



Growth Works

End of Programme Impact Evaluation

Summary Document

March 2024

This report is an summary of the final end of programme evaluation of Growth Works, which builds on previous programme reviews, including the Policy Department Review (June 2023). All performance information has been taken directly from the Whole of Contract Review Report, produced by Gateley Economic Growth Services in February 2024. All client feedback has been taken directly from the NPS Survey of Growth Works produced by Impact Advisory Ltd in December 2023. Primary research has been limited to a small number of additional stakeholder interviews to secure further programme reflections.



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INTRODUCTION

OVERVIEW

Growth Works was the publicly-funded, commercially delivered business growth service operating in Cambridgeshire and Peterborough. The £25m Growth Works service operated from Spring 2021 to December 2023, as part of the wider eco-system of business support in the area. Following the end of the 3-year contracted period, Cambridgeshire and Peterborough Combined Authority (CPCA) commissioned a review to evaluate the impact of Growth Works, providing insight into the programme's performance and evidence to support future interventions.

BACKGROUND TO GROWTH WORKS

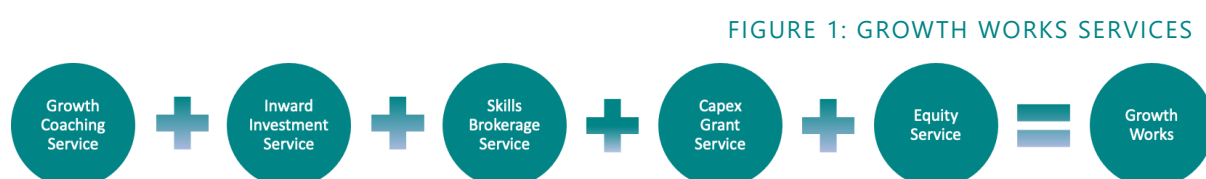
In September 2020, the CPCA Business Board considered and endorsed the final business case for the creation of a new 'business growth service'. Directly resulting from Cambridgeshire and Peterborough's Independent Economic Review and Local Industrial Strategy, Growth Works aimed to respond to the need for more inclusive, and knowledge intensive jobs growth.

The Growth Works Service was designed to better enable the commercialisation of innovative ideas, provide support to entrepreneurs and SMEs to scale up whilst attracting firms to locate to the area. Growth Works also aimed to respond to the impact of COVID-19, and accelerate economic recovery, whilst building future resilience.

The development of Growth Works signified a transformational departure from historic approaches to service design, underpinned by a level of ambition and risk-based innovation not previously seen within Cambridgeshire and Peterborough. The creation of Growth Works shifted the existing Growth Hub away from an activity-based service to a job growth outcome-based service. The mission of Growth Works was to deliver jobs and support, helping match the skills of local people to increasing opportunities across the region. In tandem, the programme aimed to accelerate the number of opportunities by supporting business growth of high-growth local SMEs and new inward investors. The establishment of an integrated offer to businesses, and the introduction of a single-front-door approach represented a radical departure from existing discrete business support services, enhanced through significant additional funding, improved connectivity and quality of offer.

GROWTH WORKS SERVICES

Central to the design of Growth Works was the concept of building a network of connected growth companies, operating under a single brand. The establishment of Growth Works has been led by the CPCA, with the management of the programme contracted through a procurement process to legal and professional services group Gateley Economic Growth Services (GEG). The programme has been delivered with a consortium of experts to help and support businesses to grow across a range of services as set out in the figure below:



GROWTH WORKS PERFORMANCE

JOB OUTCOMES

Overall Growth Works performed well, reporting 6,376 jobs at the end of the three-year programme, equating to 116% of the planned target. However a significant proportion of jobs were reported in the final year, illustrating that Growth Works delivered better towards the end of the programme.

