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Evaluation of the Food Business Investment Scheme and Rural Business Investment Scheme: final report

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Evaluation of the Food Business Investment Scheme and Rural Business Investment Scheme: Final Report

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government.

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Acronyms

BRC: British Retail Consortium

CCT: Cross-Cutting Theme

CCTV: Closed-Circuit Television

EIA: Economic Impact Assessment

EOI: Expression of Interest

FBIS: Food Business Investment Scheme

FTE: Full Time Equivalent

GVA: Gross Value Added

HMRC: His Majesty's Revenue & Customs

IT: Information Technology

KPI: Key Performance Indicator

MI: Management Information

OCVO: Office of Chief Veterinary Officer

PAYE: Pay As You Earn

RBISF: Rural Business Investment Scheme – Food

RDP: Rural Development Programme

ROI: Return on Investment

RPW: Rural Payments Wales

RSPCA: Royal Society for the Prevention of Cruelty to Animals

SIC: Standard Industrial Classification

SME: Small to Medium-Sized Enterprise

TOC: Theory of Change

TSG: Towards Sustainable Growth

UK: United Kingdom

VAT: Value Added Tax

VFM: Value for Money

1. Introduction

- 1.1 This report provides a final evaluation of the Food Business Investment Scheme (FBIS) and the Rural Business Investment Scheme – Food (RBISF), which are capital grant schemes with a budget of just under £70m, collectively funded under the Rural Development Programme (RDP) 2014 to 2020.
- 1.2 The FBIS is designed to help primary producers¹ of agricultural products in Wales to add value to their outputs. It does so by providing support in the form of capital grant investment to those businesses which carry out first- and/or second-stage processing activities², thus increasing their capacity and the demand for primary produce. The scheme is designed to improve the performance and competitiveness of processing businesses to respond to consumer demand, encourage diversification, and identify, exploit and service new, emerging and existing markets.
- 1.3 The RBISF is a smaller capital grant scheme that provides investments with which to improve and develop food and drink (F&D) processing and manufacturing activities currently not eligible under the FBIS. It is open to existing and start-up micro- and small F&D processors and manufacturers, supporting F&D processing or manufacturing activities which offer clear and quantifiable benefits to the F&D industry.
- 1.4 The FBIS sits under Measure 4 of the RDP (investments in physical assets) with a budget of £65m. Activities under the scheme support the objectives of the RDP under Priority 3 (Focus Area A)³ — ‘Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and organisations and inter-branch organisations’.
- 1.5 The RBISF sits under Measure 6 — farm and business development. The scheme sits under Measure 6.4 of the RDP 2014 to 2020 and has a budget of £3.5m. Activities under the scheme support the objectives of the RDP under Priority 6

¹ Primary agricultural products refer to any product of the soil, of stock farming and of fisheries and game. Red meat, poultry, eggs, dairy, and horticultural produce are all examples of primary agricultural products.

² Primary processing is the conversion of raw materials into food commodities, e.g. milling wheat into flour. Secondary processing is when the primary product is changed to another product, e.g. turning wheat flour into bread.

³ The Six Priority Areas (and Focus Area objectives under each Priority) of the Rural Development Programme 2014 to 2020 are available at: [Common Evaluation Questions for Rural Development Programmes 2014 to 2020 | The European Network for Rural Development \(ENRD\)](#).

(Focus Area A) — ‘Facilitating diversification, creation and development of small enterprises as well as job creation’.

Evaluation objectives

- 1.6 The Welsh Government commissioned Wavehill to undertake a final evaluation of both schemes, which are reaching the end of their current programming period and, thus, require an independent assessment of implementation and impact.
- 1.7 The specific aims and objectives of the evaluation were:
- to examine the effectiveness of the application (including the Expression of Interest (EOI), decision and appraisal processes
 - to assess the level of engagement with scheme beneficiaries, i.e. businesses in receipt of grant funding and establishing a beneficiary profile and routes into the scheme
 - to examine the effectiveness of scheme management — including the claims process, monitoring systems, communications, and availability of support post-award
 - an assessment of the suitability of scheme targets
 - to assess and evaluate the overall impact of both schemes, with particular consideration of any economic and environmental outcomes and impacts
 - to assess and evaluate value for money (VFM)
 - to assess the extent to which the schemes have contributed to Welsh Government and EU strategic policy objectives
 - to provide recommendations and lessons learnt which will help to form the evidence that will feed into future decisions relating to investments supporting the food industry in Wales so that their potential to contribute to the new strategy will be maximised.

Report structure

- 1.8 The remainder of the report is structured as follows.
- Chapter 2 outlines the methodology used for this evaluation.

- Chapter 3 provides an overview of the two grant schemes, including the background, delivery model, and outputs.
- Chapter 4 discusses the key findings on the design and delivery of the schemes.
- Chapter 5 captures the outcomes and impacts generated by the schemes.
- Chapter 6 concludes the report with a series of recommendations.

1.9 Furthermore, we have included the following annexes:

- Annexe A: Delivery Team Interview Questions
- Annexe B: External Stakeholder Interview Questions
- Annexe C: Beneficiary Survey Questions
- Annexe D: Non-beneficiary Survey Questions (Telephone)
- Annexe E: Non-beneficiary Survey Questions (Online)
- Annexe F: Theory of Change for FBIS and RBISF
- Annexe G: Applicant Profile Data
- Annexe H: Comparison of the Beneficiary and Non-beneficiary Survey Samples
- Annexe I: Case Studies.

2. Methodology

2.1 Wavehill were appointed in January 2022 to undertake this evaluation, which has been delivered over two stages. A Stage 1 Inception and Evaluation Framework Report was developed in June 2022 based on a comprehensive scoping exercise. The purpose of the first stage was twofold:

- firstly, to ensure that we had a full understanding of the schemes, including the rationale behind funding, the delivery model, and the intended impacts
- secondly, to better understand the evaluation requirements and the availability of evidence and, thereby, develop our evaluation approach.

2.2 Two key outputs were contained within the Stage 1 report, consisting of a Theory of Change (TOC) model to summarise the logic model underpinning the schemes (see Annexe F), and an Evaluation Framework outlining the key evaluation questions and our approach to addressing each one. The following activities were undertaken to inform the Stage 1 report:

- nine scoping interviews with Welsh Government officials involved in designing and administering the schemes, alongside F&D policy leads
- seven interviews with external stakeholders (primarily industry representatives)
- four interviews with delivery partners (i.e. organisations delivering other F&D RDP-funded schemes)
- a comprehensive review of the scheme-related documentation and the wider literature, including a review of the schemes' management information (MI) to understand what data could be used for the evaluation
- an FBIS and RBISF TOC workshop session with Welsh Government officials involved in designing and administering the schemes.

2.3 Stage 2 of the evaluation has focused on delivering this Final Evaluation Report, based on the Evaluation Framework developed in the first phase. Stage 2 commenced in the autumn of 2022 with an initial focus on developing the research tools for data collection. Informed by the Evaluation Framework, the tools facilitated a mixed-method approach to the evaluation with the capture of quantitative and qualitative data. This was needed to address the aims and objectives of the

evaluation as set out in the previous chapter, with some better addressed through qualitative data (e.g. examining the effectiveness of the claims management process) and others better addressed through a quantitative approach (e.g. identifying the economic and environmental impacts), although most required a combination of both. The following research activities were undertaken in Stage 2 to inform this report:

- a second round of in-depth interviews with Welsh Government officials and stakeholders in late 2022 through to early 2023. This involved five detailed interviews with the main delivery personnel within the Welsh Government, exploring the effectiveness of the design and delivery approaches, the outcomes from the scheme, and their perceptions of the main lessons learnt (the full set of questions can be seen in Annexe A). Eight external stakeholders were interviewed in early 2023. These interviews were with the leads of other RDP F&D projects and schemes to generate external insights into the achievements of the FBIS and the RBISF and provide feedback on the alignment with their own schemes as well as the broader support infrastructure (the full set of questions can be seen in Annexe B).
- 65 beneficiaries (i.e. the businesses benefitting from the schemes) were surveyed through telephone interviews which were largely delivered from October to November 2022. Some had indicated that they were short of time pre-Christmas and, thus, we reopened the survey in early January 2023, targeting those businesses specifically, generating a few additional responses. Beneficiaries were recruited from full population records shared by the Welsh Government, consisting of 146 different businesses (119 FBIS and 27 RBISF). The survey tool was piloted internally by the Wavehill Research Team initially before launching with telephone calls to businesses. The survey captured qualitative and quantitative data pertaining to beneficiaries' profile, motivations behind support, experience of the schemes, and the outcomes achieved (the full set of questions can be seen in Annexe C). A census approach was used for the sampling, with all businesses contacted up to a maximum of five times, with a view of obtaining as many responses as possible. Our sample consisted of 54 responses from the FBIS and 11 from the RBISF, equivalent to an overall response rate of 44% (45% for the FBIS and 41% for the RBISF). Email

addresses were provided for all contacts, with very few undeliverable (only seven references to this in the research team contact notes). Crucially, more than 90% contained telephone contacts, which was key to engaging businesses. The FBIS sample provides sufficient statistical robustness for this evaluation, with a margin of error of +/- 9.9%⁴. The RBISF sample provides less statistical robustness, with a much higher margin of error of +/- 23.7%⁵, although the data still provide useful indicative findings for the purposes of this research. We analysed the comparability of the survey samples relative to the wider populations in Annexe G, which shows similar distributions with regard to business size and the subsector in which they operate. This gives further confidence to the representativeness and generalisability of the survey results.

- 53 non-beneficiaries (i.e. businesses which had initially applied for support but were unsuccessful or withdrew from the process) were surveyed through telephone interviews from November 2022 to January 2023. These were again recruited from full population records, with 381 business contacts received (327 for the FBIS and 54 for the RBISF). This was designed to support the counterfactual impact assessment (i.e. understanding what would have occurred had the support not been available) by understanding whether the non-beneficiaries proceeded with the investments without the support, whilst also exploring their experience of engaging with the schemes (the full set of questions can be seen in Annexes D and E). Most of these responses (48/53) were obtained through telephone interviews, which were piloted internally before rollout. However, a streamlined version of the survey was then created (see Annexe E) and distributed online to all remaining contacts after the telephone survey closed in early January 2023. The online survey remained open for two weeks before being closed in early February. We note that the quality of contact information held for non-beneficiaries was lower. Although all contacts had an email address, only 35% had a telephone number (this can be compared with the beneficiary contact sheet, where more than 90% of records had telephone numbers). Additionally, there was a 10% bounce-back rate to our email contact attempts (compared to 6% for the beneficiary contact sheet). Most businesses

⁴ This is calculated on the basis of a 95% confidence level where the percentage response is 50%.

⁵ This is again calculated on the basis of a 95% confidence level where the percentage response is 50%.

did not respond to our contact attempts despite several emails; the sample consisted of 49 responses from FBIS applicants and only four from RBISF applicants, equivalent to a response rate of 15% for the FBIS and 7% for the RBISF, or 14% overall. There was no specific target response rate set for the non-beneficiary survey. All businesses were contacted multiple times with a view to obtaining as many responses as possible. The sample size does provide useful indicative findings for comparing the FBIS beneficiaries with non-beneficiaries, although the sample size for the RBISF was too small to undertake this exercise. Analysis of the comparability of the beneficiary and non-beneficiary samples was undertaken and is illustrated in Annexe H. Our analysis revealed statistically significant differences between the two groups with regard to their business size (turnover and full-time equivalent (FTE) employees).

- Alongside the primary research described above, we utilised Welsh Government MI data to help inform our findings. This primarily consisted of data for each funding window, which revealed the number of applicants, the status of applications, the size of grant funding, and information on applicants' profile (e.g. business size and subsector). We also analysed a separate database on the amount of grant funding awarded and claimed for each project. Additionally, we received key performance indicator (KPI) data which enabled us to assess whether the schemes had succeeded in meeting their official targets.
- Finally, we have developed five detailed case studies to draw attention to specific examples of the impact generated for businesses (see Annexe I).

2.4 In most instances, we have outlined the results for the two schemes separately so that each scheme can be judged on its individual merits. Analysis of the quantitative data has included cross-tabulations by business size and subsector to identify whether the support has been more beneficial to some business cohorts than to others. The quantitative analysis has also drawn on several pre-grant and post-grant questions within the survey (e.g. on business size, routes to market, and accreditations) to track changes since businesses received support. The qualitative data have been coded using a thematic matrix approach to identify common themes, whilst we have also highlighted some quotations throughout the report.

2.5 For the purposes of this report and analysis, the area of the impact considered is Wales. For instance, activities that move economic activity from England to Wales

are not viewed as displacement, and therefore have not been adjusted out, but instead counted as additional benefits to Wales.

Limitations in our approach to assessing the economic impact

- 2.6 Our approach to assessing the economic impact generated by the schemes is set out in the 'Business growth and economic impact' section in Chapter 5. Whilst we have been able to generate estimates based on this approach, we note that there are several constraining factors that have affected the robustness of the estimates presented.
- 2.7 Fundamental to the approach has been the use of self-reported data to identify the economic impact that could be attributed to the schemes. Our approach was based on asking beneficiaries how much of their latest turnover data could be attributed to the investment made through the FBIS or RBISF scheme. The difficulty with such an approach is that it asks individuals to make very broad estimates with regard to the schemes' impact on the turnover of their business and to separate that from numerous other contributing factors. For instance, we know that a large proportion of beneficiaries had received support from other projects and services (such as Cywain and Helix) during a similar period, which makes it more difficult to attribute the impact of this particular intervention. There are numerous other factors that will have affected beneficiaries' growth too, which, combined, affect the credibility of the estimates provided.
- 2.8 A more robust method is the construction of a 'counterfactual' comparison group which, if suitable conditions are met, can be used to estimate differences in growth trajectories between 'treatment' and 'control' groups. Whilst we did present analysis of the growth experienced by beneficiaries relative to non-beneficiaries (which acted as a comparison group), the significant difference in the sizes and types of businesses within each group limits the value of the analysis. These estimates in the abstract are prone to fallibility and should therefore be treated with a high degree of caution.
- 2.9 A further option would have been to draw on business records from secondary datasets held by the Office for National Statistics (ONS) in order to construct a more suitable control group. However, there were data gaps such as a lack of firmographic variables (e.g. age of business), as well as company registration

numbers, which constrained the feasibility of creating a suitable control group through such a method. Furthermore, we note that the profile of businesses benefitting from the schemes (a large proportion of which were very small microenterprises (1 to 4 employees — see Annexe G) would have made it difficult to match against national datasets in which information for businesses of that scale tends to be less comprehensive. The Inter-Departmental Business Register, for example, is based on HMRC's VAT and PAYE records; thus, it sometimes does not capture the smallest businesses (e.g. those below the VAT threshold or those with no salaried employees). For these reasons, we were not able to construct a more suitable control group.

- 2.10 Other techniques can be used to generate more robust estimates in the design of a control group, e.g. through propensity score matching (PSM)⁶. This was not considered to be feasible, however, due to the substantial variability within the types of businesses accessing the support (in terms of their size, subsector, etc.), the amount of grant support received (this varied significantly from <£20k to £5m), and the lack of baseline data. With regard to the latter, the baseline MI data only consisted of snapshot turnover, employee count, and subsector data. Other variables such as business age and historic turnover data (i.e. to identify trends over several years) would have been beneficial, as effective PSM exercises rely on having adequate information to match business records.
- 2.11 The lack of historic turnover data (only two data points were collected — a baseline and their turnover at the time of the survey 2022) raises a further issue, with beneficiaries receiving the grant funding at different points during the seven-year delivery period. To account for persistence rates for beneficiaries that received support earlier in the delivery period, we applied a three-year persistence rate whereby the turnover impact for all businesses receiving support from 2019 onwards was taken in full and the impacts reported by beneficiaries receiving support before that point was discounted by 10% per year. This is designed to account for the fact that there will be many other contributing factors affecting beneficiaries' turnover more than three years on from the intervention.

⁶ Propensity score matching is a quasi-experimental method in which the researcher uses statistical techniques to construct an artificial control group by matching each treated unit with a non-treated unit of similar characteristics.

- 2.12 It is also important to note the impact of the COVID-19 pandemic in adding further complexity and doubt as to the estimates generated. Our approach when the economic conditions are more stable is typically to identify the change in turnover for each beneficiary (i.e. before and after support) and then ask what proportion of growth (if reported) can be attributed to the intervention. However, an alternative method was agreed with the Welsh Government in order to account for the fact that the pandemic caused turmoil in businesses' growth trajectory around halfway through the schemes' lifespan. The difference in our approach in this study was to ask the attribution question based on beneficiaries' latest turnover data (rather than their growth in turnover) to account for any 'safeguarding' impact on turnover. In other words, a business could have experienced only modest growth or even a reduction in turnover which may have been caused by the pandemic, but these schemes helped to ensure that their turnover level was higher than it otherwise would have been. Our approach for this evaluation accounted for those impacts and was considered to be a feasible means of trying to broadly identify the 'deadweight'⁷ when considering the broader economic context. However, by using overall turnover and self-attribution we are reliant on potentially larger value estimates, leading to greater concerns surrounding their credibility. Where values looked anomalously high we have reviewed the qualitative responses in order to test this credibility and have found that these are mostly valid (given the position of these organisations should they have not received the funding).
- 2.13 While scaling responses to the whole beneficiary population is aided by the strong response rate, in all instances the scaling approaches have had to use averages rather than applied rates of return to individual baseline figures for each organisation in the wider population. This is because the monitoring information gathered by the programme did not capture variables such as turnover and employment on an ongoing basis. Instead, we have produced our scaled results based on segmentation of the respondents and population and applying the weighted averages from each segment. This helps to control for the effects of larger businesses impacting on the smaller segments.
- 2.14 Given these methodological constraints, the estimates regarding economic impact provided in this report should be treated with caution. That being said, they do

⁷ The 'deadweight' is the proportion of outcomes that would have occurred anyway without the support.

provide valid indicative estimates regarding the scale of impact generated by the schemes.

3. Overview of FBIS and RBISF delivery

Background and rationale of the schemes

Food and drink sector in Wales

3.1 The Welsh F&D industry is one of Wales' largest business sectors, with 170,000 people contributing to gross sales of £17.3bn⁸ and over 223,100 people employed within the whole F&D supply chain⁹. Accordingly, F&D has been identified as a priority economic sector in Wales and, for that reason, has received significant support and policy backing. We conducted a comprehensive policy review as part of the Stage 1 evaluation, where the headline findings were as follows.

- The 'Food for Wales, Food from Wales 2010 to 2020' strategy paper and the 'Towards Sustainable Growth 2014 to 20' (TSG) action plan have been the key documents setting out the strategic priorities and actions. The latter incorporated a significant focus on achieving economic growth within the sector, including an ambitious target to grow sales by 30% by 2020¹⁰.
- There has been much emphasis on creating a better pathway to growth for micro- and small businesses which have been unable to go beyond serving local markets. This is a key pillar of the broader strategy for growth, recognising that the sector in Wales is dominated by very small microenterprises, with a lack of small to medium-sized firms. Accordingly, much of the focus has been on supporting microenterprises to professionalise and scale up their operations.
- A further pillar of the strategy for growth is to develop the export and domestic markets. With regard to the latter, TSG focuses on the substitution of imported products with domestic products through ongoing supply chain dialogue and support schemes to build more integrated supply chains, working with the domestic retail and hospitality markets. Additionally, supplying the public sector was recognised as another key opportunity. Indeed, public sector procurement has been an increasingly important issue for the Welsh Government, as procurement from 'local' businesses sustains employment and can significantly reduce food miles. This links with another key policy agenda for the Welsh

⁸ [How we can help \(Business Wales: Food and Drink\)](#)

⁹ [Education, Skills and Training \(Business Wales: Food and Drink\)](#)

¹⁰ Welsh Government, [Food and drink industry: action plan](#)

Government with respect to supporting the foundational economy¹¹, which incorporates a focus on ‘place’ (i.e. on geographical areas). It seeks to target investment in the foundational economy to create good employment conditions, reduce the leakage of money from local communities, and address the environmental cost of extended supply chains.

- In addition to the traditional concept of growth, the strategy and the action plan highlighted a new emphasis on sustainable development within F&D policy, with much focus on the environmental aspects of production and consumption. This aligns with the broader policy direction in Wales which seeks to integrate economic, environmental and social goals under the ambition of developing a sustainable economy, or ‘inclusive growth’ (i.e. the concept of ensuring that economic growth is distributed fairly across society and creates opportunities for all).
- The new strategic vision for the sector focuses on similar themes to those of the previous strategy, articulating the F&D sector’s role in creating economic prosperity through promoting growth and productivity, combined with a strong social and environmental emphasis¹². As part of this, the ‘Building on our success’ strategy incorporates an ambition for the sector to grow more quickly than in the rest of the UK and to at least £8.5bn by 2025; to reach the highest levels of environmental sustainability; to move towards more attractive and fairer work for people¹³; and to establish the highest reputation and standards through accreditation, win awards, and attain the highest food hygiene standards. Gaining accreditations is also considered to be a useful proxy indicator with which to identify businesses which are most serious about growth.

Rationale behind FBIS and RBISF

- 3.2 The investments made through the FBIS and the RBISF are considered to be flagship interventions by the Welsh Government to achieve their policy objectives to generate growth in the sector and to increase sustainability and food security through building and advancing capital assets. The schemes support processors

¹¹ The foundational economy is the provision of basic goods and services on which every citizen relies, encompassing care and health services, food, housing, energy, construction, tourism, retail, and so on.

¹² [Vision for the Food & Drink industry from 2021 \(Business Wales: Food and drink\)](#)

¹³ Underpinning this is a target in which every year the proportion of F&D sector employees receiving at least the Welsh Living Wage will increase to achieve 80% by 2025.

directly to increase their capacity, leading to growing their productivity and income. The FBIS also supports other businesses, notably primary producers, to diversify by developing a processing element to their business, thereby adding value to their operation. This is particularly important with farmers actively seeking diversification opportunities following Brexit.

- 3.3 The RBISF is slightly different in that it was designed to support projects not eligible under the FBIS and, thus, has not focused on diversification activity. Rather, the RBISF has predominantly focused on supporting other F&D businesses not involved in processing primary agricultural products.
- 3.4 The FBIS is designed to benefit primary producers indirectly through enhancement of the operations of processors to which they supply. The hypothesis is that increases to processors' production will need to be met by an increased demand for more raw materials from local producers. In this way, the scheme provides a broader supply chain focus.
- 3.5 The scoping consultation highlighted that capital investment is needed to help businesses to develop their premises and support purchasing equipment, and yet without support, much of the capital investment would not be made. It is a low-margin industry and, thus, the ability to invest is constrained. Additionally, the investments needed are often expensive. For example, investing in developing a food factory will often cost more than the premises is eventually worth. It can be difficult for some early-stage and smaller businesses to access investment from commercial lenders.

Delivery model for the FBIS and RBISF schemes

- 3.6 There are four elements to delivering the grant schemes:
- promoting the schemes to potential applicants
 - undertaking the application and appraisal process
 - distributing the grant support
 - monitoring the impact.

3.7 The key aspects of the delivery model are outlined below to provide context for the report (further information on the delivery model can be found in the FBIS and RBISF guidance notes)¹⁴.

- Applicants underwent a two-stage application process for both schemes, comprising an EOI once application windows opened (there were nine windows for the FBIS and seven for the RBISF), followed by a full application for those successful at the first stage. The team at the Welsh Government Food Division were responsible for appraising the EOI submissions, with Rural Payments Wales (RPW) responsible for scoring and appraising the full applications. Each application was assessed regarding its VFM (based on the anticipated increase in turnover divided by the grant value), deliverability, potential value to the economy, the degree to which the investment would support the sector, and the longer-term sustainability of the market and/or the business.
- There are similar parameters for both schemes with regard to grant support and eligibility. The grants can only account for up to 40% of the investment. The FBIS is open to SMEs and large businesses, whilst the RBISF is designed specifically for microenterprises and small businesses.
- Support under these schemes can cover tangible assets such as land, buildings, machinery and equipment as well as intangible assets such as computer software, consultancy fees, etc. The grants can be used to improve processing facilities, e.g. to erect new buildings (specifically for processing), refurbish old premises, and buy eligible equipment. One key difference between the schemes is that the FBIS can only be used to support projects in which the inputs of the processing activity are at least 90% eligible agricultural products sourced from within the EU, whereas the RBISF does not have that limitation. Indeed, this was a key reason for introducing the RBISF — to remove a significant limitation within the FBIS design (mandated through RDP funding regulations), thereby ensuring that more businesses within the sector could access capital support.
- The FBIS is a much larger scheme with a total budget of £65m and a maximum grant offer of £5m (minimum £2.4k), compared with the RBISF's total budget of

¹⁴ See the latest guidance notes for [Food Business Investment Scheme: guidance](#) and [Rural Business Investment Scheme \(Food\): guidance](#)

£3.5m and maximum grant offer of £150k (minimum £5k). The FBIS did see some changes made to three of the nine windows — the maximum grant was reduced from £5m to £75k in Window 3 and to £150k in Window 4 to target smaller businesses. Window 6 was opened specifically to encourage slaughterhouses to invest in CCTV and related equipment to ensure that they could comply with new legislation at the time.

- Progress was monitored for both schemes through regular progress updates and a final report three months following completion (when project performance is evaluated against the objectives and targets set). If the project has failed to meet these targets and, on the basis of progress actually made, would not have qualified for grant aid under the scheme, action can be taken to recover the grant paid. RPW are responsible for ensuring that the projects are delivered as intended, with a member of their technical team conducting an inspection once 80% of the claims is made to review the invoices etc.

Delivery output

Scale of the operation

- 3.8 Collectively, businesses made 520 applications to the FBIS, with 127 successful, representing a success rate of 24%. As Table 3.1 below demonstrates, every window was oversubscribed, with 63% of applications unsuccessful at the EOI stage, demonstrating the demand and the highly competitive nature of the process.
- 3.9 In total, 469 businesses applied for FBIS grant support, with 119 successful (25%), including eight businesses that were successful on two separate occasions. Additionally, 19 of those businesses had unsuccessful attempts alongside the applications that were awarded funding. Of the 350 businesses that were unsuccessful, 15 experienced multiple unsuccessful applications.

