discussions are ongoing with SYMCA to identify an appropriate model and secure any additional investment. The evaluation is taking place within this wider context.
- 2.22 Any future extensions to the Tech Welcome project will align closely to the Tech SY programme (also hosted by Barnsley MBC), providing support for new and growing tech businesses within the region. The Tech SY project is funded by SYMCA and is currently recruiting its core staff team.

“We're supporting South Yorkshire's ecosystem to be a place that attracts new tech investment, and supports those that are already in the region⁴.”

⁴ <https://www.techsy.co.uk/>

3 Market Failure and Strategic Contexts

Market Failure Context

- 3.1 The South Yorkshire Tech Welcome project was developed initially to address a market failure in supporting the growth of the Tech sector within South Yorkshire, particularly in attracting inward investment from digital and technology focused businesses.
- 3.2 A report in 2021 by Steer Economic Development identified that the Yorkshire region overall had seen the highest growth in the digital industries, but from a relatively low base. It is stated that there is the potential to create an additional 42,000 digital tech jobs by 2025, but most growth in the region is focussed on West Yorkshire.
- 3.3 The Tech Welcome project was initially developed to be a soft landing offer to help to de-risk the move for tech based businesses locating in South Yorkshire. Small and medium inward investing businesses often are not cash flow positive and support with ongoing costs such as rent helps to reduce the near time financial burden.
- 3.4 The COVID-19 pandemic and its restrictions on human interaction have significantly accelerated the demand for digital technology across a range of business sectors and many businesses have relied on digital technology to keep on trading, maintain relationships with customers and suppliers and allow staff to work from home.
- 3.5 The economic rebound and structural changes in the labour market have meant that many businesses are now looking to use digital technology to maintain their productivity and competitiveness - as some sectors struggle to complete effectively in a labour market where skills come at a premium cost.
- 3.6 Before the pandemic, digital technology was already a growing component of economic growth in the region - supporting productivity and the development of new products, driving flexibility in the labour market, changing the relationships between customer and supplier across large swathes of the economy and changing the way Government provides support and services.
- 3.7 These changing dynamics have had an impact on inward investment and how to effectively attract and anchor technology focussed businesses into the South Yorkshire region. This is the context within which the Tech Welcome project was designed and deployed.
- 3.8 The growth of the tech and digital sectors will be an important contributor to overcoming some of the structural economic challenges within the region, including a smaller than expected private sector, an enterprise deficit, less jobs in highly skilled occupations and relatively low levels of pay.

UK Economic Policy and Context

- 3.9 There have already been significant changes to the way economic policy and regional growth is driven and delivered, in no insignificant part due to the sweeping economic change driven by the COVID-19 pandemic and the latent effect of BREXIT and the impact this will have on regional policy after 40 years of EU investment and legislation as policy drivers.
- 3.10 The South Yorkshire Tech Welcome project was conceived under a national policy framework that centred on the **Levelling Up** agenda, which sets out the vision for overcoming a range of geographical imbalances and inequalities across the UK, set out in the White Paper of February 2022. The plan aspires to ensure that socio-economic opportunity is spread across all corners of the country.
- 3.11 The Levelling Up White Paper made a clear link between productivity, technology and economic growth and creating high quality jobs and driving up living standards in some of the economies of the South West, North and Midlands.
- 3.12 Any future phase of Tech Welcome will be occurring with a new Government in place and an even more uncertain policy environment.

UK Digital Strategy

- 3.13 The UK Digital Strategy (2017) drew heavily from the UK Industrial Strategy and provided a range of national level ambitions and activities to support the digital strands of the Industrial Strategy and also achieve wider national digital goals. The Strategy aimed to make the UK the best place to start and grow a digital business. The aim was to increase the economic contribution of the digital sector to £200bn by 2025.
- 3.14 The Strategy also set an aim to provide help to every business to become a 'digital' business. The strategy identifies the link between technology, productivity and growth and how it can be a positive force across the economy. It also positions technology as being critical to business innovation and highlights the importance of universities in developing and supporting early stage digital innovators.

Assessing the UK's Regional Digital Ecosystems

- 3.15 In 2021, recent national research by Steer Economic Development produced an overview of digital ecosystems across the economies of the Devolved National Authorities and English regions. The research identified five 'enabling domains' critical to the success of digital; which are:
- Digital Tech Businesses, Employment and GVA
 - Place and Infrastructure
 - Ideas and Innovation
 - Investment and Business Environment; and
 - People, Skills and Inclusion

- 3.16 The research identifies a path to additional growth of over £40bn by 2025 by continuing to develop UK regional digital ecosystems. It also notes the trend towards remote working practices from the pandemic is likely to persist going forwards, which opens up a wider pool of talent to businesses from other regions. There is also cited a lack of access to growth finance outside of London and the South East, a gap which the Tech Welcome project has been partially filling.
- 3.17 The report identified that for the Yorkshire and Humber region, Leeds was clearly the area with the highest concentration of digital sector businesses and jobs, followed by Hull. Yorkshire and the Humber had the highest recent growth in digital sector jobs across all UK regions and the profile of the region is growing as a place for digital innovation. Sheffield and South Yorkshire is clearly lagging behind the regional digital powerhouse Leeds and West Yorkshire.
- 3.18 The research identifies there is the potential to grow the digital economy across the Yorkshire and Humber region by at least £1.6bn per annum by 2025. Growth should build on a range of regional specialisms including driving the digital transformation of the traditional Manufacturing base, the development of high-growth 'software-as-a-service' and mobile apps business, and hosting digital centres for major logistics, entertainment and public sector services.
- 3.19 There are a number of barriers within the region with regards to achieving this level of growth. These include access to talent and a significant digital skills shortage across the region, the need to further expand digital inclusion across all aspects of society and access to funding for businesses to support growth and digital transformation.

Strategic Economic Plan

- 3.20 The Tech Welcome project was initially envisaged under the strategic direction of the Sheffield City Region Strategic Economic Plan of 2015-2025. Within the Plan, Digital Technology was identified as a key economic sector. Digital is deemed as an enabling technology to support growth in a range of sectors including manufacturing, engineering, healthcare and business services. It is also an important plank to building a knowledge based economy.
- 3.21 The first Strategic Economic Plan was superseded by a revised Plan covering 2021 to 2041. The revised Plan, linked to recovery from COVID-19, had much more of a focus on the digital economy.
- 3.22 Digital technology has again been identified as a key enabler of economic growth and the Plan moves beyond the link between digital technology and productivity to also include innovation. The Plan identifies the link between digital technology, accessing services and reducing carbon – creating a virtuous and positive feedback loop.

“Building our innovation capacity is crucial to meet growing demand for digital technology⁵.”

- 3.23 The revised Strategic Economic Plan specifically states an action to help businesses invest into digital technology by creating business support products aligned to unlocking the growth potential of local businesses and supporting the adoption of digital technology by SMEs.
- 3.24 The Plan has also identified the growth of hubs for digital technology across the four Local Authority areas, drawing together business growth, education and skills.
- 3.25 The fourth industrial revolution (Industry 4.0) is clearly going to have a disruptive effect across a range of economic sectors, including manufacturing and engineering and other key local sectors. The nature of work is changing, including an increasing need to develop digital skills, and an additional 10,000 digital and creative staff are needed in South Yorkshire needed by 2024. This is a challenge for areas like South Yorkshire that already have a digital divide.