TABLE 1: GROWTH WORKS – JOB OUTCOMES

JOBS*	Target				Actual			
	Year 1	Year 2	Year 3	Overall	Year 1	Year 2	Year 3	Overall
Growth Coaching	46	1,454	1,723	3,223	139	1,388.5	2,287	3,814.5
Inward Investment	75	263	485	823	323	349	812	1,484
SME CapEx Grants	397	474	349	1,220	439	255	103.5	797.5
Equity Service	0	10	210	220	0	14	188	202
Skills Service	No job targets set for the Skills Service				4	63	11	78
Total	518	2,201	2,767	5,486	905	2,069.5	3,401.5	6,376

* Job numbers include both those created/evidenced and those forecast/committed

The Growth Coaching Service, as expected, contributed to the greatest number of jobs (60% of total), reporting an over performance of 691.5 jobs against target. A greater number and proportion of jobs were delivered through the Inward Investment Service; however the SME CapEx Grants

Service delivered 422.5 fewer jobs than planned, equating to 65% of target. A small number of additional jobs were created through the Skills Service.

NON-JOB OUTCOMES

In addition to the creation of new jobs, Growth Works committed to improving the supply of skills through learning outcomes and apprenticeships as set out in Table 2 below:

TABLE 2: GROWTH WORKS – NON JOB OUTCOMES

SKILLS OUTCOMES	Target				Actual			
	Year 1	Year 2	Year 3	Overall	Year 1	Year 2	Year 3	Overall
Learning Outcomes	209	748	748	1,705	257	610	910	1,777
Apprenticeships*	51	449	900	1,400	66	251	487	804

* Apprenticeship numbers include both starts by the end of the contract date and commitments to start from employers up to 30.4.2024

Growth Works reported 1,777 learning outcomes equating to 104% of delivery. Performance ramped up over the three-year period, with over half achieved in the third and final year of the service. The apprenticeship target however was not achieved, with Growth Works only delivering 804 apprenticeships against a target of 1,400, just 57%.

BUDGETARY SPEND

Growth Works drew funding from a range of sources including ESIF (ESF and ERDF), Local Growth Fund (LGF), CPCA revenue funding and SME contributions, with expenditure by service set out the table below.

TABLE 3: GROWTH WORKS – FINANCIAL PERFORMANCE

	Budget / Allocation / Planned					Actual Costs / Expenditure					% Total Spend
	Costs £	Grants £	BEIS Growth Hub £	Growth Go Admin £	Total £	Costs £	Grants £	BEIS Growth Hub £	Growth Go Admin £	Total £	
High Growth Coaching*	3,202,000	4,000,000	286,288	287,717	£7,778,006	3,202,000	3,054,548	368,275	275,537	£6,900,360	33%
Equity Investment (CapEx Grants + Equity)	780,001	10,270,000	382,004	334,607	£11,766,612	780,001	6,382,278	491,402	316,037	£7,969,718	38%
Talent & Skills Development	3,588,568		195,665	171,388	£3,955,621	3,668,568		251,700	161,876	£4,082,144	20%
Inward Investment	1,667,205		88,921	77,888	£1,834,015	1,667,205		114,387	73,566	£1,855,157	9%
Total	£9,237,774	£14,270,000	£952,879	£834,649	£25,332,253	£9,317,774	£9,436,826	£1,225,763	£827,016	£20,807,379	100%

* Includes BGS Nudge Grants

Overall Growth Works expenditure was in line with budgetary planning, with the exception of the Growth Coaching Service and Equity Investment Service under-delivery of grant allocations. CPCA have indicated that these monies remain within their reserves and are available for investment in

future business support programmes. The funding model for Growth Works included a significant element of European funding, which is not sustainable or replicable for any future programmes.

CLIENT FEEDBACK:

Regular surveys of clients were undertaken throughout the duration of Growth Works, using the Net Promoter Score (NPS) metric. A total of 295 responses were secured across the nine quarterly surveys resulting in an overall Growth Works NPS at 54%, which is classed as excellent. Positive feedback included specific references to the Growth Works Team and the level and quality of service provided. However, there were elements of critical feedback, in the main focusing on the length and complexity of the processes involved, in particular relating to grant application processes.

The timing of any future surveys should be considered, with some respondents feeling it was premature in the process to seek their views, particularly if the outcome of a grant application was not yet known. The outcomes of the survey do not allow for any conclusions to be drawn regarding the interconnectivity between service lines or the impact of any services in terms of links to economic outcomes (jobs or training).