Table 3.1: Review of FBIS grant application data

Window	Number of applications				Value of grants					
	Total apps.	Overall success	Unsuccessful at EOI	Unsuccessful/withdrawn at Stage 2	Overall success rate	Total awarded	Average (mean) awarded	Total claimed	Percentage claimed	
1	82	16	60	6	20%	£10,474,236	£654,640	£9,169,978	88%	
2	64	15	44	5	23%	£19,998,753	£1,333,250	£18,165,087	91%	
3*	50	24	4	22	48%	£1,323,387	£55,141	£1,229,106	93%	
4*	51	18	27	6	35%	£1,854,879	£103,049	£1,568,989	85%	
5	69	10	53	6	14%	£1,909,080	£190,908	£1,896,988	99%	
6	15	4	6	5	27%	£414,719	£103,680	£31,347	8%	
7	51	9	41	1	18%	£7,644,217	£849,357	£3,403,265	45%	
8	45	9	33	3	20%	£1,808,493	£200,944	£366,835	20%	
9	93	22	62	9	24%	£14,317,071	£650,776	£3,691,350	26%	
Overall	520	127	330	63	24%	£59,744,835	£470,432	£39,522,946	66%	

Source: Analysis of MI data supplied by the Welsh Government up to March 2023

* Note: The maximum grant was reduced from £5m to £75k in Window 3 and to £150k in Window 4 to target smaller businesses

- 3.10 In total, just under £60m of grant funding has been awarded through the FBIS at an average of just under £470k for the 127 projects, demonstrating the substantial scale of activity undertaken. Indeed, whilst there is significant variation in the sizes of grants awarded through the FBIS, ranging from £2,459 to £5m, most were sizeable, with 54% awarded more than £100k (including 11% that were awarded more than £1m).
- 3.11 The total funding awarded represents 92% of the budget, thereby demonstrating that the scheme has been successful in awarding the vast majority of funding that was available. This is the first indicator of success for any capital grant scheme. Equally, the data also reveal that only two thirds of the grants awarded, equivalent to ca. £39.5m, has been spent or claimed to date. This is largely because 41% of projects funded from Window 6 onwards (18/44) had their financial completion date in March or June 2023 and, thus, will not have claimed for the full grant award yet. Ninety percent of the funding awarded in Windows 1 to 5 was claimed in comparison to only 31% of the grants awarded from Windows 6 to 9. If we assume that a similar proportion of the grants awarded in those windows will eventually be claimed (i.e. 90% across all windows), that would equate to £53,813,777 being spent by the end of the process, which would represent 83% of the budget.
- 3.12 There was substantial variance from window to window in terms of the number of applications received, success rate, and average grant size awarded. This is partly due to the changes made to some of the windows, with Windows 3 and 4 including a much lower maximum grant cap (thereby explaining the smaller sizes of grant applications coming through and the greater number of EOIs that could be progressed to a full application), while Window 6 was targeted at slaughterhouses for investment in CCTV (again explaining the smaller sizes of grants applied for as well as the lower number of applications coming through). The purpose of targeting Window 6 specifically at slaughterhouses was driven by the Office of Chief Veterinary Officer (OCVO) within the Welsh Government, who wanted to encourage and support abattoirs to install CCTV in preparation for the proposed compulsory legislation for all abattoirs to have CCTV for the purpose of monitoring animal welfare.
- 3.13 Table 3.1 also shows some drop-off in applications at Stage 2, with around one third (33%; 63/190) of all applications that went through to Stage 2 either ultimately

unsuccessful or withdrawing. The latter is linked to some of the issues experienced during the application and appraisal process, with long delays leading to applicants pulling out of the process. These delays were particularly problematic when combined with high levels of inflation, leading to businesses having to pay more than anticipated for their projects, and compounded by the fact that the scheme could not commit more funding in order to account for spiralling costs (only the amount agreed during the EOI stage could be awarded). Several businesses cited frustrations surrounding this, which we will discuss in greater detail in the following chapter.

- 3.14 A decision was made to close the RBISF earlier than intended and before the budget could be utilised because of resource constraints within the Welsh Government. Delivery team members explained that they had to prioritise the FBIS, as the main scheme, and redirect available resources towards it. Accordingly, Table 3.2 below demonstrates that only 28 projects were awarded funding, amounting to ca. £811k, which is only 23% of the budget that was made available for the scheme. All of these projects have now been completed, with 88% of the awarded amount claimed and spent, meaning that £714,971 of grant funding was eventually administered through the scheme. This is similar to the ratio predicted for the FBIS, where it is expected that 90% of the awarded funding will be spent.
- 3.15 The data also reveal that 13% of applicants that went through to Stage 2 (8/64) decided to withdraw from the process, likely because of the delays cited previously, which contributed to an underspend of ca. £129k.

Table 3.2: Review of RBISF grant application data

Number of applications					Value of grants awarded					
Window	Total apps.	Overall success	Unsuccessful at EOI	Unsuccessful/ withdrawn at Stage 2	Overall success rate	Total awarded	Average (mean) awarded	Total claimed	Percentage claimed	
1	17	6	8	3	35%	£190,706	£38,141	n/a	n/a	
2	19	5	10	4	26%	£102,066	£20,413	n/a	n/a	
3	17	2	6	9	12%	£55,144	£27,572	n/a	n/a	
4	8	4	1	3	50%	£112,340	£28,085	n/a	n/a	
5	9	4	0	5	44%	£79,270	£19,818	n/a	n/a	
6	4	2	1	1	50%	£71,229	£35,615	n/a	n/a	
7	21	5	5	11	24%	£178,234	£35,647	n/a	n/a	
Overall	95	28	31	36	29%	£811,153	£28,970	£714,971	88%	

Source: Analysis of MI data supplied by the Welsh Government up to March 2023

3.16 The data reflect the differences in the grant schemes, with the average (mean) grant size awarded through the RBISF just under £29k in comparison to the ca. £470k for the FBIS. That being said, larger grant applications have been more successful in both schemes. The average grant size requested by unsuccessful applicants was under £26k for the RBISF and ca. £344k for the FBIS, both smaller than the average successful application.

Beneficiary profile

3.17 Generally, FBIS beneficiaries are very small organisations; analysis of the MI data reveals that 66% were microenterprises (i.e. fewer than 10 employees) at the point of applying for support, while a further 20% fell into the 'small' business category (i.e. 10 to 49 employees). The scheme has, however, supported large businesses too — 2% had more than 250 employees, while 13% were medium-sized businesses (50 to 249 employees). Due to the eligibility requirements, all of the RBISF beneficiaries were microenterprises (93%) or small businesses (7%).

3.18 The beneficiary profile was skewed towards larger businesses; for example, only 24% of microenterprises had a successful FBIS application in comparison with 32% of small businesses and 38% of medium-sized businesses. This is potentially linked to resourcing and having the expertise with which to write effective applications in what has been described by many as a time-consuming and complicated process (as we will discuss in the following chapter).

3.19 A notable minority of beneficiaries were start-up businesses at the time of applying for support, including 20% of FBIS and 19% of RBISF beneficiaries (source: MI data). At the same time, start-ups were less likely to be successful, with a success rate of only 19% for the FBIS and 16% for the RBISF (both below the overall average). It is perhaps surprising that the start-up success rate for the RBISF is no higher than for the FBIS when considering that the former was designed for smaller businesses, including start-ups.

3.20 The vast majority of businesses that received support already had a food processing or manufacturing operation in place, with 75% of FBIS beneficiaries (39/52) and 91% of RBISF beneficiaries (10/11) reporting this in the beneficiary survey. A large proportion of FBIS beneficiaries were farm businesses too, with one quarter (13/52) reporting that they had no previous processing operations (thereby using the FBIS to diversify their operations), while a further 15% (8/52) were

seeking to enhance a processing operation on their farm. Fewer farm businesses had engaged with the RBISF (only 2/11) and only one had received support while having had no previous processing operation. This is because the scheme had been designed to support businesses that were not eligible under the FBIS (principally businesses that were not processing primary agricultural products). Thus, with farm diversification activity supported under the FBIS, it was generally not supported under the RBISF.

3.21 No subsector was targeted specifically; however, five subsectors have been particularly prevalent within the FBIS beneficiary profile, which is shown in Table A2 in Annexe G and summarised below.

- Firstly, there were more egg processing beneficiaries than any other subsector, accounting for 35% of beneficiaries. Whilst those beneficiaries have typically received smaller grants than average, this segment still accounts for ca. £5.5m or 9% of all the funding awarded. This subsector also had the second-highest success rate, with 38% of all EOI applications progressing to grant funding. Some Welsh Government policy officials questioned the strategic value of investing so heavily in egg processing, which was not perceived to be a particularly high-growth area (we return to this later in the report).
- Secondly, dairy businesses account for 21% of all beneficiaries. They generally received some of the larger grants and, as such, this subsector constitutes by far the highest proportion of grant funding (41% or ca. £24.5m).
- Thirdly, meat products account for 15% of beneficiaries and 22% of the grant funding (ca. £13.3m).
- Fourthly, 11% of beneficiaries operate in the alcohol (primarily breweries) subsector, although these were smaller-than-average grants, with the segment only accounting for 3% of the total grant awarded (ca. £1.7m).
- Fifthly, despite only representing two % of beneficiaries, the horticultural subsector accounts for £12m or 20 % of all the grant funding.

3.22 Collectively, these five subsectors represent 84% of beneficiaries and 95% of funding (there were beneficiaries from 11 subsectors in total and applicants from 19 subsectors — see Table A2 in Annexe G). It is again important to note that this beneficiary profile reflects the design of the scheme, i.e. that it was only open to

beneficiaries processing a primary agricultural product, with 90% sourced from within the EU.

- 3.23 Dairy, meat and alcohol also represent some of the most prevalent subsectors supported by the RBISF, although the support has been distributed over a broader breadth of subsectors (encompassing tea/coffee, bakery, confectionery, drinks, and preserves). This is illustrative of the fact that the scheme was designed to support businesses that were not eligible for FBIS support; thus, a more varied sectoral composition can be seen.
- 3.24 A large proportion of FBIS beneficiaries were well placed for growth prior to receiving the support. Our survey found that 56% of beneficiaries held at least one accreditation, 45% were already supplying national retailers/wholesalers, and 10% were exporting. Only 16% of beneficiaries were relying entirely on smaller-scale, local routes to market, such as local/independent retail shops and outlets, farmer markets, farm shops, and festivals/events.
- 3.25 The differences in the profile of businesses can again be seen in the RBISF data, with slightly less than half of beneficiaries surveyed (5/11) relying on the smaller-scale, local routes to market mentioned above, while only three of 11 were supplying to national retailers/wholesalers, only two held any accreditation, and none were exporting.

Motivations behind support

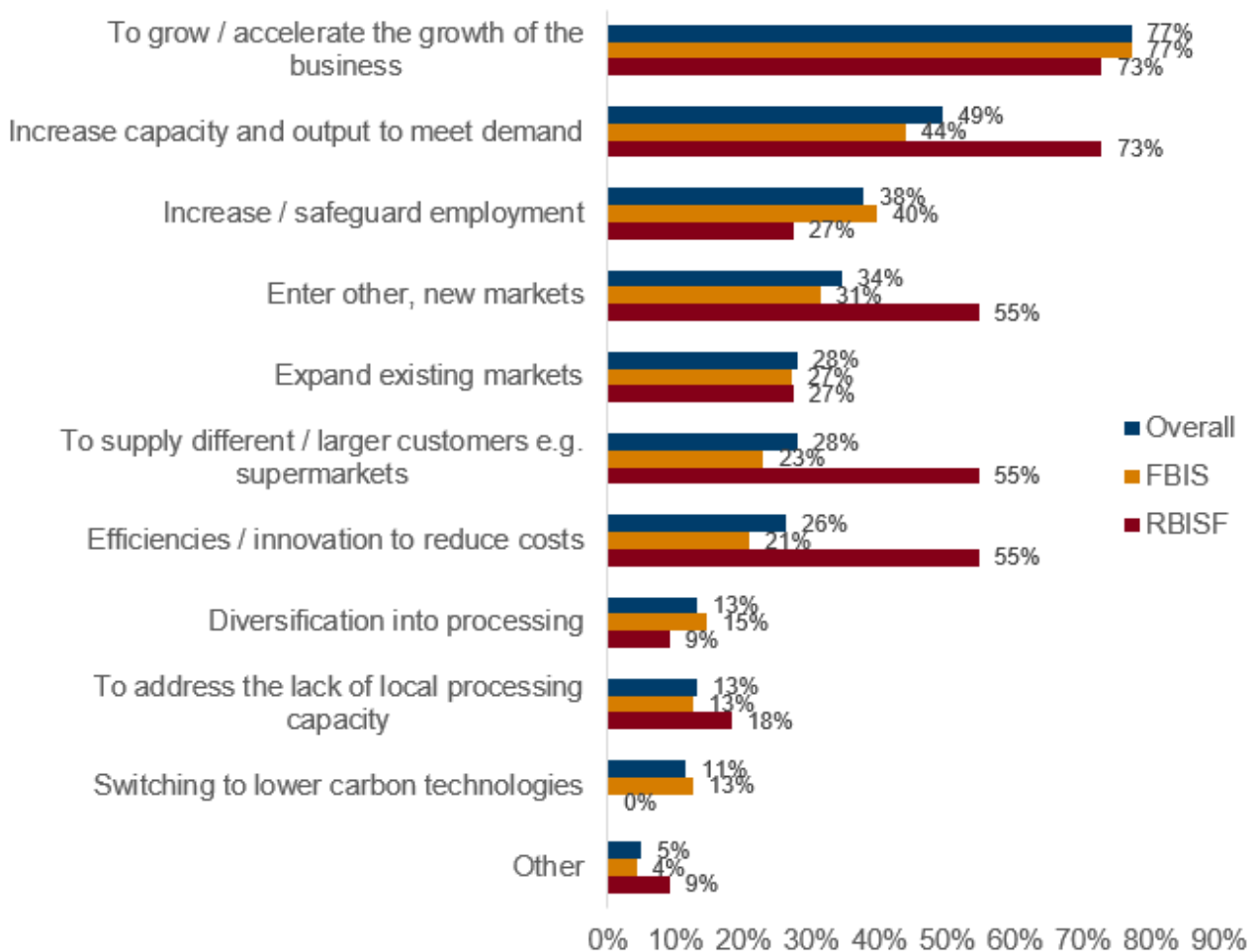
- 3.26 The vast majority of beneficiaries across the two schemes were experiencing or planning for growth before accessing the support (88% overall). In describing their motivations behind support and the role of these schemes in their growth plans, beneficiaries explained how they were unable to meet demand and needed to increase their production capacity (42% cited this). They highlighted how their business had hit a ceiling with regard to their growth potential and needed capital injection before they could take the next step:

“I had been trading for about three years and reached a point where I could not produce enough to meet customer demand. I needed to upgrade the processing equipment to be more productive and increase capacity so that I could sell more locally but also start meeting the increasing online demand.” (Beneficiary Survey)

- 3.27 Others referred to a need to professionalise their production processes, e.g. by developing a modern, purpose-built unit onsite, moving to a new premises (often outside of their domestic home), or simply to improve their processes (cited by 38%):
- “The gin distillery is currently run out of our house. However, we need to become a bonded warehouse and for that we need separate premises which are also secure. This will also enable us to increase production capacity, increase buying power.” (Beneficiary Survey)
- 3.28 Two beneficiaries described how they were having to outsource their production, which constrained their growth ambitions:
- “The business was facing increased demand. We were having to send our coffee to another processor to be roasted and this was slowing down our production levels and hitting our profit margin. We were also looking to sell online through large online retailers but required a big increase in production levels to do this and create our own inhouse coffee roasting facility.” (Beneficiary Survey)
- 3.29 For others, the support and the desire to increase production were key components of their strategy to supply national retailers and wholesalers (28%): “Basically, we were trying to become stocked in every single retailer in the UK.” Others cited a need to diversify their product offering (26%). For the start-up cohort, which represented around one fifth of beneficiaries, the grant was a key part of enabling the businesses to establish their processing operation:
- “We had developed [...] fibre-based food supplements but were looking to take it to the next stage in terms of producing food-production-style samples that could then be used to win contracts with food manufacturers. To do this we needed to buy food production equipment that met food production standards and show the viability of the product.” (Beneficiary Survey)
- 3.30 Farm businesses were generally motivated by a need to diversify in order to maintain their family farm and generate income that could sustain the next generation and/or multiple families (26% of all respondents cited this) (see Cerrigroes Farm case study in Annexe I).

3.31 When we asked a closed question¹⁵ on the main barriers preventing beneficiaries from carrying out their growth plans prior to receiving the grant, 68% cited access to finance, followed by 54% citing a lack of production capacity and 48% citing their premises as a constraining factor. Beneficiaries were also asked a closed question on their reasons for accessing grant support, which further demonstrates how it tied in with businesses' growth ambitions (see Figure 3.1 overleaf).

Figure 3.1: Beneficiaries' reasons for applying for the grant support



Source: Beneficiary survey (n=61 overall, n=48 FBIS, and n=11 RBISF)

Conclusions

3.32 In summary, the grant schemes primarily supported small businesses and microbusinesses that wanted to take the next step to grow their businesses by improving and professionalising their production processes. In addition, a small number of medium-sized to large businesses were also supported to increase their

¹⁵ A closed-ended question is composed of pre-populated answer choices for the respondent to choose from, while an open-ended question asks the respondent to provide feedback in their own words.

economic output further, whilst farm businesses were generally supported to help sustain their operations, business succession, and ensure viability for multiple families. Many of these businesses were already accredited and could articulate their plan for growth. Accordingly, the cohort of businesses supported does appear to closely align with the core strategic objectives of the Welsh Government, particularly with regard to creating a better pathway to growth. Equally, some Welsh Government policy officials suggested that a more targeted approach to the project support, particularly with regard to subsectors, would increase the strategic value of the schemes further. We explore this theme further in the following chapters.

Review of overall spend data

- 3.33 Alongside the provision of grant funding, there were other costs associated with the administration of the schemes through the time spent by RPW. Whilst RPW have not recorded the specific time taken by staff to complete all of the administrative processes, checks and controls required for the compliant delivery of schemes under the RDP 2014 to 2020, the team have provided an estimate which was calculated retrospectively using captured application and claim data, the funding awarded under Technical Assistance, and operational knowledge.
- 3.34 On this basis, the administrative cost of the FBIS has been calculated to be in the region of £3.29m. If we add this to the total amount of grant funding allocated and spent to date (see Table 3.1 above), it provides a best estimate of ca. £63m of funding committed and ca. £43m spent to date. This is likely to be an underestimate, as it does not, for example, include costs associated with the time spent by Welsh Government policy officials. Nevertheless, we will use this figure as the basis for calculating the scheme's ROI.

4. Key findings on the design and delivery

4.1 This chapter explores some of the main lessons learnt with regard to the design and delivery of the FBIS and RBISF schemes.

Grant parameters and design

4.2 The design aspects of both schemes have been well received by beneficiaries and non-beneficiaries, with the key survey findings as follows.

- Beneficiaries provided a high score (89%) of agreement when asked whether the size of the grant was appropriate for their needs, with most providing the highest score¹⁶.
- The majority (84%) were satisfied with the intervention rate, although most beneficiaries selected 'Satisfied', rather than 'Very satisfied', which is perhaps illustrative of the difficulties in contributing 60% of the funding for often very substantial investments.
- Many were satisfied (79%) with the eligible costs and activities, although beneficiaries were again more likely to select 'Satisfied' than 'Very satisfied'.

4.3 While the figures above relate to the overall sample, there was little difference in the response from FBIS and RBISF beneficiaries, with both cohorts generally satisfied with the various design aspects.

4.4 The size of the grants provided is a strength of the schemes because of the ability to cater to projects and businesses of all sizes, from a small investment of less than £5k to multi-million-pound investments. Equally, one Welsh Government official questioned the need to provide grants of as little as £2.5k, particularly given the resources required to make the application and the time taken to gain approval, noting that businesses would be much quicker and better off financing through credit: "There [were] multiple instances of sub-£10k grants requests, so a lot of those [types] of application didn't progress to approval purely because businesses dropped out." Accordingly, it was confirmed that the replacement scheme will have a minimum threshold of £20k.

¹⁶ This question was asked using a scale of 1 to 5 (where 1 is 'Not at all' and 5 is 'To a great extent').

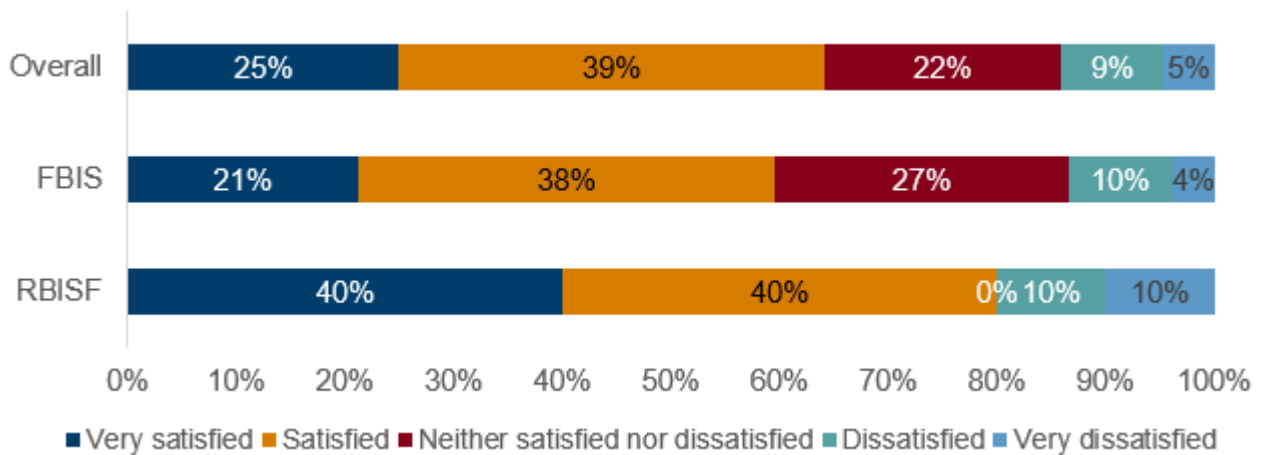
- 4.5 Perhaps the main constraining factor within the design of the FBIS was that the scheme was only open to beneficiaries processing a primary agricultural product, with 90% sourced from within the EU. This explains the composition of the subsectors shown in the previous chapter, which primarily focused on dairy, egg production, and meat. Businesses that produce soft drinks and certain types of confectionery and baked goods are all examples of projects that could not be funded under the FBIS. This will have affected the scheme's ability to target the support at growth areas, as suggested by one of the Welsh Government policy officials.
- 4.6 The RBISF was designed to address this limitation because it could be used to support those other subsectors. This is reflected in the MI data, where dairy and meat products constitute a much smaller proportion of investment for the RBISF, with the funding much more evenly spread and across a wider range of sectors (see tables in Annexe G). However, the scheme was itself limited in that only small businesses and microenterprises were eligible, and for much smaller, less transformative grants. Equally, the scheme ended early, with less than one third of the budget awarded. Accordingly, the opportunity to invest in and prioritise different subsectors remained constrained.
- 4.7 Whilst there were some examples of targeting certain cohorts within the sector (i.e. the windows open specifically for small businesses and slaughterhouses), in general the scheme was designed to be very open. There were some mixed views on this within the delivery team. Some liked the idea of having a clearer strategic purpose and to target the scheme accordingly, e.g. to equip slaughterhouses with the equipment needed to meet the requirements set out in new legislation. Others suggested investing in growth areas to better align with the policy objectives (e.g. by identifying which subsectors are most likely to generate growth for the Welsh economy). Other Welsh Government officials felt that it was more appropriate to keep the scheme open in order to ensure that the focus was purely on supporting the best projects.

Application and appraisal processes

- 4.8 There are two clear themes within the feedback from beneficiaries regarding the application process, as we demonstrate in Figures 4.1 and 4.2 below. Firstly, beneficiaries were much happier with the Stage 1 EOI process than with the Stage

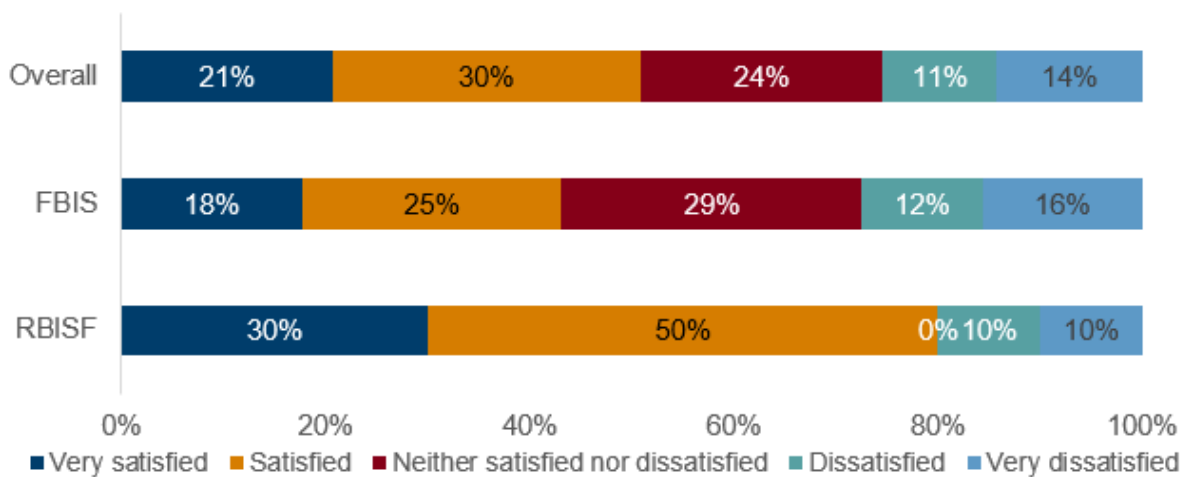
2 full application. Secondly, RBISF beneficiaries were more satisfied with their experience than were the businesses participating in the FBIS.