⁵ Our Strategic Economic Plan 2021 – 2041 (2021) Sheffield City Region LEP

4 Methodology

- 4.1 Within the Business Case, Barnsley Metropolitan Borough Council agreed to undertake an external evaluation of the pilot phase of the Tech Welcome project. S4W Ltd have completed the evaluation process, working closely with project staff at Barnsley MBC and other project partners.
- 4.2 As stated, the project has been closed to new applications since June 2024 but there are still live contracts in place. The evaluation is therefore taking place whilst the project effectively remains operational.
- 4.3 The evaluation will therefore be drawing from a number of businesses who have completed their grant, some that still have an active grant and are part way through their investment and some businesses that are at the every early stages of their Tech Welcome grant.
- 4.4 In order to assess the success of the project, the evaluation draws upon a range of quantitative and qualitative evidence to understand the impact the project is likely to be having on the regional economy, how it is performing against its profiled targets and how the project might learn lessons from the pilot phase of delivery. This evidence includes:
 - Relevant Project documentation and Management information from the Tech Welcome project
 - Meetings with key project staff at Barnsley MBC
 - Stakeholder engagement including Doncaster City Council, Rotherham Metropolitan Borough Council and Sheffield City Council
 - A number of beneficiary interviews with a total 14 businesses
 - New and existing Case Studies of businesses receiving support from the project
- 4.5 It also considers the project management structures, highlighting key learning points and making recommendations for future actions to support tech businesses in South Yorkshire.
- 4.6 The methodology has centred upon evaluating the following key issues:
 - How the project performed against its key milestones and outputs;
 - The continued relevance of the project to business needs;
 - Qualitative perceptions of the project, its performance, governance and management and its contribution to the sub-regional inward investment offer and growth;
 - Additionality, Value for Money and a Benefit:Cost ratio;
 - Key lessons learned and best practice

4.7 The evaluation will incorporate a theory of change analysis, identifying the key ‘change agents’ of the project – the aspects of the project that are most effective in delivering the project outputs and adding the most value.

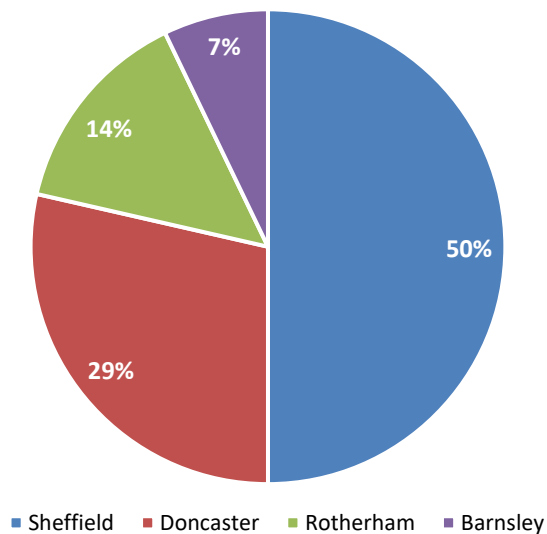
Stakeholder Engagement

4.8 As part of the evaluation process, all key partners have been interviewed during April and May 2024. The process of qualitative interviews with delivery partners has informed the review of the governance and management of the project, understanding whether the design of the project was relevant to meeting the objectives it had set and any lessons learnt for future activity in this area.

Beneficiary Engagement

4.9 The evaluation also draws from the results of fourteen structured business interviews (completed virtually), completed in May 2024. A full list of business and stakeholder interviewees has been included as Appendix A. In total 14 businesses were interviewed and were located within the geographies as shown in Chart 4.1, with half of all businesses interviewed being located in Sheffield and 29% in Doncaster.

Chart 4.1 Survey responses by Local Authority area



4.10 The interviews covered a range of different subjects including.

- How they heard of the Tech Welcome project
- Reasons the business engaged with the Tech Welcome project
- Reasons for choosing to locate in South Yorkshire/take a first office
- Attribution of the decision making with regards to the above to the Tech Welcome grant
- Experiences of the grant/support
- Impact on jobs, turnover and productivity
- Any wider outcomes on the business

- 4.11 A total of four businesses have also been portrayed as case studies within the report, identifying some of the impacts of the project on individual businesses and the type of support they received. Case studies have been either provided by the Project Officer or derived from the business interviews.

Impact Calculations

- 4.12 One the key elements of the evaluation process is to understand the range of additional economic impacts of the project. The impacts will be calculated based on the projected performance of the South Yorkshire Tech Welcome project – utilising job creation (and relocation) data provided by businesses when they submitted their applications. This also includes projections from businesses that have just signed their grant agreement.
- 4.13 Converting the number of gross jobs created by the project into a net impact is a complex process as the impact of the Tech Welcome grant had a different scale of influence on why each business chose South Yorkshire as a location (deadweight and substitution). Also, being digital businesses, some of the jobs may not be directly located in South Yorkshire but remote working or only part-time located in South Yorkshire (leakage).
- 4.14 Within the application process, there was no element of award selection based on the additionality the grant would bring to the business. In order to assess the likely net economic impacts of the project, the evaluation will undertake a self-reporting counterfactual impact assessment – drawing on the experiences of SMEs that have received investment through the project and the impact it had on job creation and subsequently regional Gross Value Added.
- 4.15 The same challenges are relevant for businesses within South Yorkshire that are taking their own office, although the rates of leakage, deadweight and substitution will be calculated separately. This has been covered in detail in section 10.
- 4.16 The evaluation also includes a Benefit:Cost ratio assessment of the net impact of the project (using annual Gross Value Added) against the total budget.
- 4.17 The methodology has worked within the parameters of the UK General Data Protection Regulation (GDPR), recognising the study will require a direct business interviews and case studies and interrogation of the management information systems of project partners. The research has been undertaken drawing on the GDPR principles of:
- Processing data in a lawful, fair and transparent manner
 - Data is collected for a specific, explicit and legitimate purpose
 - Is accurate and up-to-date
 - Is processed in a manner that ensures security of the personal data
 - Is based on consent of the data subject

5 Performance Review

Overall Performance

- 5.1 The Tech Welcome project effectively commenced in October 2022, but there were a number of delays in operationalising the fund including staff recruitment, the design and deployment of application portal and engagement and marketing to build an active and effective pipeline. The project was also launched at a time when many other programmes (including the remaining EU funded provision) were offering wider packages of support to businesses.
- 5.2 The wider project team had built a pipeline of potential beneficiaries before the submission of the business case to demonstrate demand, but the delays to approval and deployment meant many of the businesses within the pipeline had already sourced accommodation or their potential application would no longer be eligible. The project had to try and rebuild its pipeline in a short period of time.
- 5.3 Overall, these delays, coupled with a range of economic factors coming out of the COVID-19 pandemic and the fluctuating demand for premises from SMEs, have meant many of the key project and financial milestones have suffered some slippage. Some businesses during the pandemic and in its aftermath have been preserving cashflow and protecting their balance sheets and could not commit to a long term financial commitments such as rent.
- 5.4 There have also been challenges in the relationship between businesses securing a grant offer and securing terms with their landlords. Many have formally applied for a grant before the negotiation process and this has caused a delay in starting their grant funding agreement, whilst some businesses have not been able to secure their premises and have had to search again whilst leaving their application open. Finally, some businesses utilised their grant to subsequently secure a larger premises or more favourable terms, which again led to an elongated process of signing their Grant Funding Agreement.
- 5.5 As stated below, there are still a number of businesses that are live on the Tech Welcome project and completion of the current cohort of businesses is not anticipated until June 2025. The performance review for Tech Welcome is therefore partly based on projections rather than actual performance.