GROWTH WORKS IMPACT

ECONOMIC IMPACT – JOBS AND GVA

Growth Works has already generated some £193m net grows value added, and is predicted to generate some £507m over the next three years. This is above the predicted return set out within the original business case. Growth Works has the potential to result in a very strong return on investment of £24.40 for every £1.00 of public investment.

TABLE 4: GROWTH WORKS – NET JOBS, GVA AND NPV

Actual	Cost	FTE Jobs (Gross)*	Cost per FTE Job	Net Jobs	Cost per Net Job	Net GVA	3 Years NPV	BCR
High Growth Coaching	£6,900,360	3,815	£1,809	1770	£3,899	£115,460,556	£303,165,808	43.9
Equity investment	£7,969,718	1,000	£7,970	464	£17,176	£30,253,723	£79,437,469	10
Skills Service	£4,082,144	78	N/A	36	N/A	£2,360,971	£6,199,222	1.5
Inward Investment	£1,855,157	1,484	£1,250	689	£2,693	£44,918,984	£117,944,176	63.6
Total	£20,807,379	6,376	£3,263	2,958	£7,034	£192,994,234	£506,746,675	24.4

*Job numbers include both those created/evidenced and those forecast/committed as agreed between CPCA and GEG

The return created by Growth Works is on a part with some of the most impactful business support

programmes, funded by ERDF and is above the predicted BCR of 17. The sheer number of jobs reported has driven this scale of impact, which once adjusted to account for naturally occurring job creation, shows that Growth Works has the potential to create 2,958 net jobs.

ECONOMIC IMPACT – WIDER BENEFITS

A green book assessment of wider benefits demonstrates £100m of benefits as set out in Table 5. Taking these alone, Growth Works has the potential to return a respectable 1:4.8 benefit cost ratio over the next three years.

TABLE 5: GROWTH WORKS – WIDER BENEFITS

Total	
Labour Supply Impacts	£16,734,761
Wellbeing Impacts	£27,389,537
Skills Uplift	£26,346,414
R&D Benefits	£29,944,395
Total	£100,415,107
BCR	4.8

PROGRAMME MANAGEMENT AND DELIVERY

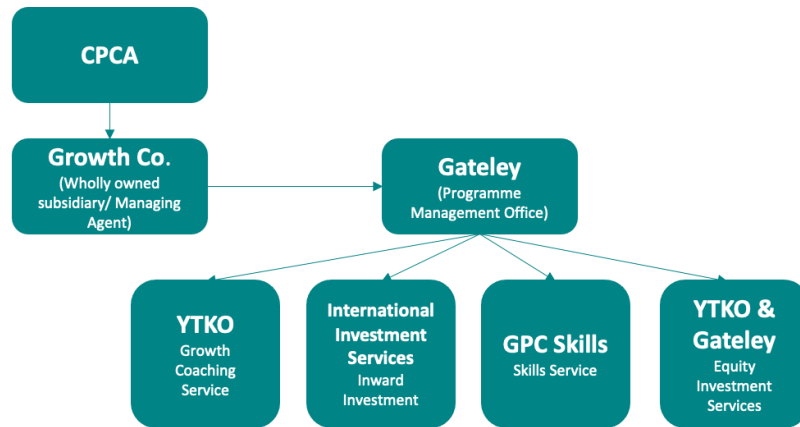
The establishment of Growth Works signalled a radical departure from the traditional approach to the management and delivery of services in the Cambridgeshire and Peterborough area. The aim of the programme was to bring together the public and private sector to collectively drive economic growth; therefore, whilst the funding was provided by the public sector, the CPCA procured a private sector delivery consortium to operate and manage the Growth Works. The Growth Works Service was under contract from The Growth Co, with the Business Board and Mayors' focus remaining that of strategy, acting as a catalyst and funding partner to enable others to achieve economic growth outcomes.