Figure 4.1: Beneficiaries' satisfaction with Stage 1 – Expression of Interest



Source: Beneficiary survey (n=64 overall, n=52 FBIS, and n=10 RBISF)

Figure 4.2: Beneficiaries' satisfaction with Stage 2 – Full application



Source: Beneficiary survey (n=64 overall, n=52 FBIS, and n=10 RBISF)

4.9 The Stage 2 full application process appears to have been more problematic with FBIS beneficiaries, with only 43% reporting that they were either satisfied or very satisfied and 27% expressing dissatisfaction with the process. The lower satisfaction recorded for Stage 2 is likely to be linked to under-resourcing within the RPW team responsible for that stage of the FBIS. Indeed, there were several comments alluding to dissatisfaction with the slow turnaround and a lack of communication in the responses from beneficiaries and non-beneficiaries, although we note that 61% of beneficiaries did report that they were satisfied with the

timescales of grant approval when responding to a closed-ended question on this. Additionally, it is important to state that this appears to be a broader issue with the administration of RDP funding in Wales, rather than a specific issue with the FBIS administration.

4.10 The higher level of satisfaction with the RBISF is potentially because the Welsh Government Food Division team were responsible for the entire process and, according to one Welsh Government official, were able to simplify it. Indeed, the complexity of the application process was the main theme cited when beneficiaries were asked about the challenges. The delivery team acknowledged that some businesses still found the RBISF process to be difficult and “there was a fairly high level of dropouts because it was too much work, especially for the minimum grants”.

4.11 Non-beneficiaries were more critical of the process, as we would expect when considering that they were not awarded funding. The scale of dissatisfaction is noteworthy, with 62% (13/21) reporting that they were dissatisfied with Stage 2 and only 14% (3/21) reporting satisfaction with the process. Additionally, 15% of the non-beneficiaries that we surveyed (8/53) reported that they decided to withdraw from the schemes because of the delays or because the application process was too difficult or time-consuming:

“We spent a really long time on the application process. FBIS was hugely late in confirming the application was successful. The stipulation was that the project has to be ready to go now, so we started to purchase equipment which our grant advisor said we could claim back. The second part of the application process was months and months away, but the wholesaler wanted a product to sell and the industrial unit we had lined up was sold to someone else, so we had to withdraw from the process. We had missed our window to get the product off the ground with both the industrial unit availability and also the wholesaler who wanted the product to sell.” (Non-beneficiary Survey)

“The application was too long-winded and I couldn’t afford to spend any more time on the form filling.” (Non-beneficiary Survey)

4.12 The delivery team felt that the process had worked reasonably well, noting that there were “pros and cons”, with the scheme able to provide a sufficient level of scrutiny, whilst acknowledging that it was “long-winded”. One team member set out

that the “downfall” within the process was the time that it took to appraise full applications at Stage 2, which is consistent with the findings outlined above. Additionally, the PPIMS system (IT system) deployed at Stage 2 was highlighted as a further barrier, with a delivery team member explaining that it had been designed for a different purpose and was too cumbersome for beneficiaries, leading to further frustrations.

- 4.13 Whilst time delays have clearly been an issue, the vast majority of beneficiaries (82%) also cited challenges in completing the forms. Two key themes stand out in the responses, with 45% highlighting that the application was too complicated and asked for too much information, while, linked to this, 38% indicated that it was too time-consuming. Some referenced the strain and pressure that it put on them in trying to balance their commitments towards running their business alongside the time that it took to complete the application:

“The application was really complicated and open to interpretation. I ended up having to bring in a consultant to complete the application, as it was so time-consuming and required someone with experience of filling in these types of documents.” (Beneficiary Survey)

- 4.14 Small businesses are likely to be particularly dissuaded by the time commitment and complexity, which may explain why smaller businesses had a lower success rate than did larger ones. Indeed, the specific challenge for small businesses was highlighted by six respondents (nine percent), as demonstrated below:

“It’s a lot of work to do and complicated for a small business. Lots of people I know didn’t apply, for this reason. It takes up so much time.” (Beneficiary Survey)

- 4.15 For these reasons, 58% of beneficiaries felt compelled to access support from external providers, including 38% paying for the services of independent consultants, compounding the challenge for smaller businesses.

- 4.16 Twenty percent of beneficiaries had accessed support from other Welsh Government-funded services to help them to develop their application, including eight citing Business Wales, three citing Farming Connect, two citing Cywain, and one citing the Food Innovation Centres. On the one hand, this is a sign of good collaboration and shows a natural fit within the broader support landscape, e.g. where a beneficiary receiving general business development support through

Business Wales or Cywain identifies an opportunity for growth and is then supported by the service to receive a grant from the FBIS or the RBISF. However, this support appears to have been delivered on an ad-hoc basis, rather than in a structured, systematic manner (e.g. where applicants happened to be receiving support from another provider at the time and mentioned this to them). Thus, it further undermines the equitable nature of the support.

- 4.17 Only eight beneficiaries (12%) reported that they had accessed support from members of the delivery team, which is perhaps illustrative of the strict limits on what they could do; for example, some beneficiaries had paid their consultant to develop the bid for them — clearly, the Welsh Government could not provide that level of support.
- 4.18 In total, 73% of beneficiaries had received support from one provider or another to navigate the application process. By comparison, only 37% of non-beneficiaries had accessed support and only 15% had paid for an independent consultant (compared to 38% of beneficiaries who had paid for independent consultants). This would imply that the support provided by external providers, particularly independent consultants, has had an impact on the quality of applications and, thereby, the projects that were successful:
- “I feel it was frowned upon that we completed the application ourselves and did not use a consultant.” (Non-beneficiary Survey)
- 4.19 Indeed, 72% of beneficiaries reported that the support that they received from different providers to navigate the application process had been ‘Very useful’ and a further 17% reported that it had been ‘Useful’ (across all sources).
- 4.20 The influence of independent advisors was also highlighted by the delivery team:
- “The need for the EOI to be competitive meant that there was a knack to completing it and some agents had that knack. It wasn’t necessarily strong projects that scored well — it was because they knew the technique to get the scores within the application because of the scoring process.” (Interview with delivery team member)
- 4.21 This was particularly evident within egg processing and perhaps explains the high level of applications and the high success rate in that subsector, with delivery team members reporting that consultants were encouraging farmers to diversify into egg

processing and recommending FBIS support as a route to do so. The delivery team further noted that a majority of the egg projects (along with other farm diversification projects) benefitted from Farming Connect support, where advisors supported their application development. This support from Farming Connect was not available to F&D businesses outside of the agricultural sector.

- 4.22 Accordingly, the new grant scheme has seen a different approach with regard to the scoring model “so that it’s more about the relative value of the project itself, rather than some narrative, to make sure that points are scored because you’ve covered a certain area” (according to a delivery team member).
- 4.23 The other potential improvement highlighted by delivery team members is to provide a consistent level of support to all applicants to make it as accessible as possible, ensure that there is a level playing field, and remove the need to commission external consultants. Alternatively, one delivery team member suggested that the scheme should streamline the process and be willing to accept that some level of scrutiny will need to be sacrificed as a result.

Appraisal and project selection

- 4.24 As we noted previously, one point of contention has been around how best to ensure that the investments are strategically sound. Whilst the application process did require applicants to set out how they would provide strategic benefits regarding growth, supply chain benefits, sustainability, and fair work, there was no mechanism with which to monitor delivery against those ambitions and ensure that beneficiaries delivered on what they had stated in the application. We understand that this will change in the new grant scheme, with applicants having to sign an ‘economic contract’ before receiving funding.
- 4.25 One Welsh Government policy official felt strongly that future schemes should be more strategic and targeted with regard to the types of businesses receiving support to ensure that the investment is optimised around achieving their policy goals, i.e. supporting those that are best placed to deliver growth, sustainability, and fair work. It was suggested that there had been insufficient linking back to the policy objectives within these two grant schemes, which is why this concept of signing up to an ‘economic contract’ has been incorporated into the successor scheme. The scale of investment in subsectors such as microbreweries and egg producers was questioned, with the official calling for a more strategic approach of targeting growth

areas, rather than investing in what are potentially already saturated markets, which perhaps risks displacing the economic activity of other Welsh producers. The official went on to state that “we need to be much more focused on backing winners — spreading the jam too thin is not the way to go”. According to the official, one fairly straightforward way of identifying businesses that are serious about growth is to target those who already have gained, or are aspiring towards gaining, accreditations, which could be incorporated as an eligibility criterion in future support schemes. That being said, our beneficiary profile analysis would suggest that the schemes have generally supported businesses that are motivated by growth, have a clear plan for it, and often are already accredited, thus aligning with one of the key strategic objectives.

- 4.26 Two other points were made regarding the appropriateness of the businesses supported and, thus, the effectiveness of project selection. Firstly, one delivery team member felt that too many medium-sized and large businesses had received grant support, thereby limiting the availability of funding for others. Indeed, our analysis reveals that these businesses secured 56% of the grant funding despite constituting only 13% of all beneficiaries. Additionally, a key policy objective for the Welsh Government is to increase the base of medium-sized firms within the sector by supporting micro- and small businesses to take the next step, which further implies that the distribution of grant funding has not conformed to those strategic objectives. On the one hand, the higher average uptake of grant funding by large businesses is to be expected, as it is simply a matter of scale. However, it does limit the amount of funding available to small businesses. One potential solution would be to reduce the maximum grant limit to ensure that such a high proportion of funding is not consumed by the largest businesses.
- 4.27 Secondly, delivery team members highlighted that the requests for smaller-value projects were more likely to be withdrawn as a result of the time delays and other challenges, thus again demonstrating the need for a high minimum threshold.

Timescales of grant approval

- 4.28 Despite the challenges highlighted by the delivery team, most beneficiaries were satisfied with the timescales of grant approval, with 29% selecting ‘Very satisfied’ and 32% selecting ‘Satisfied’. However, 17% of beneficiaries did cite that they were

dissatisfied, and it is clear from the qualitative responses that it did cause a significant issue for those that it had affected:

“Took too long to get the funding and so a big increase in the cost of the equipment between the initial application and when we got the funding.”

(Beneficiary Survey)

- 4.29 When asked about improvements to the schemes at the end of the survey, two beneficiaries highlighted this issue:

“At the time of the application the figures were correct. However, due to the cost-of-living crisis and inflation, these figures become redundant, and everything has gone up dramatically and there is no provision for this. Therefore, if there is another scheme, inflation costs should be taken into consideration between the time of applying and confirmation, as it takes so long.” (Beneficiary Survey)

- 4.30 Delivery team members reported that other internal challenges had also affected the speed of delivery, which compounded the resource challenges. Firstly, it was explained that the PPIMS system caused frustrations for those administering the scheme as well as the beneficiaries and had the effect of slowing down delivery. Secondly, another interviewee reported that the situation was not helped by changes to the appraisal process, whereby three separate panels had been formed to process the applications — the investment panel, the sub-investment panel, and a procurement panel: “It just seemed to be bureaucracy for bureaucracy’s sake and again slowed the whole process down [...] administrators had to go back and forward solving queries.”

Engagement processes and use of support

- 4.31 The business engagement element consisted of the initial engagement to make industry aware of the support and communications with beneficiaries during the application and monitoring processes.

Initial engagement

- 4.32 The schemes appeared to have been well promoted, with every window oversubscribed, and there appeared to have been a good level of awareness within the sector. Indeed, 59% of beneficiaries provided a high score when asked to what extent they believed that the schemes were well known amongst F&D businesses.

- 4.33 There were two primary routes for promoting the schemes: firstly, through the usual Welsh Government channels, including various websites (Food Division, Business Wales, and the Rural Development website) and related publications, including the Gwlad newsletter with its ca. 13,000 circulation, and retail industry publications. Secondly, the Welsh Government's other support projects such as Cywain and Food Innovation Wales were directed to inform the hundreds of businesses that they supported. One delivery team member felt that this latter route was the most effective, as delivery personnel in other schemes already understood the businesses' needs and could make the referrals accordingly.
- 4.34 The importance of those two routes is reflected in the survey responses, with 47% of beneficiaries becoming aware of the support through the Welsh Government's websites and related publications, followed by 25% referred by other projects and schemes, whilst 23% became aware through word of mouth. Clearly, the schemes had a finite amount of available budget and resources with which to manage applications; thus, the amount of interest generated appears to have been appropriate and suggests that the marketing approach has been effective. We do note, however, that the reliance on other schemes and the Welsh Government's usual channels (rather than a broader marketing approach) does risk directing uptake towards businesses already engaged within the broader support offer. Seventy-five percent of beneficiaries had also accessed support from other providers in the past (primarily Farming Connect, Cywain, Business Wales, and Project Helix).

Ongoing engagement, claims and monitoring processes

- 4.35 The delivery team confirmed that there had been very little support available to beneficiaries following the application stage and this is confirmed in the beneficiary survey, where only four respondents (six percent) reported that they had received any support from the Welsh Government. The support focused on interpretation of the rules, advice, and "just having somebody on the end of the phone".
- 4.36 Whilst the business team within the Food Division could assist beneficiaries if they were approached by them, the process was managed by RPW, which lacked the resources with which to support the businesses. Each beneficiary was given a customer referral number by RPW to process their claim and make queries as to

their project; however, the lack of communications was evident in the beneficiary feedback:

“How difficult it’s been just for everything — just to navigate the WEFO system has been technically difficult and there’s been no support from WEFO (despite me emailing them).” (Beneficiary Survey)

- 4.37 A very mixed response was received when beneficiaries were asked about the claims and monitoring process, with only 54% reporting that they were satisfied, 17% reporting that they were dissatisfied, and the remaining 29% selecting the neutral option. Elaborating on this, a wide range of challenges were cited, comprising timescale issues, e.g. delays in receiving payment (nine responses, 14%), difficulties with the IT system (nine responses, 14%), a lack of clarity in terms of the information required (eight responses, 13%), the unavailability of support (seven responses, 11%), and that it was too long (five responses, 8%). This is consistent with previous comments on the IT system and demonstrates why the schemes would have greatly benefitted from having more resources to support the beneficiaries throughout the process:

“The payment process took too long. The final payment was delayed and crossed financial years, which affected our balance sheet and had a negative impact on our credit rating.” (Beneficiary Survey)

- 4.38 There was a specific issue with regard to providing additional information for procurement, which had to be backdated and was described as “incredibly burdensome” by the delivery team. This led to many of the delays:

“I spent hours and hours getting information and justifying what we’d done. They wanted three quotes from work that had been done six years ago.” (Beneficiary Survey)

- 4.39 Delivery team members highlighted that this needs to be quicker and more effective in future. Two members of the team suggested that it would be more effective for the entire process to be run by the Food Division in order to make it more consistent. However, the overriding issue appears to be a lack of resources, be it in the Food Division or in RPW, coupled with “cumbersome” processes (as described by several beneficiaries).

Monitoring progress

- 4.40 There does not appear to have been a comprehensive system in place to monitor the progress of the individual projects or achievements against the broader objectives of the schemes. Visits were undertaken to ensure that the funding was being spent appropriately; however, we understand that these were paused during the pandemic. According to the delivery team, this inability to visit beneficiaries and monitor their progress will likely affect the proportion of the funding that will have been claimed by the end of the scheme period.

Overall satisfaction

- 4.41 Finally, we asked beneficiaries about their overall satisfaction in terms of their experience of receiving support from the grant schemes. Despite some of the issues discussed in this chapter, the response was very positive, with 73% of FBIS respondents reporting that they had been very satisfied or satisfied (40% selected the most positive option) and 91% of RBISF respondents (10/11) reporting the same.

5. Key findings on outcomes and impacts

Introduction

- 5.1 The scoping consultation established that the schemes' main goal was to achieve economic and environmental impacts through an expanding and vibrant processing sector, leading to growth and greater sustainability within the F&D sector more broadly.
- 5.2 With regard to environmental impacts, the projects developed through these schemes were expected to reduce food miles by encouraging processors to source more inputs from local producers, and through greater efficiencies brought by the new capital investment. New equipment and facilities were expected to improve businesses' carbon footprint through minimising energy and water use, using renewable energy, reducing wastage or adding value to waste or byproducts.
- 5.3 With regard to the economic impacts, the goal was to increase the output of existing processors as a result of better, more innovative and more modern equipment, as well as improved facilities and processes. This was intended to generate positive economic returns directly for beneficiaries, whilst any increase in output was also seen to be a way of increasing demand for local suppliers. The schemes also set out to encourage diversification, with farmers developing processing capability of their own.
- 5.4 The logic chain for the outcomes that the schemes were designed to generate is set out in greater detail within the TOC that can be found in Annexe F.

Delivery against KPI targets

- 5.5 We begin our assessment of the outcomes and impacts by outlining the schemes' achievement to date against the formal KPIs. The first thing to note is that 17% (22/127) of FBIS projects have a financial completion date of March to June 2023; thus, we can expect an increase in the KPI achievement figures once all projects are completed.
- 5.6 That being said, Table 5.1 reveals that the FBIS has been very successful, having already achieved four of the five KPI targets. These primarily focus on outcomes associated with generating positive economic impacts, such as product development, job creation, and accessing new markets. The data show that the

FBIS has had a particularly significant impact on gross jobs, with the support leading to the creation of over 1,000 gross jobs and safeguarding more than 2,000 others — the achievement for the latter is almost 2.5 times the target, which possibly calls into question whether the original target was sufficiently ambitious. Nevertheless, these achievements will have been impactful on the Welsh economy, as we explore in greater detail later in this chapter, where we discuss the net additional job impacts (i.e. by accounting for the impacts that would have occurred anyway).

Table 5.1: FBIS achievement against KPI targets

KPI	Target	Overall achieved t/d	% achieved
Number of operations supported	120	207	173%
Number of new products	375	597	159%
Number of jobs created	1,129	1,184.8	105%
Number of jobs safeguarded	807.5	2,014	249%
Number of new markets accessed	287	214	75%

Source: KPI target and achievement data supplied by the Welsh Government in January 2023

5.7 A similar theme can be seen in the RBISF KPI achievement data, with the scheme surpassing its targets for jobs created and safeguarded by a substantial margin. That being said, there is a question as to the original scale of ambition regarding the target for jobs created. The RBISF secured £3.5m of funding, so in a (relatively crude) cost-effectiveness assessment this equates to £43,750 in expenditure per gross job created. The equivalent figure for the FBIS was higher still at £53,144 in expenditure per job created. These are high benchmark figures (the median average cost per job created in the 2014 to 2020 ERDF programme was £27k) and suggest that more ambitious job creation targets could have been applied to the programme.

Table 5.2: RBISF achievement against KPI targets

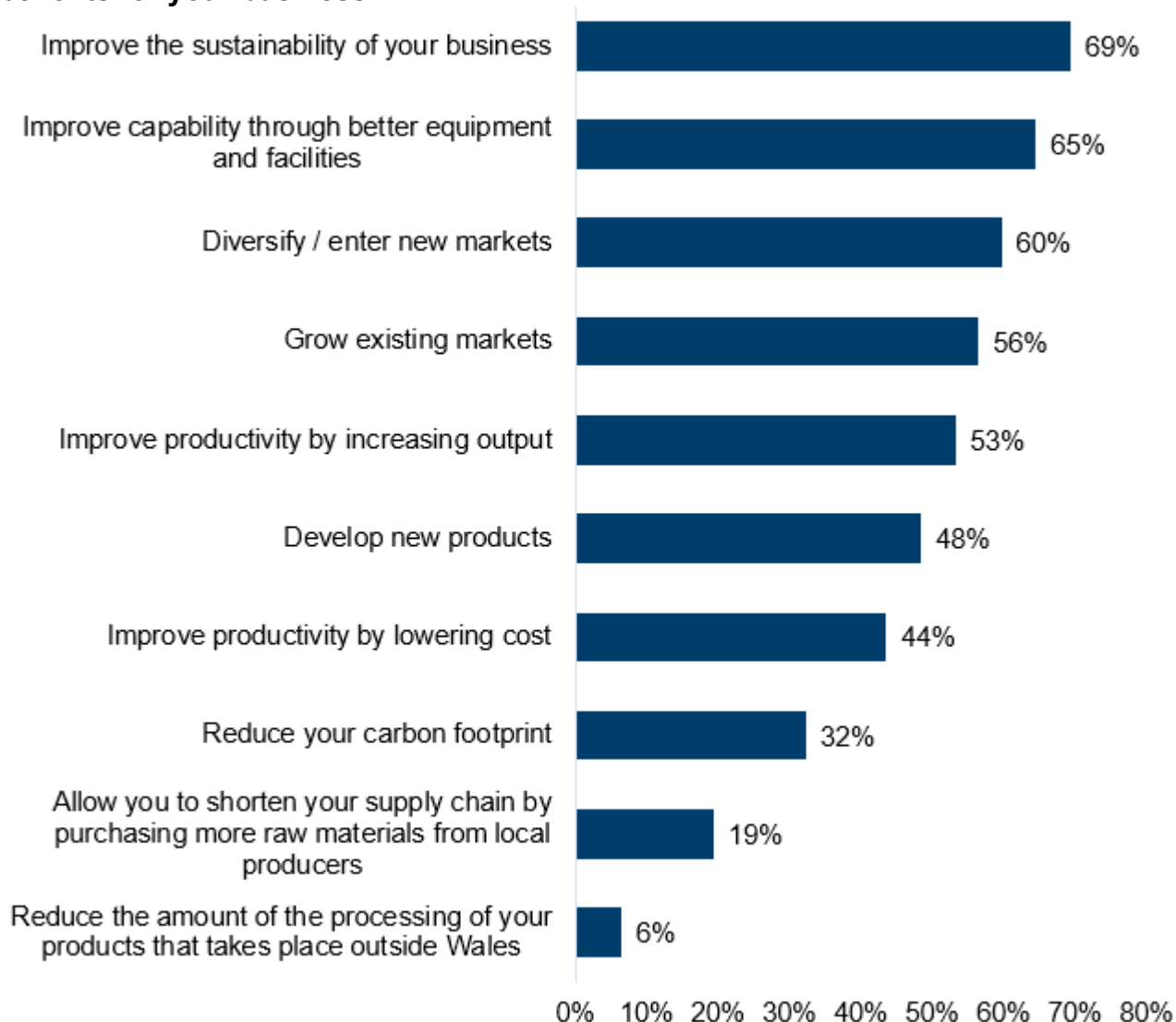
KPI	Target	Overall achieved t/d	% achieved
Number of operations supported	80	80	100%
Number of jobs created	80	246	308%
Number of jobs safeguarded	60	92.5	154%
Employees supported (female)	n/a	121	n/a
Employees supported (Welsh speakers)	n/a	48.5	n/a
Employees supported (young people)	n/a	36.25	n/a

Source: KPI target and achievement data supplied by the Welsh Government in January 2023

Improvement to processes

- 5.8 The most immediate outcome within the TOC is that processors improve their capabilities and are more efficient with better equipment and facilities (see Annexe F). The analysis of beneficiary survey responses demonstrates that this has been achieved for most respondents. Indeed, this can be seen in responses to several questions in the beneficiary survey.
- 5.9 In response to a closed-ended question that asked about the outcomes identified in our TOC, 65% of businesses (40/62) reported that the investment had improved their capability through better equipment and facilities, while 53% (33/62) cited improved productivity through either increasing output or reducing costs (see Figure 5.1 below).

Figure 5.1: Proportion of respondents citing outcomes in response to the following question: ‘Has the FBIS/RBISF investment led to any of the following changes or benefits for your business?’



Source: Beneficiary survey (n=62)

5.10 We asked businesses to what extent they had delivered against the main drivers for accessing the support in the first place (as set out in Figure 3.1 earlier in the report). Forty-nine percent of businesses (30/61) reported a desire to increase business capacity and output to meet demand, whilst 26% (16/61) cited a desire to generate efficiencies within their processes. The vast majority of respondents suggested that they had delivered against both of these aims. For those citing a desire to increase business capacity, 96% (27/28) gave a four or five out of five for increased capacity;

for those seeking to generate efficiencies, 100% reported a high score for efficiencies¹⁷.

- 5.11 There is extensive qualitative evidence in the survey with respect to these improvements. Beneficiaries most commonly cited an increase in their capacity when asked an open-ended question on what the schemes had allowed them to achieve (cited by 41% of all respondents). In addition, 25% were able to expand their premises as a result of the support, while 15% cited efficiencies. The case studies in Annexe I provide several good examples of the enhancements to beneficiaries' production capacity, notably the dedicated ice cream manufacturing facility which enabled Red Boat Ice Cream Parlour to drastically increase their production, the extension to the commercial kitchen operated by Terry's Patisserie, and the automated bacon slicing and packing production line introduced for The Welsh Sausage Company (which increased their capacity from 2.5 to 18 tonnes/week).

Counterfactual analysis

- 5.12 There are several prongs to our assessment of the counterfactual position, utilising evidence from non-beneficiaries as well as beneficiaries' own perceptions. Whilst informative, there are relevant limitations which need to be recognised in the estimates of scheme economic impacts presented in the subsequent sections.
- 5.13 Firstly, we asked beneficiaries to what extent the changes made to their business (as reported above) were a result of the support received from the grant schemes. In response, 41% selected '5: To a great extent', while a further 33% selected 4, revealing that the vast majority (73% collectively) believed that the outcomes could be attributed to the support¹⁸.
- 5.14 We then asked specifically about the investment made and what would have happened had the grant not been available. Only one respondent (2%) reported that they would have been able to make the exact same investment at the same time regardless of the support, while 29% reported that the impact had been wholly additional, and they would not have been able to make an investment at all without

¹⁷ The following question was asked: 'Earlier, you said that you wanted support from FBIS/RBISF to [cite motivation]. On a scale of 1 to 5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent do you believe you have achieved those aims?'