Financial Performance

- 5.6 Assessing the financial performance of the Tech Welcome project is not a straightforward process as there are only two businesses that have completed their twelve months grant contract at the time of completing the evaluation. For reasons previously explained, most businesses still have 'live' contracts and a there remained a small number still in negotiation over contracts at the time of completing the evaluation. Tech Welcome is now closed to any additional applications.

Table 5.1 Financial Expenditure as of May 2024

Project Expenditure	Target	Defrayed June 2024	Projected Final Expenditure
Grant Expenditure	£219,000	£77,303	£215,838
Project Officer Salary	£63,000	N/A	£63,000
Marketing and Evaluation	£18,000	N/A	£18,000

5.7 At the point of completing the evaluation, during June 2024, the project had defrayed a total of £142,325 against the overall budget of £300,000. Expenditure on grant payments is currently £77,303 and is expected to be £215,838 on completion of the project based on the current profiled expenditure.

Project Performance

5.8 As show in Table 5.2 below, the Tech Welcome project should support a total of 40 businesses by the project completion, which is within 10% of the overall target. There are presently 28 businesses that have either completed their funding agreement or are still have a live contract and a further nine businesses have applications currently being processed or that are currently in the contracting phase.

5.9 Overall, the project has now made 40 investments, which will not increase as the project is closed to new applications. The project has largely met its target to deliver the number of grants and, has exceeded the target of jobs created, which are expected to rise further.

Table 5.2 Project Performance Measures

Project Outputs	Target	Achieved May 2024	Forecast outputs	% of target
Number of start-up/scale up and new to the region businesses support	39	28	40	103%
Jobs Created	141	N/A	170	120.5%
Total Grants Awarded	43	28	40	93%

5.10 The businesses engaged were expected to represent a total of 141 jobs new to the region either through being newly created jobs or jobs relocated into South Yorkshire from outside the region. Based on the data provided by businesses in their applications, the total number of gross additional jobs to the region is forecast to be 170 based on businesses still in system. The target as defined and measured should be exceeded.

- 5.11 Analysis from applications to the Tech Welcome project suggests the average salary levels of the jobs proposed to be created/relocated is £44,063, which is around 20% above the current mean average pay for South Yorkshire, which is £36,829⁶.

Potential Employment Impacts

- 5.12 The ‘number of jobs created/relocated’ figure does come with a number of potential flaws that are explored further in Section 10 and centre upon the level of additionality associated with these jobs. Some may be subject to optimism bias (especially linked to businesses needing to state job outcomes to secure a higher grant award), some new jobs may be hybrid in nature and difficult to ascribe as having an impact on South Yorkshire, whilst some may have happened anyway without the intervention of the grant.
- 5.13 It has also been reported anecdotally that the project has been successful in supporting more female owned tech businesses to establish themselves in the region and generating more female employment within the region. Of the 14 businesses interviewed for the evaluation, a total of three had women in Leadership positions. This is much higher than national rates of female participation in leadership positions in High Growth businesses.

“In 2022, of the UK’s multi billion pound venture capital funding, female entrepreneurs routinely received less than a 2% share of the investments made each year⁷.”

Recruitment Impacts

- 5.14 Most businesses within their interviews stated recruitment of staff had been relatively straightforward and locating in South Yorkshire provided access to a core labour market stretching south from Nottingham into East and West Yorkshire and Lancashire. Recruiting digital skills was deemed to be no more easy or difficult than other parts of the country, although there were challenges when specific technical skills were required for some posts such as data science and programming.
- 5.15 The location of two Universities was seen as a significant positive for the area and ensured a supply of well skilled graduates into the labour market. It was noted however, that retention in the area is a challenge and that there is very clearly a national market place for digital skills and that most Sheffield businesses cannot compete solely on salaries.
- 5.16 Businesses generally agreed that recruiting non-technical posts such as Customer Support or Administration roles was straightforward and there were some good quality candidates in the region.

⁶ Annual Survey of Hours and Earnings, Gross Mean Full Time Workers Earnings for South Yorkshire (2023), ONS

⁷ Treasury Committee, Venture Capital: Nineteenth Report of Session 2022-23 (2023), page 12

“Recruitment for people with technical skills is hard, but we have built good relationships with the University, including delivering guest lectures, which helps our access to good graduates and Masters students.”

“It was relatively easy to recruit in South Yorkshire compared to other parts of the country. To date we have been out for a small number of jobs, but we are not sure how easy it will be to fill large numbers of vacancies.”

“Our core leadership team are from all over the UK and our approach to recruit these positions will remain nationally focussed. Mid-level skills to date have been easy to find in Sheffield and we are keen to recruit more staff to our Sheffield office.”

“In a national skills labour market, there is a lot of competition and retention of people is often difficult. As a smaller business we can be more nimble and still secure good graduates without offering top, top salaries. We try and find people that are committed to staying in Sheffield”

6 Additional Impacts of the Tech Welcome Project

- 6.1 As part of the business interview process, beneficiaries of the Tech Welcome project were asked to identify the impact of the grant on any wider areas of the business and the decision to locate within a premises within South Yorkshire.
- 6.2 Beneficiaries were overwhelmingly positive about South Yorkshire having a soft landing and grants programme to support digital businesses and almost all businesses interviewed said there had been a range of wider positive impacts on the business other than just employment creation (some of which are highlighted within the Business Case Studies).
- 6.3 The Tech Welcome grant was seen as a positive attribute when welcoming digital businesses into the region as part of a wider package of inward investment support. This helped to build on Sheffield's central location and capable workforce.

"The support from Tech Welcome was great and really helpful. Everyone was friendly and we were introduced to some other good contacts in the region. We were pleasantly surprised by the support we received across the board in South Yorkshire and it has by far been the best we have received when locating in any region." Amanda Newman, Motion Clinic, new location in Doncaster

"The grant from Tech Welcome enabled us to relocate our head office from near Hull to Doncaster and locate a permanent member of staff there." Chris Eastwood, Rybec Limited who relocated from Beverley to Doncaster

"We picked Sheffield as a central location where our remote workers were located. As long as the location was accessible, we could have considered Leeds or Sheffield. The overall welcome from Sheffield helped us to make the decision." Jamie Toyne, located from remote working to Sheffield

- 6.4 A number of businesses stated the grant was helpful with cashflow, including both businesses local to South Yorkshire and those inward locating. This was particularly relevant to newer stage businesses. Many businesses were also signposted to support from other local schemes including Launchpad.

"Getting the rent paid is a massive help given the slowness and delays of getting new products to markets." Bill Lewis, Reunitable, relocating from home to Sheffield

"The grant helped to preserve some of the business's money and helped with savings." Danuta Rak, 3DR Training Studio, located from Poland to Barnsley

"We are a family owned small business and raise all finances through debt with personal guarantees. Every penny counts when establishing a new location, especially as the first 6-12 months can be loss making. This grant was the icing on the cake for us." Amanda Newman, Motion Clinic, new location in Doncaster

- 6.5 In some cases the grant helped businesses to negotiate more appropriate terms with their landlord. This included being able to make a commitment to a longer lease and subsequently negotiating on price, being able to afford better specification or scale premises or a better location. It also provided cash inflow to allow the tenant to invest in premises improvements.