DELIVERY ARRANGEMENTS

Following a public procurement process, Gateley Economic Growth Services (GEG), a legal and professional services group, were contracted to manage the Growth Works Service. In addition to acting as the Programme Management Office, they delivered part of the programme directly. The

services were subsequently subcontracted out, resulting in contract awards to YTKO, International Investment Services and GPC Skills.

FIGURE 2: GROWTH WORKS CONTRACTING MODEL



PROGRAMME MANAGEMENT

Performance of Growth Works was overseen by the Business Board, who assessed performance against set performance indicators, considering and making recommendations for any programme improvements. The use of quarterly reporting ensured an agile approach to programme management, resulting in changes throughout the three-year period to maximise outcomes.

However the Business Board’s ability to monitor progress in the early period of the service was hampered by the data provided, which was felt to be overly complex and did not allow for impact judgements to be effectively made. The programme reported against a very narrow set of KPIs, with an over-focus on job outcomes, which did not reflect the wider ambitions of the Growth Works service.

In addition, the contracting arrangements resulted in a complex, multi-layered model which contributed to a siloed approach to Growth Works. The commissioning out of both programme management and delivery functions impacted on the CPCA’s control and influence over the services.

LESSONS LEARNT

The establishment and delivery of Growth Works has provided a significant learning opportunity for the CPCA and partners. The CPCA recognised the need for change in order to deliver agreed economic growth ambitions and took a radical approach in developing a solution. The insight and findings of the end of programme review have been used to highlight several key lessons learnt, which are for consideration in the development of similar or successor programmes.

It should be noted that overall Growth Works delivered well against its core targets despite the economic backdrop and disruption to leadership; these lessons learnt are intended to support improvements in the future planning, delivery and subsequent impact of potential interventions.

- Growth Works was an ambitious departure from the limited employer growth services previously available within the area. The general hypothesis and Theory of Change behind the service was understandable and well accepted, however delivery suffered due to the complexity of establishing and managing the service. Growth Works suffered from a significant loss of leadership alongside major changes to the political and economic landscape. This in turn led to mission creep to “hit targets”.
- Growth Works performed relatively well; however, it has been measured largely utilising a narrow set of KPIs focussed upon blunt measures of jobs created and budgetary spend. It delivered an impressive 6,376 jobs (116% of planned) however there is little information upon the type of jobs, salaries, or industry and whether they were delivered within high growth employers as planned.
- Growth Works has generated significant returns on investment with a very healthy BCR of 1:24.4. However, these benefits will be disproportionately felt in Cambridge with the service not fully maximising the opportunities to support businesses and improve skills to help levelling up across the whole geographic area. Future services could be better targeted and directed at areas of need.
- Programme interventions prompted through the Business Board to improve performance led to significant upturns across most areas of Growth Works in the final year, indicating demand

for the service which went unmet in years 1 and 2, with the project not operating optimally across its three-year duration.

- The limited number of KPIs has resulted in the potential under-reporting or understanding of the broader impacts and benefits delivered by Growth Works, including the services' contribution to CPCA wider priorities.
- Despite the simplicity of the targets, reporting was overly complex and confusing. Information packs did not provide easy to access, pertinent performance information and potentially delayed important decision-making regarding performance and remedial actions.
- As the political and economic environment changed, significant funds were contractually tied into Growth Works, with little opportunity for CPCA to modify direction and expend funds in a different and more agile ways.
- Contracting out the PMO role, reduced CPCA control over the services, as did the complex management structure. This included the establishment of The Growth Co and sub-contracting of services by Gateley to a number of organisations. It should be noted that several MCAs who have contracted out / outsourced the management and delivery of their business support functions are now largely rolling back from this model with it being viewed as sub-optimal.
- Feedback highlighted that this complexity and a perceived command-and-control management style, at times alienated a range of key internal and external stakeholders.
- Growth Works delivery appears to have been siloed with little cross referral and working together between the different organisations and services involved. This has been a missed opportunity to maximise the collective impact of Growth Works.
- The Growth Works brand has now been largely retired; therefore, an alternative needs to be developed to provide continuity to the single front door concept, which remains crucial to successful employer engagement.