¹⁸ As outlined in Chapter 2, this is a self-attributed outcome. Therefore, caution should be exercised when reviewing these results, as these may not be able to separate out the effects of other factors.

the support. Most businesses reported a partial additionality¹⁹ effect, with 54% suggesting that they would have had to wait longer to make the investment, and 35% reporting that they would have made a different or smaller investment. This demonstrates the acceleration effect and the facilitation of better or more appropriate investments that the FBIS and the RBISF had. Some of these sentiments were expressed when businesses were asked about the role of the grant schemes in their growth plans:

“The FBIS funding was vital, as it was the only way we could buy this new production equipment and increase our storage capacity. Without this we couldn’t grow the business and employ more people.” (Beneficiary Survey)

“No way we could have expanded the site to that scale without the FBIS funding. Without the funding we would have done a much more gradual expansion over a longer period of time with less efficient, productive equipment.” (Beneficiary Survey)

- 5.15 A follow-up question was asked about the overall investment made (including their match funding) and what they believed they would have invested without the support. Of the 68 respondents, we were able to produce calculations for 52 to estimate the average amount that would have been invested regardless of the support provided. This figure could then be discounted from the actual grant value to calculate the averages attributed to the support by grant size. These figures could then be grossed up by grant size bands to the whole population to produce an estimate. Based on this approach and calculation, we generate an estimate suggesting that the FBIS has leveraged just over £45m of investment that would not have taken place had the scheme not existed, while the RBISF has leveraged just over £682k.
- 5.16 We further queried beneficiaries’ ability to invest in the new equipment without support. In response, 94% of beneficiaries (61/65) reported that there were financial constraints that prevented them from making the investment without grant assistance. When asked to explain, beneficiaries reported that they lacked the funds with which to make the investment on their own (56% cited this) and many cited an unavailability of loan options (25%). Some beneficiaries (38%) did seek

¹⁹ Additionality is the extent to which activity takes place, either at all, on a larger scale, more quickly or within a specific designated area or target group, as a result of the intervention.

other finance options, mostly bank loans; however, 40% (10/25) of these beneficiaries found that banks were unwilling to lend to them, often due to the scale of finance required, the innovative nature of their scheme or the scale of their existing business. Indeed, beneficiaries generally reported that they chose these grant schemes because of the non-repayable element and the perceived risk of accessing loans:

“Banks were unwilling to lend money without higher interest rates and repayments and securing the loans based on our property.” (Beneficiary Survey)

5.17 The survey also found that only 16% (10/63) of beneficiaries had previously accessed repayable finance. Accordingly, this would further suggest that public finance was needed or preferred by the applicants for the investment to go ahead.

5.18 Half of the non-beneficiaries (26/52) reported that they had not been able to make any capital investment since withdrawing or being unsuccessful with their application, while only one quarter (13/52) went on to purchase the same capital items for which they were hoping to use the grant funding. Where they were able to purchase the same items, most (9/13) explained that it had taken longer for them to do so. The remaining quarter were forced to purchase different and generally less expensive items (12/13) that were less useful and/or less effective (10/13). These findings are consistent with the counterfactual scenario presented by beneficiaries.

5.19 Furthermore, only 18% of non-beneficiaries provided a high score when asked to what extent they were able to achieve their objectives without the grant support²⁰. The reasons for this are typically that they were not able to increase production as planned and, as such, their progress had been slower:

“We would have had an in-house processing operation, which means we would have had an additional capability on the farm. Without the funding we could not afford to set up this process ourselves, so nothing has happened.” (Non-beneficiary Survey)

5.20 In summary, these data suggest that the support from the FBIS/RBISF was highly effective in leveraging investment that would not have taken place otherwise,

²⁰ In response to the question ‘Thinking about the reasons you wanted funding to invest in capital items, to what extent have you been able to achieve those objectives without the support?’, 56% selected 1 (Not at all) or 2, 26% selected 3, and 18% selected 4 or 5 (To a great extent).

generating positive additionality. This is consistent with comments from delivery team members who explained that there was a specific element within the appraisal process to assess whether the projects were able to proceed without grant funding. The evidence presented above would suggest that the appraisal process was effective in reducing the extent of investments made in businesses who would have undertaken the project activity anyway.

Business growth and economic impact

- 5.21 Following the improved processes, the second part of the TOC considers how those immediate changes and outcomes translated into business growth and other impacts.
- 5.22 Beneficiaries' main motivation behind accessing support was to grow or accelerate the growth of their business, as shown in Figure 3.1 earlier in the report. The survey data reveal that 60% of businesses citing those drivers (27/45) have achieved those ambitions 'to a great extent', whilst a further 29% (13/45) provided a high score. Furthermore, 90% (18/20) of those aspiring to enter new markets appear to have achieved their goals, alongside all beneficiaries expressing an intention to supply different/larger customers, e.g. supermarkets (17 respondents), and grow existing markets (15 respondents). There are several good examples of this growth in the case studies in Annexe I. For instance, Terry's Patisserie had experienced a five-fold increase in their turnover since accessing the support and have been able to expand their geographical market and the scale of outlets that they supply as a result of their increased production capacity.
- 5.23 Further questions on this found that 60% of beneficiaries had been able to diversify and enter new markets, 57% had grown their existing markets, and the support had facilitated product development for 48% of beneficiaries. New product development was supported by enabling the businesses to have a dedicated space in which to experiment with new products (e.g. see the Terry's Patisserie case study).
- 5.24 The main impact for a smaller group of beneficiaries (cited by 18%) was ensuring that they had a sustainable business or supporting their business succession. There are several examples of farm businesses using the support to broaden their income potential in order to sustain their growing family (see the Cerrigroes case study in Annexe I).

Routes to market

5.25 One of the most frequent responses when asked about the changes to their operation was that they could now supply larger contracts (cited by 10 respondents):

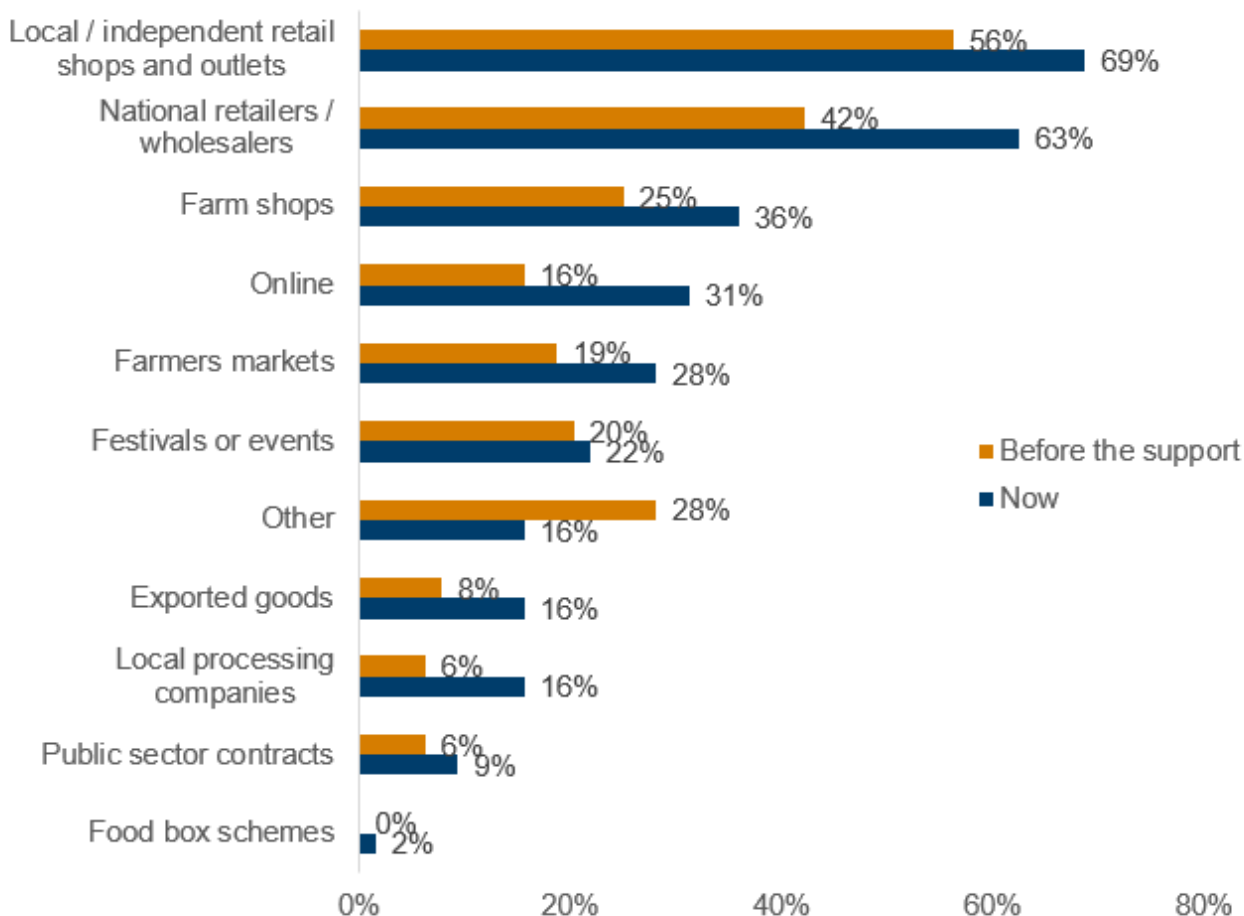
“We bought the factory and moved into the next level of production. It allowed us to get BRC accreditation, which in turn allowed us to approach bigger retail customers who have very high expectation of accreditation and quality of work.”
(Beneficiary Survey)

“Everything’s changed. We’ve moved factory again and now have 50,000 square feet and employ 61 people. It’s changed unfathomably — it was game-changing.”
(Beneficiary Survey)

5.26 These comments demonstrate the scale of impact for many beneficiaries, where the investments have drastically accelerated their growth. This is evident in the available employment and sales data, as we demonstrate in the next sections.

5.27 Furthermore, the changes are evident in the before and after questions on beneficiaries’ routes to market (see Figure 5.2 overleaf). This shows that more beneficiaries selected almost every route to market post-support, which demonstrates the diversification and success in entering new markets. In particular, and linked to the previous comments, the proportion indicating that they supply national retailers and wholesalers increased by 50% (from 42% to 63%), while the proportion exporting doubled from eight to 16%.

Figure 5.2: Changes to beneficiaries' routes to market



Source: Beneficiary survey (n=64 overall, n=52 FBIS, and n=11 RBISF)

Impact on employment

- 5.28 The beneficiary survey contained a detailed section that explores business growth in relation to FTE employment and turnover, alongside other data which have been used to inform an economic impact assessment (EIA). While Tables 5.1 and 5.2 provide the formal figures for direct jobs created that were recorded internally by the project (as per their contractual agreements), we undertook a separate analysis to explore the impact on FTE jobs through the data collected by the external evaluation. This enabled us to verify the internal achievement figures, while it also contained a more detailed exploration of the counterfactual impact.
- 5.29 Most beneficiaries of both schemes had increased their workforce (on an FTE basis) since receiving support (76% for the FBIS and 91% for the RBISF), with very few reporting a decrease (16% for the FBIS and nine percent for the RBISF) over the reported time periods.

- 5.30 In terms of attributing these changes, we then asked businesses about the impact of the schemes on their employment level, with 48% reporting that they would have fewer employees without the FBIS intervention and 55% reporting the same for the RBISF. Others mostly reported no impact or they did not know.
- 5.31 On average, FBIS beneficiaries estimated that they would have 8.6 less employees had the FBIS support not been available, while it was 2.7 for the RBISF. By applying a scaled average based on business size to all businesses supported²¹, we can estimate that the FBIS has created or safeguarded 761 FTE jobs in total (net impact, i.e. after accounting for deadweight²²), equivalent to ca. £51,900 in grant investment for each FTE job created or safeguarded. Using the same method, we estimate that the RBISF has created or safeguarded 65 FTE jobs (net), which is equivalent to an FTE job outcome for each £12,425 of grant funding spent. We note that the FBIS estimate is somewhat under the formal KPI data on jobs created, which claimed just under 1,200. These findings may therefore challenge the validity of the job outcome evidence generated through the schemes' monitoring activity, as well as bringing into question the veracity of the very high figures for jobs safeguarded. Equally, it also reflects the difference in figures reported, with the KPI data referring to gross direct job estimates, whilst these figures relate to net FTE job impacts after accounting for deadweight.
- 5.32 An alternative method of assessing the net impact on employment is by comparing the actual increases within the intervention group (i.e. FBIS beneficiaries²³) with a comparison group (i.e. the non-beneficiaries who applied for FBIS support), though recognising the limitations in comparing such groups here. This analysis shows growth within the comparison group too, although at a much lower rate — only 39% of FBIS non-beneficiaries had grown (versus 76% of beneficiaries) at an average of 1.7 additional employees per business (versus an average increase of 8.9 for beneficiaries). If we apply the difference in the averages to the whole sample, this would imply that the FBIS has created 861 net FTE jobs in total. However, the analysis is constrained by the fact that it does not control for other factors within the

²¹ While scaling on business size helps to control for the influence of larger firms, caveats on self-reported interpretations of jobs safeguarded by individuals looking back should be recognised.

²² The 'deadweight' is the proportion of outcomes that would have occurred anyway without the support.

²³ We have excluded RBISF respondents from this analysis because the sample of only five respondents is too small.

two samples (e.g. the sizes of businesses and growth trajectories before accessing the support as well as other potential differences between the groups). This would require PSM²⁴ analysis for a more robust assessment. That being said, it does provide some further suggestive evidence of the net additional impact generated by the scheme and, based on the two separate analyses alongside the KPI data, we can estimate that the FBIS has created or safeguarded at least 761 FTE jobs (net impact). A substantial proportion of the job impacts, particularly when looking at the KPI data, appear to relate to safeguarding, which perhaps reflects the prevailing economic conditions in the latter programming period, with the pandemic heavily influencing businesses' employment plans.

- 5.33 Alongside the analysis of reported growth in direct employment, the survey also contained some questions concerning the quality of employment opportunities provided. This revealed that a higher proportion of staff had been paid the Real Living Wage following the support within 29% of FBIS (10/34) and 55% of RBISF (6/11) beneficiary businesses, with an increase from 41% being paid the Real Living Wage on average before the support to 57% afterwards²⁵. Whilst we cannot directly attribute this change to the scheme, we can assume that the growth experienced by businesses will have had some impact in translating to the better wage rates described here. There is little evidence of any impacts on job security. We did ask about the proportion of employees employed on zero-hour contracts; however, 92% of beneficiaries (55/60) reported that they had no such contracted workers at the outset. Accordingly, the change reported post-support was minimal.

Impact on turnover

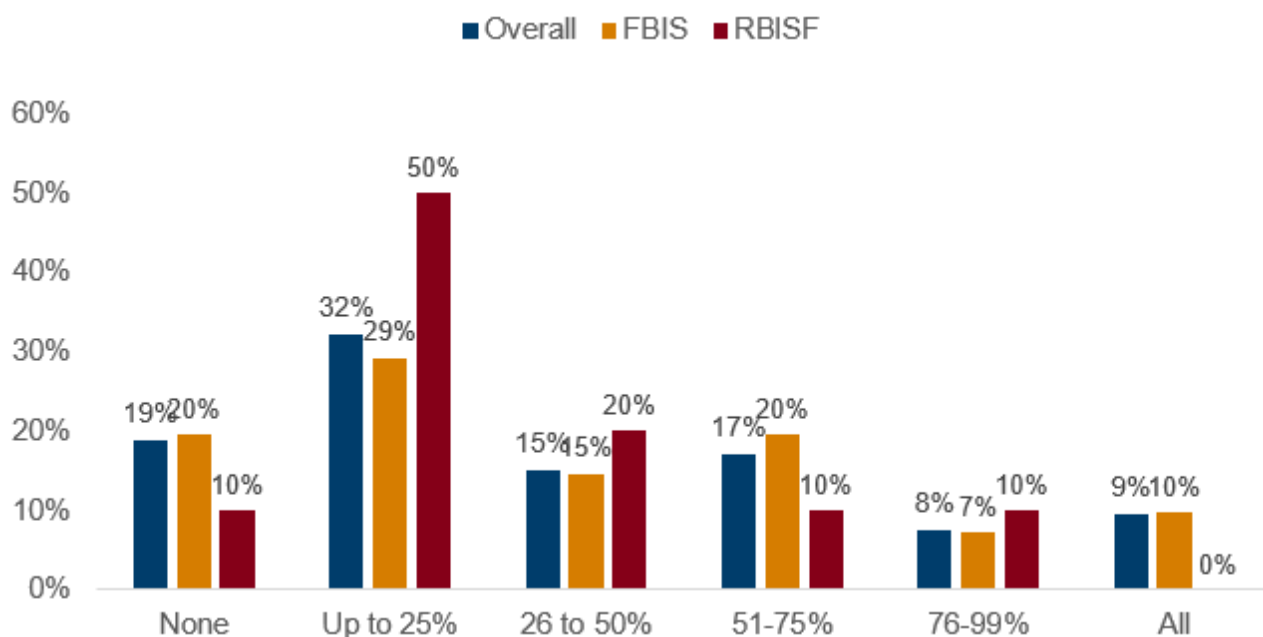
- 5.34 The analysis of turnover data provides strong evidence of growth generated by the FBIS scheme support in particular. Our analysis reveals that 89% of FBIS beneficiaries (40/45) had increased their turnover since receiving the grant support, while 80% of RBISF beneficiaries also reported an increase (see Table 5.3 overleaf).

²⁴ Propensity score matching (PSM) is a quasi-experimental method in which the researcher uses statistical techniques to construct an artificial control group by matching each treated unit with a non-treated unit of similar characteristics.

²⁵ Please note that the sample sizes are smaller here because not all respondents were able or happy to provide information on staff salaries.

5.35 Beneficiaries were then asked to estimate the proportion of their latest turnover, after excluding the income generated from the grant itself, that was generated as a result of the support. Attribution levels varied, as can be seen in Figure 5.3, although just over half of FBIS beneficiaries (21/41) estimated that at least one quarter of their turnover could be attributed to the support.

Figure 5.3: Proportion of latest turnover that can be attributed to the grant support



Source: Beneficiary survey (n=53 overall, n=41 FBIS, and n=10 RBISF)

5.36 By applying these percentages to the turnover of each business, we estimate, on average, that FBIS beneficiaries believed that their turnover had been ca. £2.58m higher as a result of the support. Making adjustments for persistence effects, given that some businesses received their grant interventions nearly seven years prior to the evaluation fieldwork (see Chapter 2 for methodology), we can scale the averages by grant size segment to the whole population (see Table 5.3 below). Across the 119 beneficiaries, we estimate that the FBIS is responsible for a ca. £272m increase in turnover for beneficiaries. The same analysis for the RBISF generates an estimate of ca. £3.5m generated in turnover, although we would note caution due to the small sample size. Of course, there are limitations in such an approach which should be recognised.

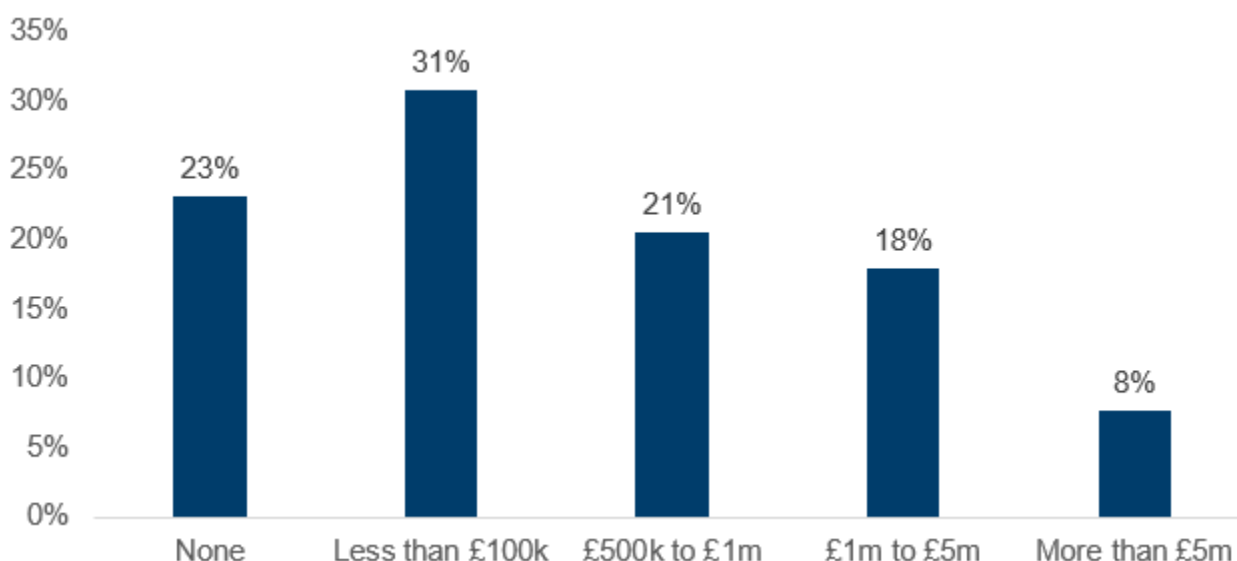
Table 5.3: Turnover attribution

Grant size at application	FBIS		RBISF		Total
	Avg. turnover attributed to support	Grossed	Avg. turnover attributed to support	Grossed	
Up to £20k	£8,583	£120,167	£50,130	£350,910	£471,077
£20–50k	£121,750	£1,948,000	£106,103	£1,909,845	£3,857,845
£50–100k	£3,903,333	£101,486,667	£618,750	£1,237,500	£102,724,167
£100–500k	£1,740,377	£78,316,945	n/a		£78,316,945
£500k–£1m	£515,000	£4,120,000	n/a		£4,120,000
More than £1m	£8,586,157	£85,861,569	n/a	£489,500	£85,861,569

Source: Analysis based on beneficiary survey data (n=48 overall, n=38 FBIS, and n=8 RBISF)

5.37 Figure 5.4 illustrates that the amount of turnover attributed by beneficiaries to the support received varies significantly, with the four businesses reporting the highest level of turnover that can be attributed to the grant support (each reporting more than £10m) responsible for 75% of the turnover impact reported by the sample.

Figure 5.4: Turnover that can be attributed to the grant support



Source: Beneficiary survey respondents included in the EIA (n=53 overall)

- 5.38 We undertook a simple return on investment (ROI) analysis to illustrate the potential impacts of the FBIS and RBISF investments while taking into account the match funding. The overall ROI in additional attributed turnover is £148m for the FBIS, while for the RBISF it is £1.8m.
- 5.39 Segmenting this analysis by subsector (eggs, dairy, meat and alcohol) provides some indicative additional insight into where returns were greatest, though findings should be treated with caution, given the sample sizes (see Table 5.4 below). The analysis suggests that the dairy projects have generated a particularly good ROI, followed by meat projects. Furthermore, despite some of the misgivings surrounding the number of projects supporting the egg sector, a good ROI was recorded, albeit below average, whilst projects in the alcohol subsector recorded a much lower ROI. These differences do perhaps support the concept of targeting investment by priority subsector.

Table 5.4 Increase in turnover and average ROI (per pound sterling spent) by subsector

	No. of responses	Avg. turnover attribution	Avg. ROI per pound sterling spent
Eggs	12	£398,152	3.63
Dairy	10	£4,582,192	5.27
Meat	7	£2,307,721	3.78
Alcohol	5	£272,000	1.19

Source: Analysis based on beneficiary survey data

5.40 While the sample sizes are small, the analysis by business size indicates that investment in smaller businesses has generated a better ROI (however, the differences between results are not statistically significant). This is a key point that ties in with the Welsh Government’s main priority of supporting the smaller businesses within the F&D sector to transition into larger businesses, although we once again note caution due to the small sample sizes.

Table 5.5: Increase in turnover and average ROI by business size

	No. of responses	Avg. turnover attribution	Avg. ROI per pound sterling spent
Micro	34	£710,581.74	£8.81
Small	9	£1,770,433.33	£7.24
Medium	8	£8,465,058.85	£5.80

Source: Analysis based on beneficiary survey data

5.41 In all of this sub-sample analysis, the low sample sizes place significant constraints on the robustness of the estimates generated. For this reason, these figures should be treated with caution and only serve to provide an indication of the main cohorts benefitting from the support.

5.42 Finally, we also utilised the non-beneficiary data to further explore the impacts from the FBIS, although turnover data were only available for 22 respondents, thereby further limiting the strength of the sample. Timing factors have also not been considered but would likely affect the results if not obtaining a grant delayed an investment, thereby creating another difference with the beneficiaries. However, indicatively, the comparisons with the non-beneficiary sample suggest that growth has been generated by the scheme, revealing that those businesses which had not received a grant had experienced much more modest growth (by £887k on average in comparison with just under £5m for beneficiaries). If we applied the difference in the averages to the whole sample, this would imply that the FBIS has generated

over £482m in economic growth for businesses (though there are limitations in such calculations).