“We were looking for 3,000ft² but thanks to the grant were able to negotiate for a 5,000ft² site, which is now our flagship clinic. The location is also amazing in terms of transport links.” Amanda Newman, Motion Clinic, new location in Doncaster

“(Thanks to the grant)...we were able to look at a number of options in terms of an office package. Without the grant we would have settled for the cheapest, but with support from Tech Welcome we chose the optimal package for the business.” Bill Lewis, Reunitable, relocating from home to Sheffield

“Getting half the rent paid allowed us to cover some of the required fit out costs and make a long term commitment to the premises.” Buzz Mason, CBM Logix, relocated from Wakefield to Doncaster

“We went for a two year lease with the support of the grant and we got the size of office we wanted in the location we wanted. The longer lease has saved us money on a monthly basis.” Neal Byers, Nota Bene Consulting, locating from home to Sheffield

“When starting up, every penny counts and showing your investors that you are maximising their investment is important. The grant also helps to justify why we have located in Sheffield and not the South East.” Richard Mincher, Forg3d, located to Sheffield from Edinburgh

- 6.6 Finally, business cited a range of productivity improvements focussed around access to markets, suppliers and customers, being able to engage with academic and funding institutions and to have the ability to bring staff, teams and customers together to develop new ideas and work collaboratively.

“Our main supplier is based in Sheffield, so to make our life simple we located down the road.” Bill Lewis, Reunitable

“Whilst it was not entirely necessary for our businesses to have a physical base, the opportunity to locate in Sheffield Tech Park with over 50 like minded businesses was really important to build an ecosystem. We didn’t fully appreciate how important it is to have a venue that clients can visit and that we can bring our team together regularly.” Bob Drake, Cyber Alchemy, local business that relocated to the AMP Technology Centre

“The location in Sheffield Technology Parks has helped us to engage with the University of Sheffield and Innovate UK.” Dash Tabor, TUBR located from a virtual to physical office at Sheffield Technology Parks

“The biggest impact in taking our first office has been improvements in productivity and growth. When we met as a team before, we did it in a café.

We now have our own place to collaborate and plan strategy.” Reece Charville, Forward Digital, previously working from home and relocated to Sheffield

7 Stakeholder Qualitative Review

7.1 Overall, stakeholders felt the Tech Welcome grant offer was a valuable addition to the business support offer of South Yorkshire. Tech Welcome has helped good quality tech businesses that will add value to the regional economy in both the short and long term. The offer had proven a valuable tool to both supporting inward investing tech businesses and to support indigenous businesses to obtain their first office/premises.

Marketing and Referrals

7.2 Whilst waiting for approval, partners began building a pipeline of potential applicants to the fund in advance of any launch. The actual launch of the scheme was ultimately delayed and the viability of the original pipeline of businesses was diminished when the project became live.

7.3 The fund was formally launched in 2023 at a difficult time for businesses due to the increased costs of energy and the wider cost of living crisis, which has made the transition to taking on a first or additional office more challenging.

7.4 Due to the challenges above, applications and conversions have tended to trickle through the project and this has led to a slow start to delivering grant commitments. All partners stated they had wanted to see the fund committed as early as possible to demonstrate demand, whilst also ensuring the fund was targeted at business where investment would add most value.

7.5 Opening up the fund to South Yorkshire home based businesses looking for their first premises did significantly expand the pool of potential applicants, but also confused the messaging and eligibility in some cases. The one fund suddenly had two different sources of businesses and it took time for the message to permeate amongst local tech led businesses. This is partly due to a lack of specialist capacity (especially outside of Sheffield) to engage with this type of business and work through their eligibility.

7.6 Ultimately, partners felt overall more demand materialised for grants from indigenous businesses looking for their first premises this source than from inward investing businesses, although current monitoring suggests they are both about equal in terms of grants awarded.

7.7 It was reported that over time, more of the subjective requirements of eligibility were relaxed to build up the pool of potential applicants. This was due to the difficulty to put strict requirements of businesses due to the wide range of what businesses can be classed as digital technology businesses. This in turn resulted in a lack of consistency of offer which made it even more difficult for partners to refer businesses onto the scheme, not knowing if the business would have a good chance of success or not.

- 7.8 There was a feeling in one partner that the fund had too heavily focussed on digital technology businesses, rather than utilising a wider view of technology and innovation that may have opened up opportunities to a wider spectrum of businesses.
- 7.9 Ultimately, it was felt the eligibility of businesses had been a relatively subjective process due to the sector being targeted. Whilst there were some digitally enabled business, rather than pure technology businesses that were supported through the scheme, the marketing and emphasis on digital may have ultimately discouraged some businesses from applying.
- 7.10 The focus on digital technology had contributed to making the fund quite Sheffield centric, with Doncaster, Barnsley and Rotherham having less sector focussed capacity within their business engagement and Inward Investment activity to build a strong pipeline, fewer specialist managed workspace and facilities to host tech businesses, and no current identifiable digital cluster or specialist business network like the Sheffield.Digital network.
- 7.11 It was also noted that some managed workspace providers had utilised the scheme very effectively to support their own potential new tenants. Again, these providers were largely concentrated within Sheffield and it was noted that perhaps the businesses referred by these organisations were already in the process of securing an office and the added value was potentially less.
- 7.12 The Business Case to SYMCA is also ambiguous on the definition of what constitutes an eligible business for a grant, which caused challenges for some partners when deciding whether to refer businesses for the scheme or not. Whilst there were a range of views on what should constitute an eligible business, it was agreed that more clarity on eligibility and less subjectivity for future activity in this area would be welcomed, although the criteria should relatively wide.
- 7.13 It was reported that some businesses have had a property in mind when applying for a Tech Welcome grant, whilst others have approached the project struggling to find suitable accommodation and needing support from partners to source suitable accommodation. Support for businesses to find a suitable premises was more developed and more able to assist businesses (in terms of listing appropriate properties) in some parts of the region than others.
- 7.14 Tech Welcome was identified as a valuable tool for inward investment and had helped to attract companies into the region, adding value to other soft landing support. It was felt that businesses expected some form of financial support or incentives to locate in an area, especially within a city-region like South Yorkshire. The inclusion of a grant in the regional inward investment offer demonstrates both a welcome to businesses and also how important tech is to the regional economy.

- 7.15 For all businesses supported by Tech Welcome, the fund de-risks businesses taking an office within South Yorkshire, which is a vital step in any business's growth journey, no matter what their stage of growth. It also gives a message that South Yorkshire is a good place to develop a tech businesses long term.