Future potential

- 5.43 The estimates provided above are only based on the impact achieved to date. When considering that 35% of the projects are officially still active (as of the time of writing this report), there is clearly a strong possibility of a latent impact beyond this evaluation and beyond the end of the scheme itself. There will likely be a future potential impact from businesses that have already completed their projects too, albeit with a degree of attrition over time. Accordingly, we tested the future potential, which revealed that two thirds of FBIS beneficiaries (34/51) had expected the scheme support to have an impact on their growth (turnover and employment) over the next year. Far fewer RBISF beneficiaries were expecting this (only 2/11), which is unsurprising when considering that the scheme finished earlier than the FBIS.
- 5.44 Thirty-one percent of FBIS respondents (16/51) had expected their employment to increase over the next year, with each respondent giving a figure of how many new jobs they were expecting to create. All but one attributed at least some of the expected growth in employment to the impact from FBIS support (given as percentages). Based on these projections, as a basic calculation, if we were to assume that the sample is representative of the wider beneficiary group, scaling up these results to the whole population based on the sizes of businesses might imply that the FBIS could potentially lead to a further 83 jobs created over the next 12 months. These are self-attributed future projections and, therefore, a high degree of caution should be used with these numbers.
- 5.45 Beneficiaries were even more confident about their turnover projections, with 49% (25/51) expecting an increase over the next year, again giving a value that they expected. Most (18/20) beneficiaries attributed at least some of this increase to the FBIS support and provided a percentage estimate. Based on these turnover projections and attribution supplied by beneficiaries, our basic estimates suggest that the FBIS might have the potential to generate ca. £88m in increased turnover over the next year. We would caution, however, that these estimates are speculative and susceptible to optimism bias²⁶, so caution should be exercised

²⁶ This refers to the tendency to overestimate the likelihood of experiencing positive events and underestimate the likelihood of experiencing negative events.

when using these results. Nevertheless, there will inevitably be more impact on businesses' turnover going forward.

Supply chain mapping

- 5.46 Part of the ambition behind the scheme was to retain more supply chain value in Wales through taking up the market share from non-Welsh suppliers. The survey reveals some evidence of this taking place, albeit on a limited scale. Firstly, 19% (12/62) of beneficiaries reported that the support had led to them shortening their supply chain by purchasing more raw materials from local producers, whilst a small number of farm businesses (7% of the sample (4/62)) cited that it had reduced the amount of processing of their products that takes place outside of Wales.
- 5.47 We then mapped the geographical distribution of beneficiaries' supply chain expenditure by asking what proportion of their purchasing had taken place within Wales and in other geographical areas now and before accessing the support²⁷. This shows some differences, with businesses, on average, purchasing a higher proportion from Wales following the support, displacing some of the activity elsewhere in the UK and, perhaps unsurprisingly, from the EU.

Table 5.6: Change to the geographical distribution of supply chain expenditure²⁸

	Within Wales	Elsewhere in the UK	In the EU	Outside of the EU
Now	52.4%	37.7%	6.7%	3.2%
Before the support	47.1%	40.9%	10.1%	1.9%
Difference	5.4%	-3.2%	-3.4%	1.3%

Source: Analysis based on beneficiary survey data (n=53)

- 5.48 When asked, 21% of respondents (11/53) reported that a higher proportion of their expenditure had been made in Wales following the support, 11% (6/53) reported a lower level, while the majority (68% or 36/53) reported the same level. We followed up by asking to what extent the differences were a result of the support received through the FBIS and the RBISF. Of those reporting increased supply chain activity in Wales, 45% (5/11) felt that the schemes had had some impact on this. We note that the low numbers reported here indicate that the schemes have had a limited

²⁷ Note that this was explored through a separate set of questions with a lower response rate.

²⁸ The analysis presented in this table is based on the average proportion of supply chain spend reported by beneficiaries in each geographical area. It is not based on total expenditure in each area, due to limitations within the data available for the analysis.

impact on creating shorter supply chains, which, incidentally, is consistent with the perceptions of the delivery team.

5.49 The same set of questions were asked about the geographical distribution of beneficiaries' sales. In this instance, we are more interested in whether beneficiaries have been able to expand their markets beyond Wales — this would be expected to support the Wales-level returns from the schemes if less likely to displace the market share of Welsh competitors. The data demonstrate that, overall, there has been an increase in the proportion of sales derived from outside of Wales and this is predominantly based on increases in sales to the rest of the UK. Indeed, there are good examples of this in the case studies, e.g. where Terry's Patisserie generated 40% of their sales from customers in the rest of the UK following the support, having been entirely reliant on the Welsh market beforehand, whilst the proportion of sales from the rest of the UK increased from 30 to 85% for The Welsh Sausage Company.

Table 5.7: Change to the geographical distribution of beneficiaries' sales

	Within Wales	Elsewhere in the UK	In the EU	Outside of the EU
Now	54.9%	40.6%	3.6%	1.0%
Before the support	57.7%	34.7%	5.4%	2.2%
Difference	-2.8%	5.9%	-1.9%	-1.2%

Source: Analysis based on beneficiary survey data (n=54)

5.50 Overall, 33% of beneficiaries (18/54) reported a higher proportion of sales from outside of Wales relative to before the support, while only 13% (7/54) reported a lower proportion. Where an increase was reported, 61% (11/18) cited that this was directly influenced by the support provided. Accordingly, the impact on the geographical location of markets accessed appears to be much more significant than the impact on supply chain spend.

Economic impact assessment

5.51 Our EIA is based on the increase in turnover reported by beneficiaries followed by applying the five additional factors that should be considered for EIAs, as noted in UK Government guidance²⁹. We provide a broad assessment and illustration of some of these factors here, with estimates subject to some important limitations and assumption sensitivity — further consideration should be given to collecting

²⁹ Green Book, HM Treasury, 2022.

additional data to improve the basis for estimating the effects of any future schemes. These are:

- **Deadweight** — the proportion of outcomes that would have occurred anyway without the support. This has already been accounted for in the previous section, where beneficiaries were asked what proportion of turnover increases they would attribute to the support, resulting in the estimate of £272m for the FBIS, £3.5m for the RBISF, and £275m for both schemes. While some validation of these self-attributed responses has been undertaken via a manual review of the qualitative responses and this was the most appropriate method (given the circumstances), the findings are not based on counterfactual assessments and, therefore, suitable caution should be exercised. We also deduct the match funding element in order to identify the benefit to businesses over and above the investment that they made. In total, FBIS beneficiaries were due to invest £124m and RBISF beneficiaries were investing £1.7m through their own funds. If we remove this from the impact, it results in an estimated additional attributed turnover of £148m for the FBIS and £1.8m for the RBISF.
- **Leakage** — the proportion of outcomes that benefit those outside of the intervention's target area or group. The beneficiary businesses were based in Wales, with an average of 52% of their supply chain spending within the nation. Taking into account profit, spending on staff salaries, tax, and other non-supplier costs, a leakage rate of 25% from Wales has been assumed to allow for the supply chain spending which will take place outside of Wales as a consequence of increased turnover. This reduces the net impact to £111m for the FBIS and £1.4m for the RBISF in Wales, or £113m overall.
- **Displacement** — the proportion of outcomes accounted for by reduced outcomes elsewhere in the target area. There is evidence of this within the survey, with FBIS beneficiaries reporting that, on average, 27% of their competitors are based in Wales, while the figure was 28% for RBISF respondents. We have therefore applied these proportions as a discount factor to the EIA to account for the strong possibility of the growth generated for beneficiaries displacing some level of growth of other Welsh businesses. It should be recognised, however, that this is a crude assumption which is used (given the available data). Applying this assumed discount factor has resulted in an estimate of ca. £81m for the

FBIS, £992k for the RBISF, and £82m overall with (Wales-level) displacement reflected.

- Substitution — where a firm substitutes one activity for a similar one to take advantage of public sector assistance. We included the following question in the survey to test this: ‘Have the FBIS/RBISF grants been used to replace one economic activity with another?’ However, no evidence was obtained of a substitution effect and, thus, no substitution-related discount has been applied to the estimate.
- We also need to account for potential economic multiplier effects (i.e. further economic activity (jobs, expenditure or income) associated with additional local income) of generating this turnover. No up-to-date multipliers for Wales have been published and, therefore, we use Type II Scottish figures as ready reckoners, given that UK-wide multipliers would be too high, capturing many more elements of the supply chain. While a plausible assumption, it should be noted that Scotland and Wales have different economic structures, with the subsequent findings suitably caveated. An average multiplier of the food and drink subsectors has been used at 1.56³⁰. This has been applied to our estimate, resulting in a new EIA estimate of ca. £127m for the FBIS and ca. £1.5m for the RBISF, or ca. £129m overall (with the multiplier effect accounted for).

5.52 The final step is to estimate the change in gross value added (GVA) generated by the FBIS and RBISF programmes through the beneficiary businesses. Given the lack of available data with which to compute GVA on the basis of individual beneficiaries, converting the increase in turnover to GVA by applying an ONS turnover-to-GVA ratio can provide an indicative figure (though it is recognised as limited, given the assumption that each business to receive support has the average productivity of the sector as a whole³¹). The ratio is taken from Annual Business Survey data which reveal that the latest (2020) turnover-to-GVA ratio for the ‘Manufacture of food products’ (SIC 10) in Wales was 0.6³². On this basis, we estimate that the FBIS has generated ca. £76m, the RBISF has generated ca. £928k, and, together, the two schemes have generated ca. £77m in GVA net

³⁰ Scottish Input–Output Tables, 2019.

³¹ It is important to note the significance of this limitation, given the nature of the composition of beneficiaries relative to the sector structure more generally.

³² [ONS Annual Business Survey](#), June 2022.

additional impact. This does not include the future potential impact, which will inevitably lead to further growth though would require increasingly spurious assumptions to compute.

- 5.53 Clearly, each of these steps involves some important assumptions and simplifications — and changing these would have potentially significant impacts on the estimates generated through such illustrative calculations. Future work might look to more fully inform as to some of the required data to underpin assumptions and also incorporate some sensitivity analysis. This might also look to involve other performance metrics from monitoring data and other actual data sources.
- 5.54 An alternative approach to estimating GVA impacts is to apply figures for GVA per FTE job to the created and safeguarded employment. Estimates for GVA per FTE job are £62,500 for the ‘Manufacture of food products’ sector (SIC 10), which can be applied to the job estimates outlined above (it is again important to note the significant limitation with this approach, given that it relies on a sector-wide average and we know the nature of beneficiaries does differ from the sector structure more generally). With 761 FTE jobs created or safeguarded among businesses to receive the FBIS, an estimated £47.5m in GVA has also been created or safeguarded. For the RBISF scheme the figure is £4m in GVA, making the total across the programme £51.5m. These estimates are again subject to important limitations and should be treated with caution, as again they rely on the application of industry averages and depend on self-assessment and attribution of employment impacts.
- 5.55 Based only on the financial impact generated to date from turnover ratios, it is estimated that the FBIS has generated a positive return (£1.28 of GVA impact for every £1 of grant funding allocated). For the RBISF scheme we estimate that the grants are yet to provide a return in financial impacts alone (£0.98 of GVA impact for every £1 of grant funding spent). The basis and limitations of these estimates have been set out in the text and provide important contextual information regarding the presented figures.

Environmental impact

- 5.56 There are clear environmental impacts associated with some of the outcomes already discussed in this chapter. For instance, the improvement to processes has often involved increased efficiencies. Additionally, 11% of beneficiaries (7/61)

reported that one of their motivations behind accessing the support was to switch to lower-carbon technologies, and six of the seven reported that they had managed to achieve those aims.

5.57 Some of the evidence within the supply chain mapping questions suggests that there may have been positive environmental impacts, with 19% shortening their supply chain and 7% reporting that they had moved processing in-house, which previously occurred outside of Wales. Furthermore, changes in the geographical distribution of the supply chain spend (with more retained in Wales) would suggest some impact on lowering food miles, although this is balanced against the increase in food miles from the expansion of markets throughout the UK. Around one third of beneficiaries (20/62) reported that they had been able to reduce their carbon footprint as a result of the support.

5.58 In total, 41% of beneficiaries (26/64) reported that their projects had generated positive environmental impacts. Elaborating on this, 17% (11/64) reported that the schemes had led to energy efficiencies within their processes, 11% (7/64) cited the introduction of renewable energy, while 9% (6/54) cited improvements to their recycling processes (including examples of energy conversion from other processes) and improved waste management:

“We have been able to introduce a wood pellet biomass heating system to reduce carbon footprint to be able to produce our bread with zero carbon.”
(Beneficiary Survey)

“Our process uses waste materials from other food manufacturing processes, so it reduces the amount of waste product.” (Beneficiary Survey)

“The income generated has enabled us to invest in solar panels and water harvesting.” (Beneficiary Survey)

“Reduced food miles as the whole coffee processing is now done onsite, whereas before we had to send it to another company for the coffee to be roasted.” (Beneficiary Survey)

5.59 These positive benefits do need to be balanced against the increase in production. Indeed, there are some examples of the schemes having an adverse environmental impact. For instance, the delivery team highlighted reports of the increase in egg production, with a particularly high concentration in Mid Wales, leading to

contamination of the local river catchment, which was linked back to the amount of chicken farms appearing in the area. Perhaps unsurprisingly, all beneficiaries claimed that there had been no adverse environmental impacts within their projects.

- 5.60 Some of the case studies provide good examples of impacts on the environment. For example, Wrexham Lager have been able to introduce more energy-efficient production processes, where the chillers and the fermentation/conditioning tanks are believed to produce energy savings of 21% and 30% respectively, whilst also reducing water usage and waste in their manufacturing line. Equally, however, the business cited their success in accessing export markets for the first time, supplying countries such as Korea, Canada, the United States, and Japan, which needs to be balanced against the positive impacts.

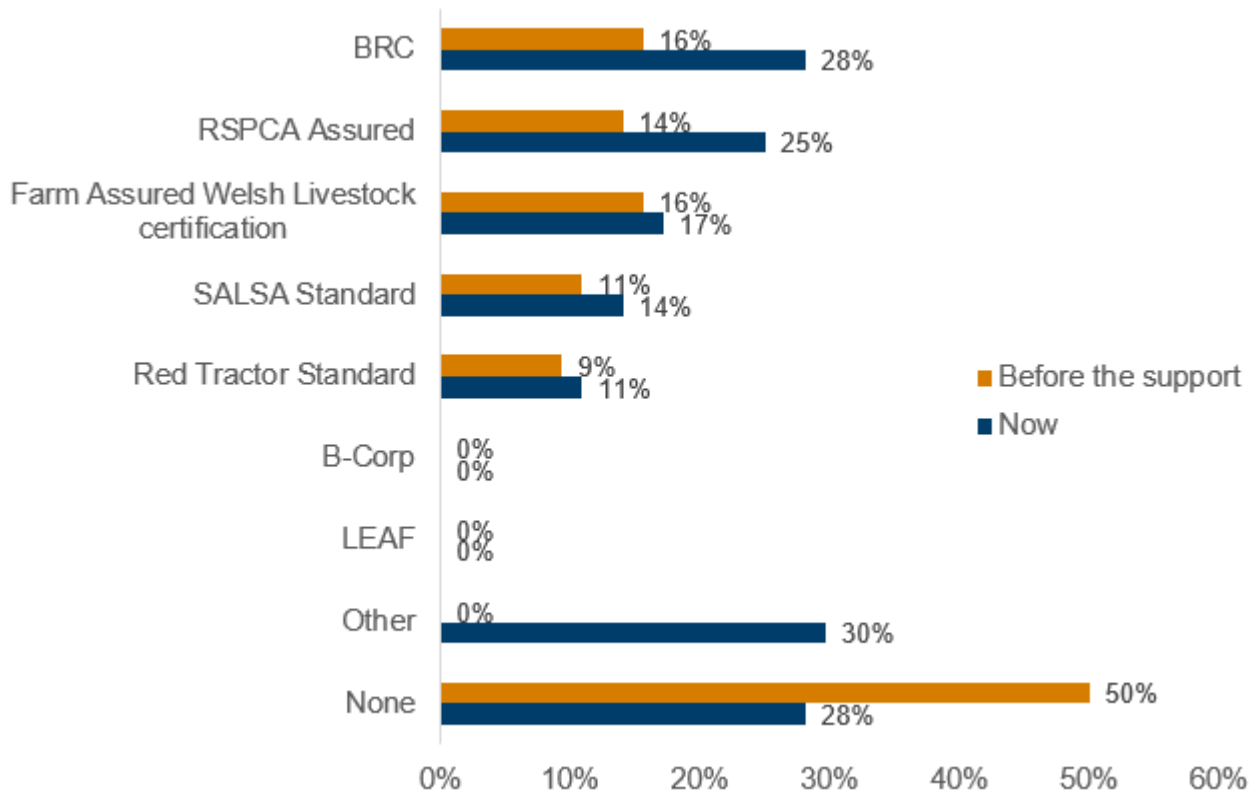
Assessing the contribution to Welsh Government and EU policy objectives

Alignment with Welsh Government strategic goals

- 5.61 As we noted previously in the report, there are four strategic goals for the Welsh Government as set out in the recent 'Building on our success' strategic vision paper for the F&D sector: growth, sustainability, fair work, and reputation and standards. There has been clear alignment with the first of those four goals (i.e. to achieve growth), with substantial evidence of growth generated by the schemes. There is also evidence of environmental impacts, albeit slightly more mixed, that suggests some degree of alignment with the goal of reaching the highest levels of environmental sustainability (the second goal within the vision paper). What is more, the schemes do appear to have had some impact on fair work (third goal) in relation to rewarding their employees with better pay, as we noted previously in the report.
- 5.62 There is strong alignment with the fourth Welsh Government goal regarding reputation and standards, with the beneficiary survey finding that 42% (22/52) of beneficiaries had achieved accreditations as a result of the support, 27% had won industry awards (13/48), while 26% reported that it had helped them to increase their food hygiene rating (12/47). Further exploration of the accreditations held by beneficiaries reveals that the proportion reporting having at least one type of accreditation increased from 50% (32/64) before the support to 72% (46/64) afterwards, with BRC and RSPCA Assured representing some of the growth areas (see Figure 5.5 overleaf). The vast majority of those citing 'Other' specified that they

had received the Lion Code accreditation, which is managed by the British Egg Industry Council. The increase in accreditations is an important strategic objective for the Welsh Government and links in with beneficiaries' ability to grow and supply larger organisations, as we have discussed throughout this chapter.

Figure 5.5: Accreditations cited by beneficiaries before and after receiving support



Source: Beneficiary survey (n=64 overall)

5.63 In summary, there has been good alignment between the impacts from these schemes and the strategic objectives set out by the Welsh Government. There are some areas, however, such as fair work and environmental sustainability, where the schemes perhaps lacked a mechanism with which to ensure that these would be achieved. Whilst there were sections included in the application in which applicants were asked to explain how they would deliver against those objectives, there was little monitoring of that beyond the application point and there was no way of ensuring that beneficiaries remained committed towards those broader objectives. The change made within the new scheme, where there is a formal 'economic contract', should help to address that issue.

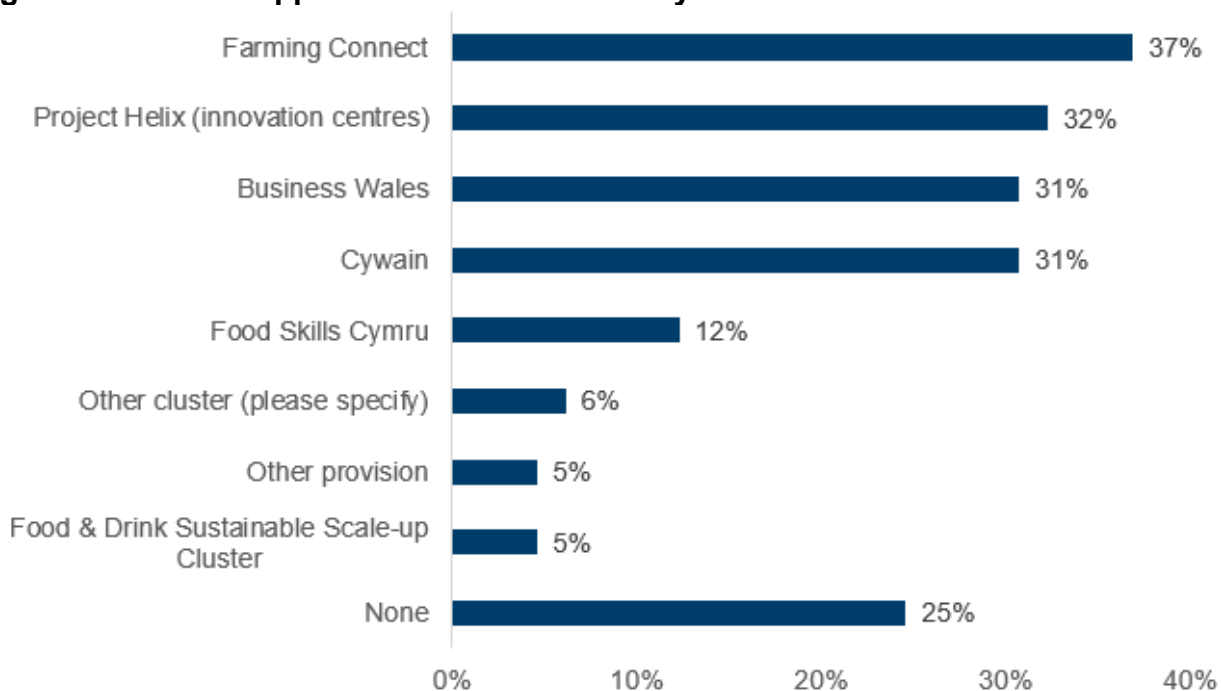
Alignment with EU policy objectives

- 5.64 The Priority and Focus Area for the FBIS was to ‘improve the competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and organisations and inter-branch organisations’. This has been delivered to some extent on two levels. Firstly, the farm businesses supported (40% of sample) have been able to add value to their outputs by generating new markets for their products. Secondly, the growth experienced by the food manufacturing and processing businesses (60% of sample) operating further along the supply chain, which was almost £2.5m each on average, coupled with the marginal increase in purchasing from local or Welsh suppliers (this increased by two percent on average), will have benefitted the Welsh primary producers supplying them. Equally, however, this has not been the main emphasis of the schemes, where the principal focus has been on growth, with much less attention towards integrating supply chains.
- 5.65 The Priority and Focus Area for the RBISF was to ‘facilitate diversification, creation and development of small enterprises as well as job creation’. This clearly links in with the main outcomes reported by businesses.

Alignment with other schemes

- 5.66 As we have highlighted previously, there have been good examples of linkages between the schemes and projects. These include examples of the Cywain clusters holding information events on the schemes, and their advisors helping businesses to understand how they could benefit from capital support. Moreover, the Food Innovation Centres have advised some businesses as to the most appropriate equipment and technologies in which to invest, whilst the Investor Ready programme has advised on the intended capital investments. There are clear synergies between these schemes, with the business development support from others complementing the availability of capital support. Several cited support from Farming Connect and Business Wales to help them to navigate the application process. Seventy-five percent of businesses had also benefitted from these other schemes, as shown in Figure 5.6 overleaf.

Figure 5.6: Other support services accessed by beneficiaries



Source: Beneficiary survey (n=65 overall)

5.67 However, these engagements have been sporadic and the wider support that sits around the grant funding has not been equally accessible to all businesses. Accordingly, the links between these interventions could perhaps be more explicit to ensure greater consistency in the support as well as better utilisation of the expertise across the support services.

Cross-Cutting Themes

5.68 The Regulations governing the European programmes stipulate that all projects funded through the Common Strategic Framework must integrate the Cross-Cutting Themes (CCT) of Equal Opportunities & Gender Mainstreaming and Sustainable Development, whilst Tackling Poverty and Social Exclusion is also a mandatory CCT for the Welsh Government programmes.

5.69 In addition to the CCTs, the Rural Development Regulation (1303 to 2013) stipulates that programmes and, therefore, schemes under the RDP should contribute to the cross-cutting objectives of innovation, environment, and climate change mitigation and adaptation.

5.70 We held discussions with the delivery team regarding each of these, which felt that the schemes had delivered against the themes and objectives. Indeed, they were incorporated into the process from the beginning, with applicants asked to identify

how they would contribute against each theme and objective, thereby embedding the required practices and objectives into the projects from the outset.

5.71 The contributions made towards many of these themes and objectives have already been shown in the report. For instance:

- the environmental impacts from developing more efficient processes requiring less energy and waste, or enabling improved recycling, clearly link with the Sustainable Development theme and the objective of climate change mitigation and adaptation
- Tackling Poverty is another obvious area in which the schemes have contributed through creating and safeguarding jobs, often in areas of high rural deprivation, whilst we also highlighted how some of the beneficiaries had improved their wage rate offer to staff following the support. What is more, there are examples of the support leading to training opportunities and upskilling; for example, the Red Boat Ice Cream Parlour developed a facility in which to train and upskill staff in new techniques and procedures (see the case study). Furthermore, a delivery team member highlighted one example in which a beneficiary underwent a “rigorous change to ensure that there was fairness at work and they were now employing more apprentices and young offenders” following their engagement with one of the schemes.
- the schemes are clearly a significant contributor towards the innovation objective, leading to much more investment in the processing infrastructure in Wales, whilst many businesses cited that they were better able to develop new products as a result of the equipment purchased
- there has perhaps been less on Equal Opportunities and Gender Mainstreaming, with few examples of actions with which to explicitly address this theme. The delivery team did highlight a strong record with regard to providing Welsh language service, with Welsh speakers part of the delivery team, and beneficiaries were offered the opportunity to engage in Welsh (which some did). An example was also raised of support provided to a business with strong Welsh language credentials that went on to employ Welsh speakers and offered bilingual training to employees.

5.72 In summary, the schemes have contributed against most of the CCTs and objectives, primarily as a fundamental part of the operations leading to efficiencies and job creation, although there were some specific actions too (such as embedding CCTs within the application process).

Value for money assessment

5.73 We conclude this chapter by considering the VFM generated by the scheme, which is one of the eight key evaluation questions. Generating good VFM relates back to delivering the vision and impacts within the TOC established during the first evaluation stage. The overriding aim for the Welsh Government in relation to their strategic objectives was to generate growth and greater resilience within the F&D sector. On that metric, the schemes have generated some VFM, with these estimates suggesting tens of millions generated in economic impact as well as a return of £1.28 on every £1 of grant funding spent for the FBIS and £0.98 for the RBISF (though these calculations are subject to limitations as well as sensitivity to assumptions used). The Welsh Government's main target for the sector during the RDP programming period (2014 to 20) was to grow the sector by 30 % to £7.473bn by 2020. That target was achieved and these schemes have contributed towards meeting that target. The ca. £77m net additional GVA impact estimated here to have been generated by the schemes represents 1% of the entire economic value generated by the sector in 2020, which demonstrates the scale of the impacts generated by these schemes. Some further work might be undertaken in future to enable more refined estimates of scheme impacts to be produced.