Operational and Process Issues

- 7.16 Overall, the management processes around the Tech Welcome fund were deemed to be very effective. The application process was viewed as being simple for businesses and the online portal process appeared to work well. The Enterprising Barnsley Team were well regarded by partners and could draw from their considerable experience from administering similar schemes. The team were able to be flexible with the management of the fund, for example being able to scale up capacity to award more grants as applicants grew in the region.
- 7.17 The engagement of Local Authorities in the project governance has been a real benefit in terms of getting the ball rolling on referrals, decision making and strategic planning. Their involvement also helped to screen applications at an early stage so overall, less applicants were rejected. LA who fully engaged in the process have seen greater benefits of the programme, whilst other who were not as engaged have seen a lesser impact.
- 7.18 Turnaround of applications was relatively quick, and having regular board meetings which included the other Local Authorities allowed for decisions on applications and feedback to the applicant to be efficient. This ensured there was no hold-up for businesses to progress with any relocation.
- 7.19 In some cases, landlord commitments and lead times did make it complex to administer some applications. Some businesses applied for a grant before negotiations commenced, some post negotiations, which put pressure no timelines. Some businesses had deals fall through or changed their preferred premises. The project would also have benefitted with some clarity relating to the point within the process that the businesses should submit an application.
- 7.20 It was suggested that there is scope for partners to be more invested in the success of the investment pot in their area through either ring fencing resources or a central criteria with flexibility that specific Local Authorities can work around to make the fund more relevant to their local economy.
- 7.21 There were some administrative challenges with the fund around eligibility. Firstly, as mentioned the definition of a tech led business has been a subjective process, also the scale of grant award to offer to businesses has been dependent on self-disclosure from businesses. The cap levels on investment also made it harder for those referring businesses onto the project to understand their eligibility, especially if job creation prospects and technology use were unclear.
- 7.22 It was also difficult in some circumstances to understand what constituted 'rent' for the purposes of claiming back expenditure. Some workspace providers had an

inclusive charge that included utilities and range of other costs, which was often a higher cost (sometimes considerably higher) than businesses that were just paying a straight rental charge. This is industry standard as workspace providers work on a licence fee and these are not able to be broken down further.

- 7.23 Like many grant projects and programmes, Tech Welcome needed time to build momentum – which progressed slowly as awareness of the fund built and applications were processed. As momentum began to peak, the project had to close to new applications.
- 7.24 In terms of the governance process, board meetings and wider governance procedures were deemed to be effective. Communication was open and prompt and the Enterprising Barnsley team ensured all relevant businesses that applied had a chance to succeed.

Impacts and Additionality

- 7.25 Additionality had not really been considered as part of the grant application process and the Operational Board did not know whether, or the extent to which, the fund was adding value to the regional economy. The views of partners on additionality were largely subjective and there is a gap in management information in this area. It was noted however, that for some businesses a revenue grant of up to £10,000 can be significant contribution to turnover, whilst for others it is more insignificant.
- 7.26 Overall, it was felt the grant had a strong leverage on supporting local SMEs take the decision to locate within their first premises, but that these businesses already had a commitment to being in the region.
- 7.27 For businesses locating into the region, the offer of a grant was felt to have less of an overall impact on their decision making as many had already committed to the region or specific premises and the financial incentive was relatively smaller component of their relocation. However, it was felt the impact of each business in terms of new jobs and the potential for future growth was larger.
- 7.28 Some businesses were considering genuine alternatives to South Yorkshire when applying and some had already committed to the region, and in some cases a specific premises. The fund was one activity to help distinguish South Yorkshire from the other competition. Whilst the location of South Yorkshire, within a large Travel to Work area into the Midlands and other parts of the North of England, clearly other city-regions across the North and Midlands had similar labour market assets, Universities, connectivity and networks.
- 7.29 The role of the office or wider premises in businesses post-COVID-19, especially digital and technology focussed businesses, has changed considerably. Accommodation is now only part of the way many businesses operate, with more field and home based staff, and an extensive use of remote working.
- 7.30 The purpose of premises is now often designed to be a place where staff come together and pop into share ideas rather than work all the time. The nature of work

has changed and people can commute greater distance as they are within a centralised location less frequently, or in some cases never. This makes understanding the impact of an intervention on local job creation far more difficult.

- 7.31 Many of the impacts of the Tech Welcome project have yet to be realised as most of the applicants are still in the system and still receiving a grant. It is not clear how much long term impact will be realised from the businesses supported by the fund, especially as most are presently in a job creation phase. Equally, it is not clear what the long term commitment some of the businesses that have moved into premises will be when some are in managed offices on short term agreements and some operating as drop in centres for home or field based staff.

Future Tech Welcome Provision

- 7.32 Overall, partners felt the project has been successful in supporting businesses make a commitment to premises, and therefore to the region, for a relatively small outlay and that the project should be supported going forwards.
- 7.33 Whilst the Tech Welcome project has helped businesses to secure premises, it has also identified a gap in the ladder of accommodation locally for suitable Tech space, especially outside of Sheffield where there is a concentration of managed workspace and multi-occupancy office space. This may ultimately hold parts of the region back.
- 7.34 The momentum the project has built up has shown that there is still demand for a future iteration, especially if the timeframes can be extended to account for the inevitable challenges working with SMEs. However, the project has also been hampered by its capacity to engage with businesses. Going forwards, with an active network of partners actively referring in businesses to feed the project, some of the challenges of the current pilot phase should be overcome.
- 7.35 The flux in terms of the provision of wider business and investment support whilst the Tech Welcome project has been operational has contributed to the project underperforming in terms of meeting milestones. If the scheme could have been plugged into the Tech SY offer, partners felt Tech Welcome would have had much more impact and been able to engage more of the right type of businesses.
- 7.36 There was also a view that going forwards that the panel should be presented with information on how the award of a grant would 'add value' to the business locating in premises in the region so this could be incorporated within the decision making process. This would mean some changes to the application form.
- 7.37 In order for the project to emphasise added value, there needs to be more of an emphasis on developing a quality and ongoing pipeline and the length of delivery window for the project needs to be extended beyond 18 months to adapt to some of the challenges previously identified. It was expected that the links Tech SY and their programme of activity would help to generate more of this pipeline.
- 7.38 A range of claim window options were offered to successful applicants, designed to allow best fit to the business needs. This included, monthly, quarterly, bi-annual and

annual. Sometimes grant administration amongst businesses was inconsistent as they were claiming ongoing small amounts with frequent claims. It may be better to have a default position of quarterly claims to reduce administration, with monthly available where the business can demonstrate it will have an impact on cashflow.

- 7.39 It was also stated that, although the purpose of the grant to subsidise rent of businesses taking on their first office in South Yorkshire was consistent, the split between inward investing businesses and early stage indigenous businesses created a marketing headache as there were very different routes to market for both these segments. This needed to be understood very early in any successor project and collateral and messaging needs to be targeted accordingly.
- 7.40 It was also suggested that a review of the eligibility criteria would be important and that a core set of criteria or principles is laid down as to a minimum expectation from businesses in terms of sectors, role of technology in the business, premises expectations, additionality and outcomes. There may then be opportunities for some limited locally specific criteria, as long as it does not conflict with other packages of support.
- 7.41 It was also felt the banding structure may need reviewing, especially as the cost of premises has now begun to rise. Two bands may be practically easier than three, however it has also suggested increasing the rate of bands and allowing larger businesses to apply for a larger investment. However, for this to be facilitated, the overall grant pot will need to be considerably larger. Looking at a fixed amount per job may also work as it would be clearer what a business would be entitled to, but also allow for larger applications to be supported on an equal basis.

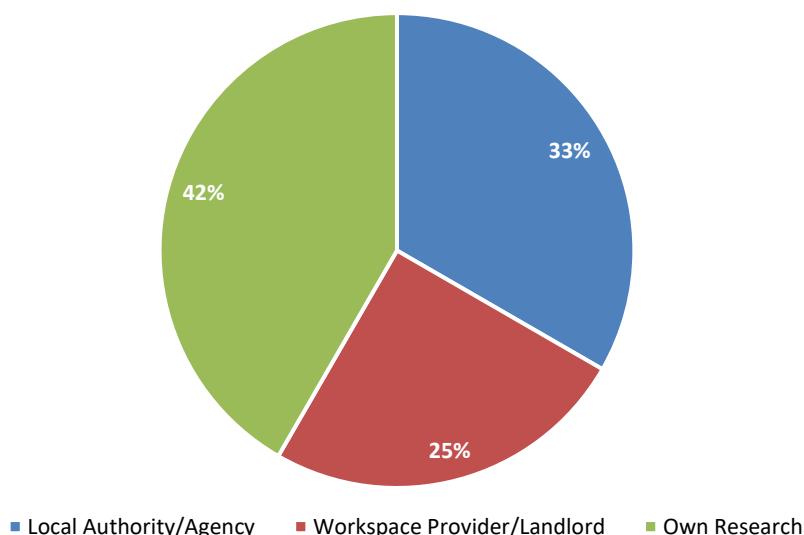
8 Beneficiary Qualitative Review

8.1 As part of the interview process, businesses supported by Tech Welcome answered a range of qualitative and quantitative questions about their views on the quality of service they received, the impact on the business and their input into designing future digital business support activity and investment. These interview findings have been cross referenced against discussions with some of the key project delivery staff and stakeholders.

Referrals Processes

8.2 As part of the interview process, businesses were asked how they first heard of the Tech Welcome project and what stage they were at in terms of seeking a base in South Yorkshire when approaching the project.

Chart 8.1 Survey responses how business heard about Tech Welcome



8.3 Overall, there was a relatively even split of businesses (based on those who were interviewed) that heard of the scheme from a Local Authority or other agency, from a workspace provider or landlord, or from their own research. However, all of the businesses that heard of the scheme from a workspace provider were previously Sheffield based (and virtual tenant customers of the provider).

8.4 For inward investing businesses, 60% stated they heard of the scheme from a Local Authority/agency, whereas for indigenous based businesses, the corresponding proportion was 14%.

“I met with Enterprise Sheffield and I was recommended to apply for both Tech Welcome and Launchpad together.”

“We were aware of other schemes previously in South Yorkshire to encourage people to locate in Sheffield and we checked if this was still the case with Sheffield City Council.”

Tech Welcome Project Processes and Feedback

- 8.5 As part of the interview process, businesses were asked to score out of 5 (5 being very easy, 1 being very hard) how easy they found the processes associated with applying for a grant and the subsequent monitoring requirements. Overall, businesses scored the process 4.42 out of 5.
- 8.6 There were some wider comments and feedback from businesses relating to the process that could assist with the design and development of future schemes. These include:

“The support was great and really helpful. All the contacts we dealt with were really friendly and welcoming to the region.”

“The application process was as expected really. Where there could be improvements is in the approval process, which was a bit slow. It meant we had some rental charges we weren’t ultimately able to reclaim.”

“It would be better if when we submitted an application, we were also informed of other grants and support we might be eligible for.”

The scheme only pays rent, can’t it be broadened to cover other areas such as websites or other business infrastructure.”

The whole process has been good and support from other organisations locally including Business Doncaster and the Chamber has also been good.”

The application process was relatively easy, although there were some issues of whether we clearly met the criteria and the business was not registered in South Yorkshire. Monitoring was easy and digital. Our only frustration was we were not able to apply for the full amount. If we knew at the start we would not get the full amount, we may have managed our relocation differently.”

“The application process was pretty straightforward. There was a bit of back and forth as is usually the case. Monitoring was straightforward, just requiring an invoice and proof of payment. What was good was that there were no changes part way through.”

“The application was quite straightforward, the forms were simple and the process didn’t take too long. We were able to have a conversation part way through the process which was helpful.”

“The only issue with the monitoring was the onus to send in documents every month, which was sometimes difficult to identify at short notice if an invoice had been paid and then identifying this in any statement.”

“It took several phone calls to identify if we were eligible or not as our use of technology is within our manufacturing processes. The application and monitoring has not really been too onerous.”

9 Business Case Studies

Case Study: Simpson Associates



www.simpson-associates.co.uk

Simpson Associates are a data analytics solutions provider to the public and private sectors and a Microsoft Solutions partner. The business has been operating for over 30 years, based in York.

Giles Horwood, Managing Director, explains:

“We have always been a hybrid organisation, with a Head Office based in York. We recognised post-COVID the real importance of empowering staff and bringing people together and we reshaped our office. Historically we had quite a large office, but we have now moved to having a smaller office in York and having an office in Sheffield to be able to really ensure that people in the locality can come together and maximise the value of getting face-to-face time.”

Simpson Associates subsequently took space in the Electric Works facility in the heart of Sheffield. The business were supported by a Tech Welcome grant, covering part of the rent for the first 12 months.

“When we were research moving into South Yorkshire, I got in touch with the Council and the Tech Welcome grant was really the sort of icing on the cake to make the move. It allowed us to get a little bit more space at Electric Works and be more ambitious with the plans to build a hub in South Yorkshire.”

“My experience of the Tech Welcome grant was really, really positive. The process of applying was really, really easy. It’s really a no-brainer to apply and understand how the Tech Welcome grant can expediate your move to the region.”

There are currently up to 15 people that regularly use the Sheffield office, although based around blended working.

“We recognised the value of the skills base in South Yorkshire with the Universities and that talent pool and wanted to tap into that to be able to bring new talent to the business.”

Case Study: Motion Rehab



www.motionrehab.co.uk

MOTIONrehab are a multi-disciplinary neurological rehabilitation company providing services across the Yorkshire and Humberside region.

In April 2018, MOTIONrehab launched the UK’s first Intensive Robotic Neurological Rehabilitation Centre in Leeds. The business was recognised by the Financial Times, Google and leading European policy makers as one of the Top 100 companies pioneering digital innovation in Europe.

Amanda Newman, Finance Director, was part of the team looking to expand into South Yorkshire, specifically Doncaster.

“We got in contact with the LEP and looked at everything that might help us make the move into the area, including Tech Welcome. The application was straightforward and the team were really helpful with any questions.”

MOTIONrehab now have expanded into their Doncaster clinic that services a geography from Goole and Retford to Selby and Sheffield.

“The Tech Welcome grant helped us to be able to identify a larger premises and negotiate a good deal with our landlords. We are absolutely thrilled with the clinic, which is now a flagship clinic for the business and the location is amazing in terms of transport links.”

The business is going from strength to strength from its new location and are finding South Yorkshire a great place to do business.

“Since taking on the site we have created six roles and are still recruiting. We have been able to recruit physiotherapists and then train them to use our technology.”

Case Study: Forward Digital



<https://forward.digital>

Forward Digital is a software development company, launched by two University friends during the pandemic. Forward Digital was originally a work from home business, but support from a Tech Welcome grant supported the business to take space within the Wizu Workspace in Sheffield.

Reece Charsville, Co-Founder at Forward Digital, learnt of the opportunity to apply for a Tech Welcome grant from Sheffield City Council, stated.

“The application process was dead easy and the use of an online portal was really useful.”