5.74 On the other hand, if we judge the VFM of the FBIS on the basis of the main objective set by the funder (the RDP), i.e. to create shorter supply chains and improve the competitiveness of primary producers to become better integrated into the agri-food supply chain, the VFM then becomes less clear.

6. Conclusions and recommendations

Scheme impacts

- 6.1 Our evaluation finds that the FBIS intervention, in particular, has generated some positive business impacts for the F&D sector. It has supported millions of pounds of investment in processing infrastructure, leading to improved equipment and facilities, thereby enabling businesses to grow over the time period considered. The RBISF has generated a similar ROI, although at a much lower scale, with less than £1m of the scheme budget awarded. Combined, both schemes have played an important role in helping the Welsh Government to achieve their growth ambitions for the sector.
- 6.2 The FBIS has far exceeded its KPI targets, and the scheme has been successful in awarding the vast majority of the funding available (92% of budget), which is the first indicator of success for any capital grant scheme. There was clearly a high demand for the support, with all funding windows oversubscribed and only around one quarter of applicants being successful. What is more, there is strong evidence of high additionality, where the vast majority of projects would not have taken place, or at least not to the same extent or as quickly, without the intervention. Accordingly, these schemes have shown the value of supporting F&D businesses to invest in their production processes and continuing to do so in future, although the rationale behind support should be reviewed at the appropriate time to ensure that this remains relevant.
- Recommendation 1: The Welsh Government should continue to provide appropriate capital support to F&D businesses, effectively targeting support in order to maximise the potential value generated.
- 6.3 The schemes do appear to have generated positive environmental impacts. There are certainly numerous examples of energy efficiencies within businesses' processes, reduction in waste, and improved recycling, whilst there are also some examples of beneficiaries focusing on shorter supply chains following the support. However, the latter is balanced against growth into new, more far-reaching geographical markets, whilst increasing production, even if achieved more efficiently, could also be said to have an adverse environmental impact. We are not able to quantify the positive and negative environmental impacts of the schemes,

although the available evidence would suggest that, on balance, the schemes appear to have contributed positively.

- Recommendation 2: Future schemes should consider introducing mechanisms to better monitor and control for the environmental impacts of the projects supported. Consideration could also be given to commissioning a separate research study specifically on the positive and negative environmental impacts of these schemes.
- Recommendation 3: Any future schemes should ensure that more robust monitoring processes (e.g. including the capture of business age, historic, and annual turnover data) are implemented to enable more refined estimates of economic impacts.

Design and delivery

- 6.4 The evidence in this report shows that the two schemes have generally been well designed with regard to the grant parameters. That being said, there was some suggestion that the minimum threshold should have been higher, with a high degree of variability in the scale of projects funded, from projects as small as £2,459 and as big as £5m. The projects were split fairly evenly between those more than £100k and those less than £100k. Our analysis indicates that whilst there is not always a clear correlation between the size of the grant and the ROI, grants of more than £100k appear to have generated a better return on each pound spent overall. Additionally, the costs incurred for small businesses with applying for support, processing claims, etc. are potentially higher than the value of the smallest grants of little more than £2k. For that reason, the new grant scheme is to have a minimum threshold of £20k, which seems to be a well-reasoned change to the design of the scheme.
- 6.5 The main constraining factor within the design of the FBIS was the RDP requirement with regard to limiting the support to businesses that process primary agricultural products, thereby preventing other, perhaps more appropriate subsectors from accessing the support. This was because the RDP Priority used to fund the scheme focused more on adding value to agricultural products and creating shorter supply chains. There appears to have been an element of tension between those strategic objectives and those of the Welsh Government, which were

more focused on creating growth. The value generated by the scheme is certainly more aligned with the Welsh Government policy focus areas than with the EU focus areas.

- Recommendation 4: There should be a more coherent understanding of the strategic objectives within the next capital grant scheme, linked to a clear assessment of the rationale behind the intervention applying at that time reflecting market developments. We recommend that the Welsh Government should clarify those objectives at the earliest opportunity and communicate the objectives with all personnel responsible for administering the new scheme. This would also be an opportunity to have a more considered position on the environmental objectives and how these align with policy objectives regarding economic development.
- Recommendation 5: If it has not been adjusted already, the limitation surrounding only supporting businesses which process a primary agricultural product should be removed from the next scheme (unless adding value to agricultural products remains a core priority).

6.6 Generally, the schemes were designed to be open to all eligible businesses and did not target specific cohorts of businesses. This has led to significant investment in some subsectors, such as egg production and microbreweries, that some policy officials have highlighted as a weakness, with concerns surrounding investment in sectors that do not provide the intended strategic value. As such, some officials have called for a more targeted approach going forward, e.g. by identifying growth sectors and targeting the support accordingly. Our analysis does support that idea to some extent, revealing that investment in microbreweries in particular as well as egg production to a lesser extent has generated a smaller return than has investment in other subsectors (although both still showed a positive return, and the analysis was severely constrained by the small sample size).

- Recommendation 6: The Welsh Government should consider applying a more targeted approach in the next grant scheme either through the marketing channels utilised or by applying a greater weight towards high-growth sectors or types of projects during the appraisal process. This should be supported by an evidence-led assessment of market conditions as well as potential feeding into the scheme design and targeting.

6.7 Three main groups of beneficiaries have been supported by the schemes. Firstly, the grant schemes have primarily supported small businesses and microbusinesses wanting to take the next step to grow their businesses by improving and professionalising their production processes. Secondly, larger businesses have been supported to increase their economic output further. Thirdly, farm businesses have been generally supported to help sustain their operations, business succession, and ensure viability for multiple families.

6.8 Larger businesses had a higher success rate during the application process. Our analysis shows that only 44% of the funding was invested in microenterprises and small businesses, despite those two cohorts comprising 87% of all beneficiaries. This appears to run in contrast with the Welsh Government's key policy focus on increasing the base of medium-sized firms within the sector by supporting micro- and small businesses to take the next step. What is more, our analysis suggests that investment in smaller businesses has generated a better ROI than has the funding provided to medium-sized businesses (although we note the significant caveat in our sub-sample analyses due to the small sample sizes).

- Recommendation 7: The Welsh Government should consider introducing specific mechanisms to ensure that the support is more targeted at micro- and small businesses. One approach could be to ring-fence a proportion of the funding (e.g. 60%) for those business size cohorts. Another could be to reduce the maximum grant limit.

6.9 The vast majority of beneficiaries did have strong growth ambitions and a clear plan for growth prior to receiving support, whilst a large proportion already had an accreditation, thereby demonstrating their readiness for growth. In that sense, the schemes have managed to engage with an appropriate set of businesses, which is consistent with the vision articulated by Welsh Government policy officials regarding the need to "back the winners". The point on accreditations is key because microenterprises with serious ambitions with regard to developing into larger businesses generally need to be accredited.

- Recommendation 8: The next scheme could incorporate a requirement for businesses to either be accredited or commit to acquiring an accreditation to be eligible for support as a way of ensuring that the investment reaches the businesses that are best placed for growth.

6.10 The schemes were well promoted, as testified by the scale of applications coming through. The most significant issues have been experienced in the application, appraisal and claims processes as well as in general business engagement. There was substantial frustration with these processes among some beneficiaries, with 27% of FBIS respondents expressing dissatisfaction and a further 29% providing a neutral score (where they were neither satisfied nor dissatisfied). This primarily stemmed from the elements under the control of RPW, such as the FBIS Stage 2 full application, which appears to be a wider RDP administrative issue caused by a lack of resources within the RPW team. This led to long delays and poor communications with businesses in some instances, which contributed towards business withdrawals at the Stage 2 full application process, where one third of applications did not progress towards projects. The delays, coupled with high inflation, led to many businesses facing much higher costs than they had planned for, which was compounded by the fact that the scheme could not commit more funding in order to account for rising costs.

- Recommendation 9: Future schemes should prioritise steps to avoid delays in the approval process (e.g. by reviewing the two-stage application process and/or ensuring that there are greater resources to accelerate the process). Consideration could also be given to having a more flexible approach. This could, for example, include a mechanism to increase grant funding in line with inflation when there is a long lag from the EOI to the purchase of capital items (although this would not prevent some of the other issues that occur with delays, such as the market conditions, competitors, etc., which can affect the strength of the business case).

6.11 The issues surrounding the application process seem to extend beyond the slow response and the lack of communications, with the forms said to be very time-consuming and difficult to complete, leading to further withdrawals. Indeed, this was the barrier most commonly cited by applicants. Such was the difficulty in completing the process that most beneficiaries accessed external support and 38 % paid for independent consultants. This, in our view, has created issues regarding the equitable nature of the schemes, which became biased towards businesses which could pay external consultants to complete the applications for them. Additionally, it seems to have undermined the appraisal process, where consultants with the

relevant 'knowhow' could 'tick the right boxes' to get applications through the scoring criteria, even if they were not necessarily the most appropriate projects. For that reason, we understand that the replacement scheme has structured the appraisal differently to make the scoring criteria less narrative-based and less susceptible to the influence of third parties.

- Recommendation 10: The application process should be further considered to enable efficient and fair collection of the necessary information to support effective assessment of applications. Either the process should be simplified to ensure that businesses can carry it out on their own or there should be a consistent level of support for all applicants to make the scheme as accessible as possible and provide a level playing field. The high additionality identified in these evaluation schemes would suggest that the appraisal process has been effective in ensuring that those businesses that can fund the projects themselves do not receive the support. Indeed, there was a specific element within the appraisal process that considered the question of additionality specifically.
- Recommendation 11: The next scheme should retain similar practices with regard to appraising whether projects could be delivered without public funding (and make further improvements where appropriate).

6.12 Another element introduced in the next scheme is formalising the concept of signing an economic contract at the time of applying for support. We believe that this is a sensible addition which, if done well, should ensure that beneficiaries follow through on delivering some of the broader strategic objectives regarding fair work and sustainability.

6.13 Our evaluation found issues surrounding time delays, the unavailability of support, and a lack of communications during the claims process as well as the application stage. Additionally, the IT system deployed for the schemes has been another source of frustration and led to further delays. Some delivery team members proposed that the schemes would be better served if delivered entirely within the Food Division, although the overriding issue appears to be a lack of resources.

- Recommendation 12: Management of the claims process should be strengthened in the next scheme, where additional resources should be the main priority.

- 6.14 There is good alignment between these capital grant schemes and other support provisions within the sector that focus on business development support, upskilling, and innovation. Most beneficiaries have received support from some of those other services too because of the complementarity that they bring as a package. Other services have also had a direct influence on delivery, acting as an important route in making businesses aware of the schemes, and one fifth of beneficiaries had received support from these other services to navigate the application process. However, these engagements have been sporadic. They have not been delivered consistently, which poses further questions as to the equitable nature of the schemes — businesses which happen to be engaged with other services are perhaps at an advantage.
- Recommendation 13: The Welsh Government should consider further integration of the schemes to standardise the type of support that businesses receive that sits around the grant funding. For instance, one simple action could be to inform all businesses of the support available from other providers during the initial engagement. The team could also work alongside another provider, such as Business Wales or Cywain, to create dedicated support for all applicants should they need it.

Summary

- 6.15 Despite the many challenges regarding the administration of the grant funding, the FBIS and the RBISF have positively contributed to the growth of supported businesses in the F&D sector in Wales. With a new grant scheme already being introduced, we can expect the provision of capital support to continue playing a role in supporting such businesses. That being said, there are many improvements that can be made to the schemes on a practical level and, more importantly, with regard to clarifying the strategic position. We hope that the findings and recommendations within this report will help to steer and improve the ongoing delivery of support for the F&D sector.

Annexe A: Delivery team interview questions

Delivery performance

1. Overall, how satisfied have you been with the delivery of the FBIS and RBISF schemes?
 - a. To what extent have the schemes been delivered as intended?
 - b. What changes were made, if any?
 - i. Why were these changes made?
2. What factors of the scheme design were conducive or non-conducive in achieving the strategic objectives as they were at the time?
 - a. Prompt on size of grants, eligible funding and activities, intervention rate
 - b. To what extent did the assessment criteria align with Welsh Government's strategic goals as they were at the time?
3. Do you think there was sufficient marketing of the schemes to raise awareness throughout the sector, including harder-to-reach groups?
 - a. What were the most effective marketing approaches used?
 - b. Do you think these schemes should be promoted differently in future?
 - i. If so, how?
4. How effectively were the EOI, application and appraisal processes implemented?
 - a. What barriers, if any, affected the application and appraisal processes, e.g. short lead-in time, delays, complexity?
 - i. How significant were these issues?
 - ii. How did the delivery team seek to overcome these issues?
 - How effective was that approach?
 - iii. Do you think these processes should be delivered differently in future?
 - If so, how?
 - b. To what extent did the schemes engage with the most appropriate businesses in your view?
 - i. Do you think schemes such as these should be more targeted or left open?
 - c. To what extent has the appraisal process ensured that beneficiaries sign up to the 'economic contract', e.g. by committing to the sustainable development goals set out in their EOI?

5. How effectively did the schemes integrate with other interventions within the food and drink sector in Wales?
 - a. Prompts: e.g. utilising the expertise of Project Helix or the Sustainable Scale-up Cluster to ensure the investments were technically sound and financially prudent?
6. To what extent have the schemes been managed effectively, e.g. with regards to the claims process and the system of communication between Welsh Government officials and scheme applicants/beneficiaries?
 - a. Would you change the management of similar schemes in the future?
 - i. If so, what changes would you make?
 - b. Were the monitoring arrangements appropriate in terms of collecting sufficient data?
 - i. How manageable was this process?
7. To what extent was there an appropriate amount of support provided to beneficiaries post-support?
 - a. Would you make any changes to this in future?
 - i. If so, what changes would you make?
8. What impact, if any, have external factors such as Brexit, COVID-19, and inflation had on delivery?

Impacts

9. To what extent have the schemes achieved the main aims and objectives, i.e.:
 - a. to develop the capacity and capability of food processing in Wales?
 - b. to create shorter supply chains?
 - c. to retain more supply chain spend in Wales?
 - d. to generate growth and develop a more sustainable sector?
10. To what extent have the schemes supported investments that would not have taken place without the support?
 - a. To what extent have the schemes managed to ensure the investments avoid displacing the activity and growth of other Welsh F&D businesses?
11. To what extent has FBIS improved competitiveness of primary producers by integrating them into the agri-food chain?
12. To what extent has RBISF facilitated diversification, creation and development of small enterprises as well as job creation?

13. To what extent have the schemes successfully addressed the three CCTs of Equal Opportunities & Gender Mainstreaming, Sustainable Development, and Tackling Poverty and Social Exclusion?
 - a. Are you able to provide us with good examples where the schemes have delivered against these themes?
14. To what extent have the schemes contributed to the cross-cutting objectives of innovation, environment, and climate change mitigation and adaptation?
15. To what extent have the schemes supported the Welsh Government's Welsh Language Strategy commitments in Cymraeg 2050: A Million Welsh Speakers?
16. To what extent would you say the schemes are consistent with the aims of the Well-being of Future Generations Act (2015)?

Final reflections

17. With the benefit of hindsight, do you think the schemes should have been designed or delivered differently? If so, how?
 - a. Would you make any changes in future schemes? If so, what changes would you make?
18. Based on your experience of delivering these schemes, do you think some types of investments have had more impact than others (e.g. in terms of the type of activities receiving investment, processors vs. primary producers, etc.)?
19. To what extent have the schemes shown that there is a strong rationale for capital investment grants to support processing within the food and drink industry?
 - a. To what extent do these schemes represent the best use of investment to support the sector?
 - b. How do they align with current policy objectives as set out in the strategic vision?
20. Do you believe this type of provision should form part of the offer for the food and drink sector beyond the RDP funding period which ends in 2023?
21. Finally, is there anything not covered within this interview you would like to add or anything important to mention with regards to this evaluation?

Annexe B: External Stakeholder Interview Questions

Your project

1. Can you please provide an overview of the food sector project you are involved in delivering?
 - a. How would you describe the delivery model for your project and the type of support it provides?
 - b. What type of beneficiaries (and how many) does your project support?
 - c. What is the rationale for the project? In other words, why is it needed?
 - d. How would you explain what your project is seeking to achieve?
 - i. What does the end goal of the project look like?
 - ii. Please explain the type of economic and environmental impacts expected from the project.
2. How would you say your project contributes towards Welsh Government and EU policy objectives?
3. To what extent does your project add value to the type of support that already exists for the food and drink sector in Wales?
 - a. How does your project add value to/work with the FBIS and RBISF schemes?
4. Can you please describe the type of monitoring and evaluation activities associated with your project?
 - a. What type of data do you hold?
 - b. Have any external evaluations been conducted or are due to be conducted?
 - c. Would you be able to share this information for the purposes of our review? If so, when?

FBIS/RBISF

5. Could you please describe your role in relation to the FBIS/RBISF scheme?
 - a. What input, if any, have you had into the delivery of the schemes?
 - b. How often do the businesses you support participate in these schemes?
6. How well has your project or scheme been delivered in conjunction with FBIS/RBISF?
 - a. Do you believe they add value to the project/the scheme you deliver?
 - i. How do they do that?
 - b. Are there instances where they overlap?
 - i. If so, how is that managed?
7. How effectively have the FBIS and RBISF schemes been delivered, in your opinion?

- a. Do you think they were designed appropriately?
 - i. Were the sizes of the grant schemes appropriate?
 - ii. Was the intervention rate appropriate?
 - iii. Were other aspects, such as the eligible areas of funding and activities, appropriate?
 - b. Do you think the schemes have supported an appropriate set of businesses?
8. What have been the main impacts of the FBIS and RBISF schemes?
- a. Can you describe examples of these impacts on any of the businesses you support?
9. How important are these schemes in helping to achieve the objectives set out in Welsh Government's strategic vision for the sector?
- a. Is this the best use of resources to help achieve those objectives?
 - b. Finally, is there anything not covered within this interview you would like to add or anything important to mention with regards to this evaluation?

Annexe C: Beneficiary Survey Questions

Section 1: Background Information

Profile

1. Can you please provide the following details? (RT to pre-populate contact and business name)
 - a. Your name
 - b. Your position within the company (RT to confirm that they are the most appropriate person to answer the questions, i.e. have knowledge about the project, its impact, and the company's financial details)
 - c. Name of your business
 - d. Your business postcode
 - e. The year your business was established
2. Before receiving support from FBIS/RBISF, which of the following best describes the nature of your business?
 - a. Farm business with no processing operations
 - b. Farm business with a processing operation
 - c. Food processing or manufacturing business
 - d. Other (please specify)
3. (If selected a or b) In which of the following subsectors did you operate?
 - a. Cattle
 - b. Sheep
 - c. Dairy
 - d. Eggs
 - e. Pigs
 - f. Poultry
 - g. Cereals
 - h. Other (please specify)
4. (If selected b or c) What goods did you sell?
 - a. Dairy products and eggs
 - b. Confectionery
 - c. Other baked goods
 - d. Preserves/honey
 - e. Condiments/spices/seasonings

- f. Red meat
 - g. Desserts
 - h. Manufacturing of teas and coffees
 - i. Red meat products
 - j. Prepared foods/ready meals
 - k. Alcoholic drinks
 - l. Fruit and vegetables
 - m. Non-alcoholic drinks
 - n. Poultry and game
 - o. Fish and seafood
 - p. Breads/grains/cereals
 - q. Dried foods
 - r. Other
5. Can you please note what was your food hygiene rating before you received support from FBIS/RBISF? (Scale 1–5)
6. As far as you can remember, when did you (month & year):
- a. First look into accessing support from FBIS/RBISF?
 - b. Submit an Expression of Interest?
 - c. Receive the first grant payment?
 - d. Make the investment?
7. Before you received support from FBIS/RBISF, what were your routes to market? In other words, how did you normally sell your goods? (Please select all that apply)
- a. Farm shops
 - b. Farmers' markets
 - c. Local/independent retail shops and outlets
 - d. Local processing companies
 - e. National retailers/wholesalers
 - f. Exported goods
 - g. Festivals or events
 - h. Food box schemes
 - i. Online
 - j. Public sector contracts
 - k. Other

8. Before you received support from FBIS/RBISF, had you acquired any of the following accreditations?
 - a. BRC 8
 - b. SALSA Standard
 - c. LEAF
 - d. Red Tractor Standard
 - e. B-Corp
 - f. RSPCA Assured
 - g. Green Dragon
 - h. Farm Assured Welsh Livestock certification
 - i. None
9. Can you please describe the ambitions for your business prior to applying for support?
 - a. Was your business experiencing and/or planning for growth at the time?
 - b. What role did the FBIS/RBISF investment have in any growth plan?
10. (If planning for growth) Were there any barriers preventing you from carrying out your growth plans?
 - a. Access to finance
 - b. Lack of production capacity
 - c. Premises
 - d. Not the right skills in the team
 - e. Other (please specify)
 - f. No barriers
11. In the past, have you accessed capital support from other providers: (Yes/No)
 - a. Grant assistance from other support schemes?
 - b. Repayable finance from other support schemes or commercial lenders?
12. (If Yes) Please explain what you used the capital support to invest in.
 - a. In what year did you receive this capital support?
13. Have you received any other type of support from other providers in the past?
 - a. Cywain
 - b. Food Skills Cymru
 - c. Project Helix (Innovation Centres)
 - d. Food & Drink Sustainable Scale-up Cluster
 - e. Other cluster (please specify)
 - f. Business Wales

- g. Farming Connect
 - h. Other provision (please specify)
 - i. None
14. In the last financial year prior to receiving the grant from FBIS/RBISF, how many people did you typically employ (i.e. total headcount) on average?
- a) FT
 - b) PT
 - c) Agency workers
15. In the last financial year prior to receiving the grant from FBIS/RBISF, what was your turnover and profit/loss?
- a. Turnover
 - b. Profit/loss
16. Approximately what proportion of your employees (18+) were paid the Real Living Wage before receiving the support? (RT note: The UK rate as defined by the Living Wage Foundation was £8.45 in 2016, £8.75 in 2017, £9 in 2018, £9.30 in 2019, £9.50 in 2020, and £9.90 in 2021 — cite the relevant figure based on when the beneficiary first received the grant — see Q5)
17. Approximately what proportion of your employees were zero-hour-contract workers before receiving the support?

Engagement with FBIS/RBISF

18. How did you find out about the grant support through FBIS/RBISF?
- a. Welsh Government website or publications (e.g. Gwlad newsletter and Rural Development website)
 - b. Social media
 - c. At an event
 - d. Referrals from other schemes (e.g. Cywain, Helix, Food Skills Cymru, Farming Connect — please specify)
 - e. Word of mouth
 - f. Other (please specify)
19. On a scale of 1–5, where 1 is ‘Not at all’ and 5 is ‘To a great extent’, to what extent do you believe the schemes were well known amongst food and drink producers and processors in Wales?
- a. 1 – Not at all
 - b. 2 – Little

- c. 3 – Somewhat
- d. 4 – To a large extent
- e. 5 – To a great extent

About the investment

20. What were your main reasons for applying for the grant from FBIS/RBISF?

- a. Increase capacity and output to meet demand
- b. To address the lack of local (within a 35-mile radius) processing capacity
- c. Diversification into processing
- d. To supply different/larger customers (e.g. supermarkets)
- e. Enter other, new markets
- f. Expand existing markets
- g. Efficiencies/innovation to reduce costs
- h. Switching to lower-carbon technologies
- i. To grow/accelerate the growth of the business
- j. Increase/safeguard employment
- k. Other

21. (If selected e) Please describe what type of new markets you were seeking to enter. (Prompt, for example, supermarket listings, exporting, public procurement opportunities)

22. Which of the following describes what your investment involved? (Please select all that apply)

- a. Replace existing equipment with more efficient equipment (e.g. more automated, energy-efficient, etc.)
- b. Purchase equipment to develop a new capability
- c. Purchase equipment to increase productivity (i.e. by increasing output and/or lowering cost)
- d. Purchase new premises/expand existing premises to scale up
- e. Other (please specify)

23. Were there financial constraints that prevented you from making the investment without grant assistance? (Yes/No)

- a. (If Yes) What were these?
- b. (If No) Please explain why you chose not to make the investment without grant assistance from FBIS/RBISF.

- c. (If Yes) Did you seek other potential sources of finance (e.g. loans/other grant funding)?
 - i. (If Yes) Please specify what other sources of finance you had considered (loans or grant funding).
 - ii. (If Yes) What led you to apply for the FBIS/RBISF grant over these other sources of finance? (Closed-ended question: ease of process, less risk, no repayment, other (please specify))

Section 2: Application Process

24. How satisfied were you with the EOI and full application process?

	EOI stage	Full application
Very satisfied		
Satisfied		
Neither satisfied nor dissatisfied		
Dissatisfied		
Very dissatisfied		

25. What were the challenges, if any?

26. Do you feel you had sufficient time to prepare the application?

- a. Yes
- b. No

27. Please explain.

28. Did you receive support to navigate the application process?

- a. Yes
- b. No
- c. Not sure

29. (If Yes) Who was that from?

- a. How useful was the support (scale: Very useful, Useful, Unsure, Not very useful, Not at all useful)?

30. Did you receive the full amount of grant funds that you applied for?

- a) Yes
- b) No

31. (If No) What were the reasons for not receiving the full amount you applied for?

- a. How did you respond to this? (Closed-ended question: get finance from elsewhere, scale back the project, delay part of it, other (please specify))
- 32. On a scale of 1 to 5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent do you believe the size of the grant was appropriate for your needs?
- 33. How satisfied were you with the following aspects of the grant support? (Scale: Very satisfied, Satisfied, Neither satisfied nor dissatisfied, Dissatisfied, Very dissatisfied)
 - a) Intervention rate — 40% (60% match funding)
 - b) Eligible costs and activities (e.g. at least 90 % of eligible agricultural products had to be sourced from within the EU under FBIS)
 - c) Timescales of grant approval
- 34. Do you have any further comments on the different design aspects (i.e. grant size, intervention rate, eligible cost, timescales)?