We had not considered getting an office base until we heard about the grant. As the grant covered a good proportion of the costs, it became a very realistic possibility.”

Since taking on the office, the business have taken on two additional roles and have able to host clients for face-to-face meetings, which shows customers that they are dealing with a real business rather than a faceless business on the internet.

“It has massively improved our productivity. We are able to meet more as a team and undertake a range of project delivering and planning that was previously been done in a café!”

Case Study: Cyber Alchemy



www.cyberalchemy.co.uk

Cyber Alchemy is a cyber security business, originally based from home in Sheffield. A grant from Tech Welcome when the business had been trading for 18 months enabled the business to take an office within the Technology Centre at the Advanced Manufacturing Park in Rotherham.

Bob Drake, Co-founder of Cyber Alchemy, found the opportunity through searching for funds on the internet. He stated

“The application process was a lot easier than it could have been and was appropriate for the amount of money we requested.”

The grant helped us to take an office and be amongst 50 plus tech businesses and feel part of an ecosystem.

A physical office was not compulsory for us, but we wanted somewhere to get together on a regular basis. We could not have done that without the grant”

Since locating in the Technology Centre, the business has taken another member of staff and hopes to recruit a further two staff later on in the year depending on sales.

10 Net Impacts and Value for Money

- 10.1 As stated in section five, overall there have been a high number of jobs associated with the Tech Welcome investment portfolio that suggests the project has had a strong gross impact. However, it was anticipated that quite a significant proportion of this economic value, due to the nature of the scheme, would likely have happened in some way anyway.
- 10.2 Firstly, the proposed impacts of the Tech Welcome scheme are based on information submitted to the Enterprising Barnsley Team as part of the application process to identify the likely bands of grant that might be available – so there may have been, across the project, a certain level of optimism bias from businesses to secure the highest possible investment available.
- 10.3 Secondly, whilst a business may have relocated to South Yorkshire, it does not mean that all the jobs associated with the business have relocated to South Yorkshire and for those jobs that have relocated, it is likely that not all of this impact is attributable to the Tech Welcome grant.
- 10.4 Also, for home-based businesses in the sub-region that were supported to move into their first premises, it is likely that some of these moves would have happened anyway and would have potentially already coincided with plans to create employment.
- 10.5 Within the interviews with businesses, beneficiaries of the project were asked to attribute either their decision to move into the region or move into their first premises of the region down to the investment from Tech Welcome. They were also asked to identify the actual amount of gross new jobs that they have created physically based in South Yorkshire since moving into the premises.
- 10.6 It has become clear from discussions with businesses that located into South Yorkshire that many of the existing jobs that technically were relocated into the region were already filled and not by residents from South Yorkshire. There has been therefore only very limited additionality from existing roles.
- 10.7 Finally, the impact of the Tech Welcome scheme is only viewed as being short term as the grant is a part revenue investment in a recurring cost (rent) rather than in capital equipment – therefore the benefits of the grant will be relatively short term, even if the benefit of the business locating in the region is potentially long term.
- 10.8 Of the businesses interviewed, six identified as relocating into the region and eight had located from home into their first office. Overall, inward investing businesses had created an average of 1.8 additional jobs within South Yorkshire since locating in the region (although there have been more jobs created outside the region by these business than inside, with a high number of virtual and remote working positions created). It is possible that some of these roles have gone to South Yorkshire residents, but this has not been included in the calculations.

- 10.9 Of these businesses, one stated the grant from Tech Welcome had no impact on their decision making, one stated it helped them to secure a better quality/size office and three said it formed some part of their decision making process. On this basis a rate of deadweight (what would have happened anyway) and substitution is estimated to be relatively high at 75%.
- 10.10 Of the indigenous business that took on their first premises in South Yorkshire, an average of 2 new jobs were created in the region. Only one business stated the grant had no influence over the decision making, three stated it formed some part of their decision making process, two said it helped them get a better quality office, one stated it accelerated their decision to take on office space by over a year and a further business stated without the grant they would not have taken an office. The rate of deadweight and substitution for indigenous buildings has deemed to be lower at 60%.
- 10.11 Drawing from research from the London School of Economics (2019) an employment multiplier of 0.7 has been utilised to look at the potential impacts on non-tradable employment opportunities within South Yorkshire. The multiplier was drawn from a range of studies covering the UK and overseas.
- “There is a significant multiplier from high-tech, with each new job creating around 0.7 non-tradeable jobs. This finding provides an apparently strong justification for strategies seeking to attract and grow the high-technology sector⁸.”*
- 10.12 Within the profile of investments for Tech Welcome, a total of 19 businesses were previously located outside of South Yorkshire and 17 businesses were previously working from home or virtually within South Yorkshire.

Table 10.1 Net Additional Employment – Tech Welcome

Business Status	Number of Businesses	Average Number of Jobs Created	Total (Gross) New Jobs	Deadweight and Substitution	Net Additional Employment
Located outside of South Yorkshire	21	1.8	37.8	75%	9.4
Previously Working from Home in South Yorkshire	19	2	38	60%	15.2

⁸ Lee, N., & Clarke S. (2019) Do low skilled workers gain from High Tech employment growth? High technology multipliers, employment and wages in Britain, Research Policy 48, Elsevier, Amsterdam, p10

- 10.13 As shown in Table 10.1 overleaf, an extrapolated total of 75.8 gross new jobs (located within South Yorkshire) are ultimately expected to be created by businesses supported by the Tech Welcome grant. Of these 75.8 gross local jobs, a total of 24.6 net additional direct jobs are forecast to be created by the scheme, calculating for deadweight and substitution.
- 10.14 Using the London School of Economics Employment Multiplier, this suggests a total indirect job creation across South Yorkshire of a further 17.2 net additional jobs, totalling 41.8 net additional jobs.
- 10.15 Based on the project supporting the creation of 41.8 net additional direct and indirect jobs and with the latest Gross Value Added (GVA) per filled job in South Yorkshire being £45,351⁹, it would suggest the Tech Welcome project has supported a first year increase in **Gross Value Added (GVA) of around £1.9m**. On a basic level, this would result in a **net economic return of £6.32 for every £1 invested in the project**.

Value for Money and Benchmarked Costs

- 10.16 The projected expenditure for the project is £300,000, which is forecast to support a total of 40 individual businesses at a unit cost of £7,500. The project is anticipated to create 24.6 direct net additional jobs in South Yorkshire at a cost of £12,195 per net additional job. When the additional wider indirect job creation is included, the unit cost is considerably lower at £7,177.
- 10.17 According to a report by Regeneris on the anticipated unit costs per output across the 2014-20 ERDF programme, the median benchmark for jobs created across ERDF projects should be £26,000, although this was based on research undertaken in 2013 and the mean cost per job created was £71,000 as a result of capital intensive projects¹⁰. Although not a like for like comparison, the cost per employment opportunity created by Tech Welcome at around £13,513 would come in considerably under both benchmark costs.
- 10.18 With regards to businesses supported, the mean benchmark unit cost for a medium intensity business supported output is £34,000, with a median unit cost of £10,400. This suggests the cost of businesses supported output for Tech Welcome project again sits below both the mean and median for value for money.