Section 3: Support

- 35. Did you receive any ongoing support following the grant award?
 - a) Yes
 - b) No
 - c) Don't know
- 36. (If Yes) Who was that support from?
 - a. What type of support did that involve?
- 37. (If Yes) How useful was that support?
 - a) Very useful
 - b) Useful
 - c) Unsure
 - d) Not very useful
 - e) Not at all useful
- 38. How satisfied have you been with the claims and monitoring process?
 - a. Very satisfied
 - b. Satisfied
 - c. Neither satisfied nor dissatisfied
 - d. Dissatisfied
 - e. Very dissatisfied
- 39. What were the challenges, if any?

40. How satisfied have you been with your overall experience of receiving support from FBIS/RBISF?

- a) Very satisfied
- b) Satisfied
- c) Neither satisfied nor dissatisfied
- d) Dissatisfied
- e) Very dissatisfied

Section 4: Outcomes

41. Earlier, you said that you wanted support from FBIS/RBISF to [pipe in response to Q19]. On a scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent do you believe you have achieved those aims?

42. Can you please describe what the FBIS/RBISF grant support has allowed you to do?

- a. To what extent have your business operations changed as a result of this support? Has the FBIS/RBISF grant been used to replace one economic activity with another?

43. Could you please tell us if there has been any change in the following since you received the FBIS/RBISF support?

- a. Your business' ability to respond to new opportunities
- b. Your ability to generate income
- c. The profitability of your business
- d. Your ambition for your business

44. On a scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent are those changes a result of the support from FBIS/RBISF?

45. Has the FBIS/RBISF investment led to any of the following changes or benefits for your business?

- a. (If a processing company, i.e. selected b or c in response to Q2) Improved capability through better equipment and facilities
- b. (If a processing company) Improved productivity by increasing output
- c. (If a processing company) Improved productivity by lowering cost
- d. Diversified/entered new markets
- e. Grown existing markets
- f. Developed new products
- g. Improved the sustainability of your business

- h. Reduced your carbon footprint
 - i. (If a processing company) Allowed you to shorten your supply chain by purchasing more raw materials from local producers
 - j. (If a farm business, i.e. selected option a or b to Q2) Reduced the amount of the processing of your products that takes place outside Wales
46. Can you please tell us about any environmental impacts from the investment made, if at all? For example, has it generated resource efficiencies through reducing energy, water, wastage, added value to waste or byproducts, or supported the use of renewable energy sources? (Yes/No)
47. (If Yes) Please provide more information. For example, are you now able to use less energy/water input for the products produced?
48. Thinking about the investment made, what would have happened if you had not received the grant?
- a) I would not have made the capital investment at all
 - b) I would have made the investment but at a later date
 - c) I would have made a different/smaller-scale investment at the same time
 - d) I would have made a different/smaller-scale investment at a later date
 - e) I would have made the investment in exactly the same way
 - f) Other (please specify)
49. (If selected c or d) How much did you invest in new equipment facilities with the FBIS/RBISF grant?
- a. How much do you think you would have invested without the support from FBIS/RBISF?
50. Which accreditations does your business now hold?
- a. BRC 8
 - b. SALSA Standard
 - c. LEAF
 - d. Red Tractor Standard
 - e. B-Corp
 - f. RSPCA Assured
 - g. Farm Assured Welsh Livestock certification
 - h. None
51. Has the support helped you with the following? (Please answer Yes, No or Not applicable)

- a. Win industry awards (e.g. The Grocer Awards or Great Taste)
 - b. Increase your food hygiene rating
 - c. Achieve accreditations
 - d. Become a more environmentally sustainable organisation
52. Has your project had any adverse impacts (e.g. negative environmental impacts from upscaling activity)?

GVA and economic impact section

53. On average, how many people did you employ (headcount) in the last financial year since receiving the FBIS/RBISF support?

- a. FT
- b. PT
- c. Agency workers

54. What is your organisation’s turnover and profit/loss for the latest financial year since receiving support from FBIS/RBISF? If you have not yet completed a financial year, please estimate your business turnover in the current year.

- a. Turnover
- b. Profit/loss

55. Excluding the FBIS/RBISF grant from your turnover, what proportion (percentage) of your most recent turnover would you attribute to the investment you made through FBIS/RBISF? (RT to explain that if the grant is included in their most recent turnover, this should be excluded from their answer — RT to provide the grant figure)

56. How many employees and agency workers do you estimate would be on your payroll today had you not received support through FBIS/RBISF?

	Employees	Agency workers
The same		
A higher number		
A lower number		
Don't know/not applicable		

57. (If A higher or lower number selected) Approximately how many employees and agency workers would you have had instead?

- a. FT
- b. PT

- c. Agency workers
58. (If lower) In which of the following occupation categories are the staff that you now employ who would not be employed without support from FBIS/RBISF?
- a. Elementary (e.g. general, warehouse and agricultural workers)
 - b. Process, plant and machine (e.g. machine operatives, assemblers, forklift truck, train, and coach drivers)
 - c. Sales and customer service
 - d. Skilled trades (e.g. skilled agricultural, construction, metal and electrical trades)
 - e. Administrative and secretarial occupations (e.g. bookkeepers and office workers)
 - f. Technical and associate professional occupations (e.g. engineering technicians and IT support)
 - g. Professional occupations (e.g. scientists, architects, IT specialists)
 - h. Chief Executives and senior officials (e.g. division directors, production managers)
59. Approximately what proportion of your employees (18+) are currently paid the Real Living Wage? (The UK rate as defined by the Living Wage Foundation is currently £9.90 per hour)
60. Approximately what proportion of your employees are currently zero-hour-contract workers?
61. What are your routes to market currently? (Select all that apply)
- a. Farm shops
 - b. Farmers' markets
 - c. Local/independent retail shops and outlets
 - d. Local processing companies
 - e. National retailers/wholesalers
 - f. Exported goods
 - g. Festivals or events
 - h. Food box schemes
 - i. Online
 - j. Public sector contracts
 - k. Other
62. For your last financial year, what was the approximate value of your:

- a. Total purchasing (i.e. total spend on supplies such as ingredients, packaging, incidentals)?
- b. (If non-farming, i.e. selected c in response to Q2) Purchasing of raw materials for processing?

63. Before you received the grant, what percentage of the following took place locally (within 35-mile radius), elsewhere in Wales, elsewhere in the UK, in EU, or outside the EU?

	Within your local area (35-mile radius)	Elsewhere in Wales	Elsewhere in the UK	In the EU	Outside the EU
Purchasing/ expenditure					
Your sales					

64. Currently, what percentage of the following takes place locally (within a 35-mile radius), elsewhere in Wales, elsewhere in the UK, in EU, or outside the EU?

	Within your local area (35-mile radius)	Elsewhere in Wales	Elsewhere in the UK	In the EU	Outside the EU
Purchasing/ expenditure					
Your sales					

65. (If reported a change) To what extent (if at all) has the support received through FBIS/RBISF influenced changes in your supply chain with regards to the geographic distribution of:

	To a great extent	To some extent	Very little	Not at all	Don't know
Purchasing/expenditure					
Your sales					

66. (If received support after the COVID-19 outbreak in March 2020) On a scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent did COVID-19 affect your ability to use the grant support as intended?

a. Please explain.

67. Have any other issues, such as Brexit or rising costs, had an impact on your ability to use the grant support as intended?

Future potential

68. Do you expect the investment made as a result of the grant support to have an impact on your turnover and employment over the next year? (Yes/No)

If No proceed to Section 5. If Yes:

69. In the next 12 months, do you expect your number of employees to:

- a. Increase
- b. Decrease
- c. Stay the same
- d. Don't know

70. (If Increase) How many new employees do you expect to take on in the next 12 months?

71. Approximately what proportion of this change would you attribute to the support received from FBIS/RBISF?

- a. None at all
- b. 0 to 20 % (2)
- c. 21 to 40 % (3)
- d. 41 to 60 % (4)
- e. 61 to 80 % (5)
- f. 81 to 100 % (6)
- g. All (7)

72. In the next 12 months, do you expect your turnover to increase, decrease or stay the same?

- a. Increase
- b. Decrease
- c. Stay the same
- d. Don't know

73. Roughly what level of turnover are you expecting or aiming towards in the next financial year?

74. What proportion of this annual increase in turnover, if any, would you attribute to the changes brought about as a result of the FBIS/RBISF intervention?

Section 5: Close

75. Do you have anything to add on the support received through the grant?
76. As part of our Evaluation Report we are looking to include some case studies to showcase the impact the FBIS and RBISF grants have had on beneficiaries. Would you be happy for us to potentially include your business as one of those case studies?
- a. Yes
 - b. No
77. (If Yes) Would you be happy for us to give you a brief call to go through some further questions to inform our case studies? The call should take no more than 10 to 15 minutes of your time.
- a. Yes
 - b. No

Annexe D: Non-beneficiary Survey Questions (Telephone)

Section 1: Background Information

1. Can you please provide the following details?
 - a. Your name
 - b. Name of your business
 - c. Your business postcode
 - d. The year your business was established
2. Are you a primary producer or a food processing company?
 - a. Farm business with no processing operations
 - b. Farm business with a processing operation
 - c. Food processing or manufacturing business
 - d. Other (please specify)
3. (If selected a) In which of the following subsectors do you operate?
 - a. Cattle
 - b. Sheep
 - c. Dairy
 - d. Eggs
 - e. Pigs
 - f. Poultry
 - g. Cereals

- h. Other (please specify)
4. (If selected b) What goods do you sell?
- a. Dairy products and eggs
 - b. Confectionery
 - c. Other baked goods
 - d. Preserves/honey
 - e. Condiments/spices/seasonings
 - f. Red meat
 - g. Desserts
 - h. Manufacturing of teas and coffees
 - i. Red meat products
 - j. Prepared foods/ready meals
 - k. Alcoholic drinks
 - l. Fruit and vegetables
 - m. Non-alcoholic drinks
 - n. Poultry and game
 - o. Fish and seafood
 - p. Breads/grains/cereals
 - q. Dried foods
 - r. Other
5. Before you enquired about support from FBIS/RBISF, what were your routes to market? In other words, how did you normally sell your goods?
- a. Farm shops
 - b. Farmers' markets
 - c. Local/independent retail shops and outlets
 - d. Local processing companies
 - e. National retailers/wholesalers
 - f. Exported goods
 - g. Festivals or events
 - h. Food box schemes
 - i. Online
 - j. Public sector contracts
 - k. Other

6. Before you enquired about support from FBIS/RBISF, had you acquired any of the following accreditations?
 - a. BRC 8
 - b. SALSA Standard
 - c. LEAF
 - d. Red Tractor Standard
 - e. B-Corp
 - f. RSPCA Assured
 - g. Green Dragon
 - h. Farm Assured Welsh Livestock certification
 - i. None
7. Before you enquired about the grant from FBIS/RBISF, how many people did you typically employ (i.e. total headcount) on average?
 - a. FT
 - b. PT
 - c. Agency workers
8. In the last financial year before you enquired about the grant from FBIS/RBISF, what was your turnover and profit/loss?
 - a. Turnover
 - b. Profit/loss
9. Approximately what proportion of your employees were paid the Real Living Wage before you enquired about the support? (RT note: The UK rate as defined by the Living Wage Foundation was £8.45 in 2016, £8.75 in 2017, £9 in 2018, £9.30 in 2019, £9.50 in 2020, and £9.90 in 2021 — cite the relevant figure based on when the beneficiary first received the grant — see Q5)
10. Approximately what proportion of your employees and agency workers were zero-hour-contract workers before you enquired about the support?

Section 2: Engagement with FBIS/RBISF

11. How did you find out about the grant support through FBIS/RBISF?
 - a. Welsh Government website or publications (e.g. Gwlad newsletter and Rural Development website)
 - b. Social media
 - c. At an event

- d. Referrals from other schemes (e.g. Cywain, Helix, Food Skills Cymru, Farming Connect — please specify)
 - e. Word of mouth
 - f. Other (please specify)
12. On a scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent do you believe the schemes were well known amongst food and drink producers and processors in Wales?
- a. 1 – Not at all
 - b. 2 – Little
 - c. 3 – Somewhat
 - d. 4 – To a large extent
 - e. 5 – To a great extent
13. What were your main reasons for applying for the grant from FBIS/RBISF?
- a. Increase capacity and output to meet demand
 - b. To address the lack of local (within a 35-mile radius) processing capacity
 - c. Diversification into processing
 - d. To supply different/larger customers (e.g. supermarkets)
 - e. Enter other, new markets
 - f. Expand existing markets
 - g. Efficiencies/innovation to reduce costs
 - h. Switching to lower-carbon technologies
 - i. To grow/accelerate the growth of the business
 - j. Increase/safeguard employment
 - k. Other
14. Why did you not receive grant support from FBIS/RBISF?
- a. The application was unsuccessful
 - b. We no longer needed to purchase the capital items
 - c. We identified a more suitable source of funding
 - d. We were able to make the investment on our own
 - e. The application process was too difficult/time-consuming
 - f. Other
15. Please explain.
16. How satisfied were you with the EOI and full application process?

	EOI stage	Full application
Very satisfied		
Satisfied		
Neither satisfied nor dissatisfied		
Dissatisfied		
Very dissatisfied		

17. What were the challenges, if any?

18. Did you receive support to navigate the application process?

- a. Yes
- b. No
- c. Not sure

19. (If Yes) Who was that from?

- a. (If Yes) How useful was the support? (Scale: Very useful, Useful, Unsure, Not very useful, Not at all useful)

Section 3: About your Investment

20. Which of the following describes what you were seeking investment for? (Please select all that apply)

- a. Replace equipment with more efficient equipment (e.g. more automated, energy-efficient, etc.)
- b. Purchase equipment to develop a new capability
- c. Purchase equipment to increase productivity (i.e. by increasing output and/or lowering cost)
- d. Purchase new premises/expand existing premises to scale up
- e. Other (please specify)

21. Have you invested in capital items since withdrawing/being unsuccessful with your FBIS/RBISF application?

- a. Yes
- b. No

22. (If Yes) Have you purchased the same capital items that you planned on using the FBIS/RBISF funding for?

- a. Yes
- b. No

23. (If No) Were the capital items you purchased more or less expensive than what you had planned with the FBIS/RBISF support?
- More expensive
 - Less expensive
 - About the same
24. (If More/Less expensive) How much did you plan on investing in capital items with support from FBIS/RBISF?
25. (If More/Less expensive) How much did you actually invest in capital items without the FBIS/RBISF support?
26. (If No to Q22) Were the capital items you purchased more or less useful and effective?
- More useful/effective
 - Less useful/effective
 - About the same
27. (If selected More or Less useful/effective) Can you please explain?
28. (If Yes to Q25) Did it take more or less time for you to make the investment without FBIS/RBISF support?
- More time
 - Less time
 - About the same
29. (If selected More or Less time) When did you make the investment (month/year)?
30. Thinking about the reasons you wanted FBIS/RBISF funding to invest in capital items, to what extent have you been able to achieve those objectives without support from the grant schemes? (Scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent')
31. Please explain what difference, if any, the lack of FBIS/RBISF support has made to your business.

Section 4: Close

34. On average, how many people did you employ (headcount) in the last financial year since enquiring about the FBIS/RBISF support?
- FT
 - PT
 - Agency workers

35. What is your organisation's turnover and profit/loss for the latest financial since receiving support from FBIS/RBISF? If you have not yet completed a financial year, please estimate your business turnover in the current year.
- a. Turnover
 - b. Profit/loss
36. Which accreditations does your business now hold, if any?
- a. BRC 8
 - b. SALSA Standard
 - c. LEAF
 - d. Red Tractor Standard
 - e. B-Corp
 - f. RSPCA Assured
 - g. Green Dragon
 - h. Farm Assured Welsh Livestock certification
 - i. None
37. Approximately what proportion of your employees are currently paid the Real Living Wage? (The UK rate as defined by the Living Wage Foundation is currently £9.90 per hour)
38. Approximately what proportion of your employees are currently zero-hour-contract workers?
39. What type of support would best address your needs going forward?
40. Do you have any further comments?

Annexe E: Non-beneficiary Survey Questions (Online)

Section 1: Background Information

1. Can you please provide the following details?
 - a. Your name
 - b. Name of your business
 - c. Your business postcode
 - d. The year your business was established
2. Are you a primary producer or a food processing company?
 - a. Farm business with no processing operations
 - b. Farm business with a processing operation
 - c. Food processing or manufacturing business
 - d. Other (please specify)
3. Before you enquired about support from FBIS/RBISF, had you acquired any of the following accreditations?
 - a. BRC 8
 - b. SALSA Standard
 - c. LEAF
 - d. Red Tractor Standard
 - e. B-Corp
 - f. RSPCA Assured
 - g. Green Dragon
 - h. Farm Assured Welsh Livestock certification
 - i. None
4. Before you enquired about the grant from FBIS/RBISF, how many people did you typically employ (i.e. total headcount) on average?
 - a. FT
 - b. PT
 - c. Agency workers
5. In the last financial year before you enquired about the grant from FBIS/RBISF, what was your turnover and profit/loss?
 - a. Turnover
 - b. Profit/loss

Section 2: Engagement with FBIS/RBISF

6. How did you find out about the grant support through FBIS/RBISF?
 - a. Welsh Government website or publications (e.g. Gwlad newsletter and Rural Development website)
 - b. Social media
 - c. At an event
 - d. Referrals from other schemes (e.g. Cywain, Helix, Food Skills Cymru, Farming Connect — please specify)
 - e. Word of mouth
 - f. Other (please specify)
7. What were your main reasons for applying for the grant from FBIS/RBISF?
 - a. Increase capacity and output to meet demand
 - b. To address the lack of local (within a 35-mile radius) processing capacity
 - c. Diversification into processing
 - d. To supply different/larger customers (e.g. supermarkets)
 - e. Enter other, new markets
 - f. Expand existing markets
 - g. Efficiencies/innovation to reduce costs
 - h. Switching to lower-carbon technologies
 - i. To grow/accelerate the growth of the business
 - j. Increase/safeguard employment
 - k. Other
8. Why did you not receive grant support from FBIS/RBISF?
 - a. The application was unsuccessful
 - b. We no longer needed to purchase the capital items
 - c. We identified a more suitable source of funding
 - d. We were able to make the investment on our own
 - e. The application process was too difficult/time-consuming
 - f. Other

9. How satisfied were you with the EOI and full application process?

	EOI stage	Full application
Very satisfied		
Satisfied		
Neither satisfied nor dissatisfied		
Dissatisfied		
Very dissatisfied		

10. Did you receive support to navigate the application process?

- a. Yes
- b. No
- c. Not sure

Section 3: About your Investment

11. Which of the following describes what you were seeking investment for? (Please select all that apply)

- a. Replace equipment with more efficient equipment (e.g. more automated, energy-efficient, etc.)
- b. Purchase equipment to develop a new capability
- c. Purchase equipment to increase productivity (i.e. by increasing output and/or lowering cost)
- d. Purchase new premises/expand existing premises to scale up
- e. Other (please specify)

12. Have you invested in capital items since withdrawing/being unsuccessful with your FBIS/RBISF application?

- a. Yes
- b. No

13. (If Yes) Have you purchased the same capital items that you planned on using the FBIS/RBISF funding for?

- a. Yes
- b. No

14. (If No) Were the capital items you purchased more or less expensive than what you had planned with the FBIS/RBISF support?

- a. More expensive

- b. Less expensive
- c. About the same

15. (If No to Q13) Were the capital items you purchased more or less useful and effective?

- a. More useful/effective
- b. Less useful/effective
- c. About the same

16. (If Yes to Q13) Did it take more or less time for you to make the investment without FBIS/RBISF support?

- a. More time
- b. Less time
- c. About the same

17. Thinking about the reasons you wanted FBIS/RBISF funding to invest in capital items, to what extent have you been able to achieve those objectives without support from the grant schemes? (Scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent')

Section 4: Close

41. On average, how many people did you employ (headcount) in the last financial year since enquiring about the FBIS/RBISF support?

- a. FT
- b. PT
- c. Agency workers

42. What is your organisation's turnover and profit/loss for the latest financial since receiving support from FBIS/RBISF? If you have not yet completed a financial year, please estimate your business turnover in the current year.

- a. Turnover
- b. Profit/loss

43. Do you have any further comments?

Annexe F: Theory of Change for FBIS and RBISF

Rationale: F&D businesses need to make significant investments in their equipment and processing facilities to grow their business. There are few opportunities for F&D businesses to access capital grant support, including from commercial lenders. Thus, their ability to invest is constrained.

Aims: The schemes provide capital grant investment to help businesses to innovate and grow. They complement other existing support provisions available for F&D businesses, which, together, seek to redress the dominance of microenterprises and the lack of movement through business size categories (from micro to small, to medium-sized, to large). They are also designed to help the Welsh Government's strategic aims of moving to a more sustainable sector and increasing food security locally.

Inputs ↓	Outputs ↓	Intermediate outcomes B →	Impacts
<ul style="list-style-type: none"> £68.5m budget for the two schemes from the RDP Match funding from participants (60 % of costs) Knowledge, contacts and experience of scheme staff 	<ul style="list-style-type: none"> No. of queries and applications Investment made in equipment and facilities No. of operations supported 	<ul style="list-style-type: none"> Outcomes for processors: <ul style="list-style-type: none"> Businesses are more productive Jobs created and safeguarded New markets accessed Increase in financial turnover Businesses become more sustainable Participants provide better work for employees (e.g. pay, upskilling opportunities, and working conditions) 	<ul style="list-style-type: none"> More food processing and manufacturing in Wales with improved capacity and capability Shorter supply chains and more localised processing Improved competitiveness of primary producers which become better integrated into the agri-food supply chain
Activities →	Intermediate outcomes A →	<ul style="list-style-type: none"> Increase in raw materials purchased from local producers, thus: <ul style="list-style-type: none"> Reducing food miles Increasing turnover in wider supply chain Improvements to carbon footprint through greater efficiencies (e.g. minimising energy and water use, using renewable energy, reducing wastage) More businesses considering the sustainability of their operations No. of businesses gaining new accreditations, winning awards, and achieving highest food hygiene standards 	<ul style="list-style-type: none"> Increase in supply chain spend remaining in Wales Growth and greater resilience within the F&D sector Developing a more sustainable sector with a lower carbon footprint Developing a high-value sector with better working conditions Improving reputation and standards within the industry, thereby strengthening Brand Wales
<ul style="list-style-type: none"> Promoting the schemes to potential applicants Undertaking the application and appraisal Distributing the grant support Monitoring the impact 	<ul style="list-style-type: none"> Learning from the application and delivery process Processors improve their capabilities and are more efficient with better equipment and facilities No. of new products created No. of primary producers that have diversified Processors increase their outputs Businesses sign up to the 'economic contract' and achieve the sustainable development goals set in their EOI 		

Assumptions

- The intervention will achieve the desired outcomes
- The timescales and funding are appropriate to achieve the objectives
- Support on small-scale projects will lead to wider macro-level growth
- All businesses which apply need the investment
- Primary producers will benefit indirectly through increased demand and will be able to meet that demand
- The businesses that apply and the subsectors receiving investment are appropriate and align with the strategic objectives of the Welsh Government
- The support that is already available is insufficient to the needs of the sector
- Businesses have the capacity to effectively engage with the schemes
- Businesses deliver on their commitments, including the aspects which are not monitored closely (such as actions pertaining to sustainable development and local supply chain)
- Outcomes and impacts will be achieved in the lifetime of the project

Barriers (and risks)

- Lack of awareness/poor understanding of the support
- The needs of businesses are different from the funding offer
- The lack of targeting (e.g. by subsector) leads to supporting projects which are not suitable with regard to achieving the broader goals around growth, fair work, etc.
- Businesses may apply for support which do not necessarily need it, e.g. skewed towards larger businesses
- Impact from the projects is limited by the displacement effect, i.e. taking value away from other Welsh businesses
- RDP restrictions, e.g. 90 % eligible agricultural products sourced from within the EU
- Unforeseen adverse environmental impacts
- Inflation can impact the prices of equipment after funding has been agreed
- Health implications of supporting alcohol and unhealthy food companies
- There is a time lag between applications and receiving funds, leading to dropout
- Environmental interventions can take time to see benefits
- COVID-19 (social distancing measures and lockdowns) and other challenges (e.g. Brexit and inflation) mean that businesses have to focus on survival

Enablers

- Sufficient and effective marketing to secure high demand from eligible businesses and awareness across industry
- Application and appraisal process ensures innovation and appropriateness — investments should go to businesses that share the Welsh Government's values and which would not be able to invest without the support
- Effective support given to applicants
- Appropriate monitoring and actions to ensure that participants deliver on commitments
- Growing financial pressures have forced some businesses to consider how they can innovate and grow
- Effective marketing and promotional activity to engage businesses in support

Annexe G: Applicant Profile Data

Business size

Business size	FBIS			RBISF				
	Successful	Unsuccessful/ withdrawn	Overall	Survey sample	Successful	Unsuccessful/ withdrawn	Overall	Survey sample
None	13%	24%	21%	10%	17%	29%	23%	9%
1 to 4	54%	49%	50%	51%	48%	46%	47%	64%
5 to 9	4%	6%	5%	2%	28%	11%	19%	18%
10 to 24	8%	8%	8%	10%	0%	14%	7%	0%
25 to 49	8%	4%	5%	12%	7%	0%	4%	9%
50 to 99	7%	4%	5%	12%	0%	0%	0%	0%
100 to 249	5%	2%	3%	4%	0%	0%	0%	0%
250 or more	1%	3%	2%	10%	0%	0%	0%	9%