⁹ 2020 Regional gross value added (balanced) per head and income components (2022 release) ONS

¹⁰ Regeneris Consulting (2013) England ERDF Programme 2014-20 Output Unit Cost and Definitions

11 Conclusions and Key Lessons Learnt

- 11.1 Overall, the Tech Welcome project has been a considerable success in terms of supporting the growth of the digital tech sector across South Yorkshire. The fund has been a valuable tool to support the soft landing of businesses considering locating in South Yorkshire. Tech Welcome has also helped support indigenous businesses make the transition into their first premises.
- 11.2 Businesses regarded the project very highly, with a straightforward application process, an effective and supportive team in place at Enterprising Barnsley and a useful financial contribution to the business during a time of transition.
- 11.3 Tech Welcome had a slow start in terms making financial commitments, partly due to administrative and partly due to economic factors. This has ultimately meant the project has had to be extended. At the time of completing the evaluation, the majority of businesses were still live in the system. The short term contract, only 18 months, for the delivery of the project has meant as momentum built, the project had to close to new applications.
- 11.4 Tech Welcome has helped to de-risk businesses taking on their first office within South Yorkshire, which is a vital step in any business's growth journey. The project helped a range of businesses with their cashflow and to negotiate better terms with their landlords, and achieve better specification premises than originally envisaged. The investment pot has also provided a clear message that South Yorkshire is a good place to develop a tech businesses.
- 11.5 There has been a challenge overall in demonstrating the additionality of the project and demonstrating the significance of the fund in influencing decision making within businesses and then demonstrating any subsequent jobs created are new and would not have happened anyway. However, it is important to note that, at this stage, additionality has not been part of the overall decision making in grant awards.
- 11.6 Overall, the 40 businesses participating in the fund were deemed to be responsible for creating or locating between 170 jobs within the South Yorkshire region, with another 70 planned in the next 12 months. Analysis of the businesses interviewed as part of the evaluation suggest that a total of 41.8 net additional jobs have been created so far. This suggests the Tech Welcome project has supported a first year increase in **Gross Value Added (GVA) of around £1.9m**. On a basic level, this would result in a **net economic return of £6.32 for every £1 invested in the project**.

Lessons Learnt and Recommendations

- 11.7 Most of the lessons learnt from the project relate to the complexity in launching the scheme and subsequently securing a suitable pipeline of businesses. Clearly, this is a project that needs to have longer lead times than 18 months to be effective. Ideally, three years would be obtained which will allow for greater operational flexibility and lead times.

- 11.8 The application process worked well and businesses found the process easy to navigate through. It may be prudent to try and move as many businesses as possible onto a quarterly claims schedule to reduce the bureaucracy (many were late submitting monthly claims anyway). An option for monthly claims can be retained where it is clearly necessary for the business.
- 11.9 The messaging on eligibility has been requested to be clearer from both partners and some businesses to help the referrals and screening process. Even within a core set of eligibility criteria, there is scope for some flexibility to ensure any business with a good reason/need for a grant can be incorporated and clear local priorities can be reflected. There may also need to be a different approach to supporting local businesses to those looking to invest in South Yorkshire.
- 11.10 The engagement approach for businesses locating into the South Yorkshire region is very different from engaging indigenous businesses looking to take on their first office. In the second category, it is important not to rely too much on networks of workspace providers to build a pipeline of potential beneficiaries both to ensure a reasonable spread of investment across the region and to ensure additionality and making investments in businesses that are not already on a trajectory to take premises anyway. With the benefit of a longer project period, there is scope to review how this type of businesses could most effectively be engaged.
- 11.11 It is not recommended that grants are geographically ring-fenced to maintain flexibility – but where there is proving to be a lack of suitable applications from specific Local Authority areas, it may be critical to review the application criteria locally based on the type of enquiries coming forwards (although maintaining the simplicity of application for businesses should be paramount). These local focuses should still be within the initial remit of the programme and not provide an opportunity for scope creep. It may also be important for partners to invest resources in building the quality of local applications.
- 11.12 It is also recommended that some element of additionality is incorporated into the application process, at least to be able to demonstrate that the Tech Welcome fund is investing in businesses whereby some added value is being provided by the investment.
- 11.13 The criteria against which an investment needs to be considered is net additional new jobs located within the South Yorkshire region, with some outline justification provided for the numbers provided and why they are classed by the business as net additional jobs.
- 11.14 The monitoring (or evaluation) process also needs to be able to evidence both the added value of the investment and evidence at the end of the investment that any jobs have ultimately been net additional. If going forwards demand for grant investment ultimately increases considerably, there would be a need to allocate resources based on which businesses the grant make the most difference to.

- 11.15 Current levels of management resources (1 FTE) was sufficient to run the administration project. Any new scheme that would have greater remit would require increase management resource to deliver it successfully. This need would depend on the level of any future funded programme. There may still remain a challenge to ensure that any future provision does not concentrate on central Sheffield.
- 11.16 Value for money and return on investment for the investment of each grant is important to the successful implementation of the scheme going forwards. One option that could be considered to simplify the allocation process is to have an overall 'target grant average for the number of jobs created'.
- 11.17 Another option to consider is that the current banding for grant awards is reduced to two bands, which will make the application process simpler and should support the introduction of an 'additionality requirement' by requiring a more rigorous process of evidencing jobs growth in the region.
- 11.18 As there is presently a relatively small gap anyway between each different band, the Project Board may consider a band of up to 3 net additional jobs, the maximum that can be sought is £5,000 and for 4 net additional jobs or over, a maximum of £10,000 can be claimed. Over the longer term, the band ceilings may need to be slightly increased to reflect increasing market rental prices.
- 11.19 Another option that was discussed by the panel was a fixed amount per job rather than banding. Looking at an amount of around £1,500 would allow for a simpler scale to be looked at and also facilitate large applications without have to create more bands.
- 11.20 If the budget allows, there can then be an additional 'in exceptional circumstances at the Board's discretion' category (potentially capped at up to £20,000) for larger businesses locating into the region that will create a significant number of net additional jobs. This could operate under either a grant cost per job model or a revised banding model.

Appendix A – List of Contributors

Barron, Makauley, Projects Officer, Barnsley Metropolitan Borough Council

Byers, Neal, Director, Nota Bene Consulting

Charsville, Reece, Co-Founder, Forward Digital

Dochery, Alex, Investment Team Manager, Business Doncaster

Drake, Bob, Co-Founder, Cyber Alchemy

Eastwood, Chris, Co-Owner, The Rybec Group

Hawley, Ben, Group Leader – Enterprising Barnsley, Barnsley Metropolitan Borough Council

Horwood, Giles, Managing Director, Simpson Associates

Hughes, Dean, Investment Manager, Business Sheffield

Jones, Samantha, Projects Officer, Barnsley Metropolitan Borough Council

Kennedy, Alistair, Director, The Rybec Group

Killick, Morgan, Tech Scale Up Advisor, Business Sheffield

Lewis, Bill, Co-Founder and Chair, Reunitable

Mason, Buzz, Director, CBM-Logix

Mincher, Richard, Founder and Chief Executive Officer, Forg3d

Newman, Amanda, Finance and Operations Director, MotionRehab

Parris, Amanda, Business Growth Manager, Invest Rotherham

Rak, Danuta, Director, 3DR Training Studio

Sequerra, Ben, Chief Technology Officer, B-Spatial

Tabor, Dash, Chief Executive, TUBR

Toyne, Jamie, Chief Executive, Herd Consulting

Wheatley, Kevin, Managing Director, Ambi Space