Source: MI data supplied by the Welsh Government

FBIS subsector data

Subsector	Successful	Unsuccessful/ withdrawn	Overall	Success rate	Value of grant approved	% of grant approved	Avg. grant approved	% of beneficiaries	% of survey sample
Dairy	24	74	98	24%	£24,477,200	41%	£1,019,883	21%	18%
Ready meals	2	5	7	29%	£691,282	1%	£345,641	2%	2%
Meat	18	67	85	21%	£13,291,840	22%	£738,436	15%	16%
Horticulture	2	11	13	15%	£11,928,076	20%	£5,964,038	2%	2%
Alcohol (e.g. breweries)	13	43	56	23%	£1,704,998	3%	£121,786	11%	12%
Eggs	41	67	108	38%	£5,534,773	9%	£134,994	35%	33%
Confectionery	1	9	10	10%	£239,794	0%	£239,794	1%	2%
Bakery	8	26	34	24%	£1,435,023	2%	£179,378	7%	12%
Honey	3	7	10	30%	£139,542	0%	£46,514	3%	2%
Preserves	3	4	7	43%	£36,307	0%	£12,102	3%	0%
Food (general)	2	7	9	22%	£242,000	0%	£121,000	2%	2%
Animal feed	0	6	6	0%	£0	0%	n/a	0%	0%
Other	0	7	7	0%	£0	0%	n/a	0%	0%
Vegetables	0	4	4	0%	£0	0%	n/a	0%	0%
Tea	0	1	1	0%	£0	0%	n/a	0%	0%
Cereals	0	2	2	0%	£0	0%	n/a	0%	0%
Plant	0	3	3	0%	£0	0%	n/a	0%	0%
Produce	0	4	4	0%	£0	0%	n/a	0%	0%
Water	0	1	1	0%	£0	0%	n/a	0%	0%

Source: MI data supplied by the Welsh Government

RBISF subsector data

Subsector	Successful	Unsuccessful/ withdrawn	Overall	Success rate	Value of grant approved	% of grant approved	Avg. grant approved	% of beneficiaries	% of survey sample
Alcohol (e.g. breweries)	4	7	11	36%	£171,799	21%	£42,950	15%	0%
Dairy	4	3	7	57%	£125,626	15%	£31,406	14%	27%
Meat	4	7	11	36%	£62,128	7%	£15,532	14%	18%
Tea/coffee	3	4	7	43%	£73,212	8%	£24,404	10%	18%
Preserves	2	2	4	50%	£67,977	8%	£22,659	7%	0%
Bakery	2	13	15	13%	£104,738	12%	£34,913	7%	0%
Confectionery	2	5	7	29%	£7,375	1%	£7,375	7%	9%
Drinks	2	4	6	33%	£69,934	8%	£34,967	7%	0%
Other	2	1	3	67%	£50,000	6%	£50,000	7%	9%
Horticulture	2	1	3	67%	£56,199	7%	£28,100	7%	18%
Water	0	2	2	0%	£0	0%	n/a	0%	0%
Fish	0	2	2	0%	£0	0%	n/a	0%	0%
Packaging	0	1	1	0%	£0	0%	n/a	0%	0%
Honey	0	1	1	0%	£0	0%	n/a	0%	0%
Vegetables	0	2	2	0%	£0	0%	n/a	0%	0%
Food (general)	0	1	1	0%	£0	0%	n/a	0%	0%

Source: MI data supplied by the Welsh Government

Annexe H: Comparison of the Beneficiary and Non-beneficiary Survey Samples

Type of business

	Beneficiary		Non-beneficiary	
	No.	%	No.	%
Farm business with no processing operations	13	25%	8	16%
Farm business with a processing operation	8	15%	12	24%
Food processing or manufacturing business	31	60%	27	55%
Other	0	0%	2	4%

Subsector

	Beneficiary		Non-beneficiary	
	No.	%	No.	%
Bakery	6	12%	1	3%
Confectionery	1	2%	2	5%
Meat	8	16%	6	16%
Dairy	10	20%	12	32%
Horticulture	1	2%	0	0%
Eggs	16	31%	6	16%
Alcohol (e.g. breweries)	6	12%	7	18%
Food (general)	1	2%	2	5%
Ready meals	1	2%	0	0%
Honey	1	2%	2	5%

Size of grant awarded/requested

	Beneficiary		Non-beneficiary	
	No.	%	No.	%
Up to £20k	5	10%	8	20%
£20–50k	6	12%	8	20%
£50–100k	7	13%	10	25%
£100–500k	24	46%	11	28%
£500k–£1m	4	8%	1	3%
More than £1m	6	12%	2	5%

Number of employees (FTE) at time of applying for support

	Beneficiary		Non-beneficiary	
	No.	%	No.	%
None	7	14%	0	0%
1 to 4	24	47%	39	81%
5 to 9	1	2%	0	0%
10 to 24	5	10%	5	10%
25 to 49	5	10%	2	4%
50 to 99	6	12%	1	2%
100 to 249	3	6%	1	2%

Business turnover at time of applying for support

	Beneficiary		Non-beneficiary	
	No.	%	No.	%
No turnover	6	10%	7	20%
Up to £50,000	7	12%	9	26%
£50,000 to £100,000	4	7%	4	11%
£100,000 to £500,000	17	29%	8	23%
£500,000 to £1,000,000	5	9%	4	11%
£1,000,000 to £5,000,000	8	14%	3	9%
£5,000,000 to £10,000,000	4	7%	0	0%
£10,000,000+	7	12%	0	0%

Annexe I: Case Studies

Case Study 1: Red Boat Ice Cream Parlour

With four Red Boat Ice Cream Parlours throughout Anglesey and North Wales, Red Boat Ice Cream Parlour produce and sell Italian-style gelato ice cream. The business is run by owners Tony and Lyn, with the products made in their Llangefni Hub and based on Tony's extensive training in the art of ice cream making, which was acquired at Carpigiani University in Italy. Having opened in the resort town of Beaumaris, the business opened new parlour outlets in Menai Bridge, Prestatyn, and Caernarfon in response to the demand for and popularity of their products.



The business successfully applied for £150k in grant support from the FBIS in 2018 with an aspiration towards expanding their production facilities to better enable market diversification and product creation. The application form described how the investment would create a modern, dedicated and highly efficient ice cream manufacturing facility, storage capacity, and retail space, alongside acting as a training academy, which would be key to scaling their business: “the central manufacturing unit [i.e. what is now the Llangefni Hub] is a necessity [...] the anticipated increase in volume will be impossible from the current Beaumaris location.” It further stated how centralising the production facility would enable the business to gain efficiency in both manufacturing (e.g. larger-capacity machines) and distribution of the product.

Besides a privately funded start-up loan when originally setting up the business, they were new to accessing capital finance. As their previous attempts to accumulate funding for their growth plans from high street banks were unsuccessful, the grant and support accessed from Business Wales were crucial in allowing for the expansion and growth of the business, as stated by the business owner:

“High street banks wouldn't have funded this; the funding was crucial in allowing us to invest and branch out. Without it we would still just have been a high street shop selling ice cream.”

In fact, the business do not believe that they would have been able to make any capital investment at all without the FBIS intervention.

Aside from the financial support which enabled them to increase their production, Red Boat Ice Cream have also benefitted from support with marketing, as well as assistance with their ambitions towards company development and the growth of production, from Business Wales, which enabled them to realise their business aim of expanding to multiple locations.

Prior to the FBIS intervention, they were only operating from their Beaumaris parlour alongside a small satellite unit. The business confirmed that the grant support was crucial in opening three new locations in North Wales. Their new production hub in Llangefni is equipped with additional modern equipment, thereby allowing Red Boat Ice Cream to produce ice cream much more efficiently and to much more environmentally friendly and sustainable standards. The production hub has also played an important role in their business expansion and diversification, enabling them to undertake more experiments with flavours and creating additional products for new stockists and markets. This would not have been possible without the grant and the “very useful” support received from Business Wales. The owners were very satisfied with their overall experience with regard to the support from the FBIS:

“We would never have been able to realise our dreams and aspirations without the grant. The Welsh Government should try to keep this scheme going without the EU support. I think it would be great for the Welsh economy.”

The grant also came at the right time, coinciding with training and support from Business Wales shortly before and during the pandemic, which helped to increase their resilience and provided a plan to maintain their operations and a continuation of sales (despite shutting down the high street and face-to-face sales). Red Boat Ice Cream did this by opening up an online shop selling their gelato, as well as a local delivery scheme along the A55 corridor, enabling customers to purchase ice cream, gelato cakes, and other products throughout the lockdowns.

Having achieved SALSA accreditation, the increase in their production capacity has enabled the business to diversify further by supplying regional and national stockists. They have been successful in gaining other accreditations and awards too, including STS accreditation, winning a Good Food Award in 2019 and 2020, gaining the Daily Post Business Award for Best Food and Drink in 2019, and they were also mentioned by The Times as being number three on the list of Britain’s Top Seaside Ice-Cream Parlours in

2022. However, they highlighted that COVID-19 and the subsequent labour shortage had continued to be a battle for the function of their business and their ability to meet the FBIS grant impact conditions:

“Like everybody else, we have been having trouble recruiting people on all outlets and for front-of-house staff. We’ve got at least three openings for new staff and it’s almost impossible to find them. As part of the FBIS grant, we said we would create six jobs [alongside protecting the 10 that they had at the time]. This is now difficult because we have the positions going out but we don’t get the people for them. A lot of people also left during or after furlough to get into other jobs or businesses.”

Nevertheless, Red Boat Ice Cream have been able to significantly expand their staff from a business with 10 all-year staff (seven full-time, three part-time) and 15 seasonal workers for the busy summer season to 15 all-year staff (12 full-time and three part-time) and 18 seasonal workers. Furthermore, they aim to offer staff salaries above the National Minimum Wage as well as a Real Living Wage, which they have been able to do throughout their experience with the FBIS grant and continue to do currently.

Economic impacts

Before the support, the company recorded an annual turnover of £480k. This has now increased to £736k (as of the time of the survey in 2022). This can be attributed to a more efficient process and increasing the production output, and successful diversification of markets. Red Boat Ice Cream were entirely reliant on selling directly to customers from their shop in Anglesey prior to the grant, whereas they now have eight different routes of selling their products — from selling over the counter at more locations to farm shops and national retailers.

This growth will have had a wider impact within the local supply chain, with the business reporting that an estimated 60 % of their purchasing takes place from within the local area (within a 35-mile radius). Indeed, their application form entry set out their intention to source ingredients from local suppliers and they were looking to develop close links with the local dairy industry in particular.

They have also been able to launch new products which have boosted sales; for instance, their newest 125ml pots of gelato are being sold to restaurants and other businesses, and they are now looking to branch out and produce their own chocolate bars which they believe can boost their sales during the colder autumn and winter months. What is more, the new facilities have supported the business' continued innovation by increasing the room to train and upskill staff in new techniques and procedures, from blending ingredients and creating flavours to gelato manufacturing.

Despite the uncertainties in the sector observed because of the cost-of-living crisis, the consequences of Brexit, and a shortage of labour, Red Boat Ice Cream said that their future ambitions for the business had grown substantively following the grant:

“[The FBIS grant helped to] achieve our aims and aspirations and to use it as a springboard for the business going forward.”

Case Study 2: Terry's Patisserie

Terry's Patisserie are a family-run business, based in Caerphilly, that produce a high range of frozen desserts and bakery products to businesses and



wholesalers/retailers. The company started out in 2011, originally revolving around Terry Williams supplying local restaurants with desserts and patisserie from their home kitchen, and went on to win a string of Great Taste Awards (in 2014, 2015, 2016 and 2017) before successfully applying for an RBISF grant in 2017.

They secured a grant of £100k in June 2018 which was used to expand their business in December 2018. By that point, the business had already expanded to a small commercial kitchen and to include other family members in a workforce consisting of four full-time staff. The grant was needed to match the anticipated growth that they had planned and saw demand for, as, according to the owner, challenges surrounding accessing finance represented the only thing that was preventing them from growing at that point: "Banks would not lend us any money." They believe that they would not have been able to make any capital investment without the grant, lacking the private finance and security with which to spend that amount of money themselves.

This desire to grow the business and increase their level of turnover was the main driver for support. They were experiencing demand that they could not meet and, thus, needed to increase production capacity through investing in equipment and software used to produce their desserts, expand their commercial kitchen to twice the size, and, once finished, hire new staff to help with their increased production. Diversification, the development of new products, and an attempt to seek out new markets were some of the main components of the growth plan and drove the need for a capital injection, as highlighted in a 2018 interview with Terry:

"We're extending our commercial kitchen using a grant from the Welsh Government, which will increase our capacity. The extension will create a new unit specialising in tray bake items, as we want to promote these to more coffee shops, cafes, and the food service."

They also noted in their application form that the improvements to their processes would eradicate inefficiencies in their manufacture caused by disparate storage space and reduce incoming delivery schedules by having increased onsite storage space.

The business were very satisfied with the overall application for the support, finding no specific challenges in accessing it, and were very satisfied overall with their experience of receiving support from the RBISF.

The impacts of the investment are highly visible in the company's development, with the business reporting that it has improved their capability through better equipment and facilities, improved productivity by increasing output and reducing costs, enabled them to diversify whilst also growing existing markets, and improved the sustainability of their business. Diversification of their markets has involved supplying more to cafe outlets throughout the UK (rather than depending entirely on the Welsh market). In fact, half of their sales were to local customers (within a 35-mile radius) and the other half were to the wider Welsh market before the support. Their geographical markets have now expanded to the point where an estimated 40 % of their sales is generated by customers from the rest of the UK.

The capital support has been key to this success, although the business have also benefitted from other services such as training in marketing and branding received as part of Cywain's Fine Food Cluster:

“Personally, we find the cluster is essential in two key aspects: firstly, the professional, direct support of the mentors [...] secondly, mixing like-minded businesses together to share experiences and discuss mutual issues is priceless.”

Economic benefits

The success of the business has been very evident in their sales growth, with a five-fold increase in their annual turnover from £150k before the support to £900k in the last financial year. Having been able to meet demand, increase production efficiency, and lower production costs through the support given by the RBISF, they would attribute most of this recent turnover to the intervention. Additionally, because Terry's Patisserie source all of their purchasing (totalling £450k in the last financial year) within Wales, the improvements

and growth to the business are also linked with an increase and boost in sales in other Welsh food businesses within the supply chain.

Furthermore, they have also been able to grow their workforce significantly from a workforce consisting of four full-time staff to 15 full-time employees, thus making the transition from a microenterprise to a small business.

Case Study 3: Wrexham Lager

Wrexham Lager are a company with a deep heritage, having been producing lager in Wrexham since 1881 but then closing down in 2000 after a difficult period. The company were relaunched by the current owners in 2011 using the same ingredients and recipe from the original brewery. The aim was to revive the company to its golden days, having been the first business to produce lager in the United Kingdom.



The business primarily relied on local/independent retail outlets prior to the support from the FBIS and were seeking to enter new export markets in Europe, the USA, Canada, Australia, and Japan. They identified a need to increase their production capacity in order to fulfil their business plan. This involved expanding the brewery that they had at the time to develop a new fermentation hall equipped with a total of 36 tanks, six chillers, and ancillary plant.

Wrexham Lager managed to secure a £600k FBIS grant in January 2019, with the investment finalised in November of that year. This investment involved renewing old and purchasing new equipment. As a result, the brewery is now at its peak and most efficient and the team have been able to grow the company in a way that would not have been possible without FBIS support, quoting a simple lack of money (despite the demand for more produce). While Wrexham Lager believe that they probably would have made an investment at some point in the future without the funding given, it would have taken much longer to tap into the export opportunities and the market demand for their product that has now been established.

The business have been able to increase their brand exposure, subsequently winning multiple gold awards during international competitions in Germany over the 2020–2022 period. They also said that the changes made to the business and its operations had been critical to the future of the company:

“The company’s operations have changed quite substantially — it is much more efficient. We have put in all the brewery making material all funded by the investment scheme. It allowed a very efficient brewery to operate at its maximum capacity. Without the grant we would not have been able to do it as quickly or timely and we would have missed out on export opportunities.”

While they are pleased that they underwent the FBIS process, they felt that the application for the investment scheme was unnecessarily long and convoluted, and experienced difficulties in accessing support through the WEFO online helpdesk. Additionally, they noted how the delay in gaining approval made it very difficult to plan for the company's future.

Economic and environmental impacts

The investments made for Wrexham Lager have led to an overall expansion and diversification of markets accessed and an increase in products sold. They are now supplying national retailers/wholesalers and festivals as well as the outlets that they were supplying before the support. They have also established exports to countries such as South Korea, Canada, the United States, Japan, and Scandinavian countries. While Brexit-related uncertainty has inhibited some of the growth in their export markets — *“we have been struggling massively to export to Europe, as the barriers to exporting are now incredibly onerous”* — they have been able to make some progress against this strategic objective. Before the support, the company generated 90 % of their sales from within Wales, with 10 % coming from the rest of the UK. Now, the proportion of non-Welsh sales has grown, with 20 % generated by the rest of the UK, five % from countries in the EU, and five % from countries from the rest of the world.

Crucially, Wrexham Lager have been able to increase their turnover by 40 %, from approximately £1m to £1.4m, and are forecasting an increase to £1.7m next year. Furthermore, they are also supporting an additional two full-time employees, increasing their number of staff from six to eight, and are anticipating another two employees to be added to the team in the forthcoming 12 months.

Beyond the economic return, they have witnessed some positive contributions to reducing the business' carbon footprint as a result of the FBIS investment, with more energy-efficient production processes, a reduction in water usage, and less wastage in their manufacturing line. According to the application submission, the proposed chillers and fermentation/conditioning tanks would produce anticipated energy savings of 21 % and 30 % respectively. The company also said that they considered the environmental implications of their production and products more. On their overall experience in receiving support from the FBIS, Wrexham Lager said:

“It was needed. It was not necessarily a straightforward process, but it was handled professionally by the WEFO team. In the future I would hope there was a simpler, catch-all process and support for SMEs so they do not have to jump through the hoops.”

Study 4: Cerrigroes Farm

A new egg processing and poultry enterprise was established on Cerrigroes Farm in 2004 by Andrew, Janet, Roger and Ross Abberley. Traditionally, Cerrigroes were a beef and sheep enterprise run by Andrew and Janet and their two young sons, Roger and Ross. The business saw the need to diversify in order to provide a continuous income for the farm which would sustain the three families running the business. Having established that free-range egg production had an available market with high demand for the 'Welsh egg', which offered a much greater return per hectare than did either beef or sheep, they set up their egg processing business. Before engaging with the FBIS scheme in 2017, the farm had 28,000 free range birds situated in a flat deck building and multitier system. They had a part-time manager that ran the operation on a salary of £16k per annum alongside two part-time workers, but the Abberley family were not taking a wage from the business.

The business' motivation behind accessing the FBIS support was multifaceted. They wished to continue the growth of their business because they were at full capacity and were applying for an IPPC permit for 48,000 free-range birds. They wanted to expand into new markets, specifically into supermarkets and bigger shops. According to their application form entry, the business needed to gain economies of scale to make themselves attractive to more customers, with a lower carbon footprint and higher commodity levels. Their proposal was to use the funding to install a 32,000 multitier system to be joined to the existing 16,000 unit, with external egg conveyers, palletising units, and egg stackers to remove the 100 % manual activities as well as a robot to assist with the lifting of pallets onto a pallet mover for the movement of egg trays. This would enable them to increase their turnover, cut costs, employ more staff, and provide better salaries as a result.

What is more, they were motivated by a desire to improve their environmental performance by replacing the flat deck systems, and indicated that this would also produce major enhancements in bird welfare. The proposal also involved converting part of the new unit in order to provide an office facility and kitchen for staff, alongside investing in cameras to monitor the movements of eggs over the egg conveyors to the processing unit. The application submitted for FBIS funding set out that these improvements, particularly the egg cameras, curve conveyor, and palletiser, would generate energy efficiencies within the poultry unit and reduce operating costs:

“The packer and stacker to be installed is the most efficient on the market, making sure that the system runs to its optimum levels.”

Following their application, the business received a grant of £130,974 in June 2018 to support them with their wishes to expand and make the facilities more efficient and more automated. Without the grant funding, the business told us that they would likely have been forced into making a smaller-scale investment and it would have taken longer to do so.

These improvements have had great impacts on the business, which the owner emphasises would not have been able to be put in place without the support from the FBIS:

“We have upscaled the business. Without [the grant] we would have had a slower packer and less production.”

Despite explaining that they were happy with the support that was given, the business owners did express some frustration with the application process and the time that it took before their grant was approved. In terms of the application process, they highlighted that it required substantial work and was complex. As a result, they decided to pay a consultant to work on the application with them. They saw this as a substantial risk for their business, given their own time and labour commitments and the costs from the consultant fee, with the risk of an unsuccessful application at the end of the process. They further noted that the long wait for approval made it difficult to plan for the farm’s future. Otherwise they did not find there to be any other significant challenges in engaging with the scheme.

Economic benefits

The business reported that their turnover had increased by 122 % from £450k before receiving the grant support to £1m in the latest financial year. The business estimated that approximately 60%, or £600k, of their latest annual turnover was attributed to the support from the FBIS. They were also able to expand to new markets and diversify their sales geographically, going from two locations/methods of trading to four. Whilst there does not appear to have been an increase in their employment, the business did set out in their application form that they would increase the hours of existing staff as a result of scaling up the operation.

Moreover, while Cerrigroes do not believe it to be attributed entirely to the grant that they were given, it is interesting to note that their purchasing sourced from manufacturers and producers from within Wales has increased from 10% before the support to 60% currently. There is further evidence of wider supply chain impacts in their application form, where they had committed to using a local contractor to undertake the groundwork for the site, whilst local feed companies would also be used.

Environmental impacts and other benefits

Following the support, the business has developed more energy-efficient processes and improved the conditions for their stock. Cerrigroes themselves stated that the grant had helped them to become a more environmentally sustainable organisation, and on this topic the business owner said: “We can now run the equipment for less hours. We also have more LED lights to save on the electric.”

In addition to the environmental impacts, Cerrigroes have also been awarded two more accreditations. In addition to their RSPCA Assured certification, as well as the Farm Assured Welsh Livestock certification that they had prior to the support, they have now been accredited with the Lion Code and are M&S Assured, which has enabled them to demonstrate the quality of their products more easily to consumers.

Study 5: The Welsh Sausage Company

The Welsh Sausage Company were established in 2001 and are based in Welshpool. The business is an important employer in the town, with around 40 staff members and a substantial manufacturing output of producing over 1 million sausages per day. The Welsh Sausage Company supply businesses with sausages, burgers, and other meat products, with several notable clients such as M&S, McDonald's, and Wetherspoons.



They successfully applied for an FBIS grant of £141,160 in 2018 to develop the bacon side of their business, which lacked automation. This was crucial in enabling them to grow and increase their ability to supply large retailers, as stated in their application for funding: “This project forms a fundamental part of our continued core business strategy for the next 10 years.”

While the business were already planning for growth at the time of applying for the grant, they were also facing major financial constraints in successfully meeting increases in demand, with the lack of production capacity an inhibiting factor in their continued growth. Equally, whilst their core business had grown, the bacon element of their business had started to decline in 2016/17, underperforming against expectation due to being uncompetitive. The production process was described as labour-intensive and inefficient.

The grant funding was used to invest in three new pieces of advanced food manufacturing equipment to install at their production site, comprising a sleeve wrapper, bacon packaging machine, and bacon slicer. Together, these components formed a new, complete retail bacon slicing and packing production line, increasing capacity from 2.5 to 18 tonnes/week. This significantly improved the speed and efficiency of the business and by reducing the cost of production, they were able to offer their products more competitively to new and existing customers and sectors to secure and grow the business and revitalise their stagnant sales of bacon. They were also able to produce new products and, due to the funding, could tap into the increasing demand for gluten- and allergy-free food, with the new

equipment and facilities essential in developing allergy-friendly products free from cross-contamination.

The grant enabled the business to accelerate their growth plans by investing sooner in newer, more advanced, future-proof equipment. Although a multi-million-pound business, they needed external support to finance the capital element, leaving their business to fund the sales growth. They stressed that had the project not gone ahead, their stagnant bacon sales would have been difficult to reverse after being uncompetitive for so long.

The Welsh Sausage Company stressed that their growth had been dependent on this funding, and the company owner did not believe that they would have been able to make the investment without the support. The company also cited a highly positive experience accessing support from the FBIS, and said that they had been able to double the size of their business as a result of the support:

“[The FBIS has had a] major role in our growth, as we needed to be more automated — the customers needed to see all of what we could deliver.”

Economic impacts

The economic benefits and impacts observed for The Welsh Sausage Company following the investment have been substantial. The annual turnover of the company has more than doubled in size, with the company generating £12m in their latest accounts, which is 218 % up on their pre-investment turnover of £5.5m. The company has also been able to employ another 14 full-time employees through the growth of their business, with 38 full-time employees and two part-time. Additionally, the new advanced manufacturing equipment required machine operators to be trained to equip them with higher technical capabilities to operate the machinery effectively.

Their aim of increasing the number of markets accessed and the routes to market has also been achieved. They have witnessed a surge in demand from UK-based companies following the challenges within the EU supply chain post-Brexit, and the investment has enabled them to meet that demand. This is highly visible in the geographical location of their sales, with the UK market increasing from 30 % of their total sales pre-support to 85 %

following the support, and the company confirmed that the improvements made had been primarily responsible for this.

Environmental impacts

The investment has made the business more sustainable and more environmentally friendly by replacing old equipment with newer, more efficient equipment and automated processes. Additionally, the company's switch to more local sales has enabled them to reduce food miles, and they have also shortened supply chains by purchasing more of their raw ingredients from local producers. The project application form described the impact on shortening supply chains as follows:

“Our project delivers shorter supply chain circuits by filling the gap in the volume of Welsh manufactured bacon supply, providing a wider & more competitive product range, negating the need for end user retailers, wholesalers, caterers & manufacturers to source outside Wales. The wholesale market is dominated by Dutch or Danish Bacon and this project would provide an alternative choice to shorten the supply chain. The volume increase enables us to buy direct from primary producers rather than third parties, thus shortening supply chain.”