



Rural Broadband Connectivity Research – Bridging the Digital Divide
Ref AB005

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1. Introduction & Context

1.1 Introduction

This report consolidates the findings from a series of staged investigations designed to explore the opportunities, issues and barriers as the roll out of high speed broadband services to rural areas nears its final roll out phase. Providing access to broadband is one thing – take-up and commercial exploitation and advantage is another and quite different aspect of delivering a digitally connected economy. While the unitary authorities under the auspices of BDUK have been responsible for the delivery of enhanced broadband connections across the regions, the economic advantages in terms of bringing together greater collaboration and upskilling opportunity lies within the remit of the York, North Yorkshire and East Riding Local Enterprise Partnership (YNYER LEP). To date little follow up research has been undertaken to establish how many businesses have connected to the faster broadband services and more significantly how have they used the connection speeds to drive business growth or commercial advantage. This project seeks to explore that aspect of the investment, made in a better connected rural economy.

This report comes hard on the heel of the recent announcement from The Department for Digital, Culture, Media and Sport that only a universal service obligation (USO) would offer certainty that broadband speeds of at least 10Mbps would reach the whole of the UK by 2020.

Broadband providers now have a legal requirement to provide high-speed broadband to anyone who requests it, no matter where they are in the country. The announcement effectively swept aside the claims from BT that it would voluntarily seek to close the gap between rural and urban areas in terms of broadband speed and access.

1.2 Context

The requirement for this report was to understand how broadband connectivity is impacting small and micro businesses which form the largest part of the regional economy in terms of number of organisations.

The study has a specific rural focus which saw us seeking feedback from real outliers as well as larger villages or small towns. With this target profile it is perhaps unsurprising that we found many rural businesses still struggling with the most basic connectivity even at this stage of the Superfast Rollout. Local connection issues or the prohibitive cost of reaching some locations meant that when we reached the final stages of the project we found that connectivity issues remained as big a problem as the knowledge gaps regarding use of broadband connectivity for commercial gain.

There is no doubt that small minorities remain as isolated as they ever were, with the only options left being to look at alternative connectivity at a significant cost to them and their business. For most of these businesses the vision of running an integrated and connected business remains a distant one.

1.3 Objectives and Approach

Our purpose is to deliver an updated perspective by following the recent history related to broadband provision, the relative role of players and providers and the important lessons when it comes to the economic impact and business improvements seen from adoption amongst connected businesses.

The principle objective is seen to be:

To provide a comprehensive analysis on current perceptions within the business community in the YNYER LEP area of the growth opportunities and wider benefits provided by improved broadband connectivity.

To recommend to the YNYER LEP where potential future connectivity-related investment could be best targeted to support economic growth.

The approach we are taking is one involving an iterative and qualitative assessment of the way fast broadband has been adopted, assessed and utilised by businesses across the two internal areas of the LEP, while focusing attention upon types of business activity which have been identified as of strategic significance for future economic strategy. These are defined as:

- Agritech
- Bio-renewables
- Food manufacture
- Construction
- Engineering
- Voluntary, Community and Social Enterprise
- Visitor Economy and Health and Social Care

All businesses who contribute to this project will be micro-businesses employing fewer than 10 employees.

2. Executive Summary

This report builds a need to focus on the barriers both real and attitudinal faced by rural micro SMEs across the North Yorkshire and East Riding districts of the York, North Yorkshire and East Riding LEP. We believe the results are significant because:

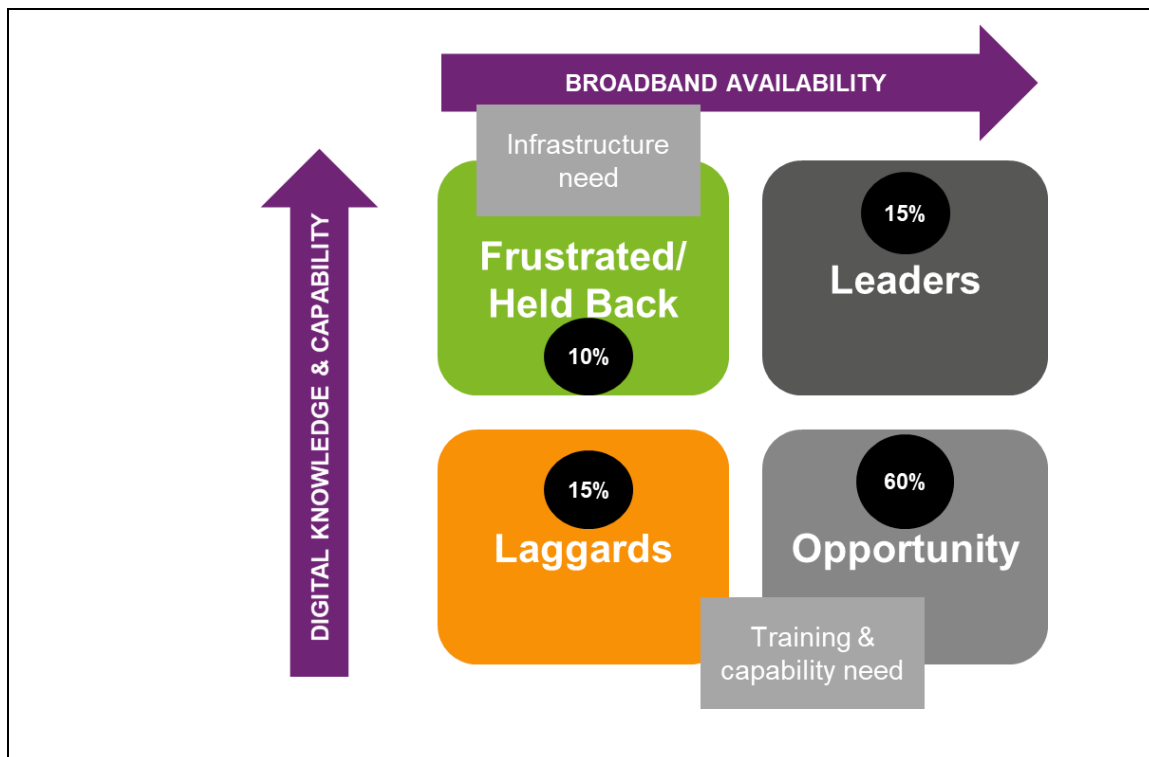
1. Micro Businesses make up 98% of all enterprises in the region.
2. While superfast broadband speed is close to providing access to a target of 95% of business and residential premises, the current deployment is below that level.
3. More significant is the fact that only an estimated 36% of businesses have connected to faster broadband speeds
4. Given that the deployment was initially urban centred this means a significantly lower level of take-up in rural areas.
5. Early adopters and those with recognised commercial advantages to be gained from digital connectivity fall into a leadership category and we believe they are also more urban centred where broadband access to premises and cabinet is concentrated.
6. The divide between urban and rural enterprise may actually have widened as a result of the fact that rural areas are harder, more costly and therefore have taken longer to reach and those who could connect see either lower than expected broadband speeds or are less aware of the commercial advantages to be had. So rural areas are typically where we would expect to see the concentrations of SMEs who do not yet have access to Superfast broadband together with those who do not see the opportunity connectivity represents.

Our initial hypothesis when starting this project was that the following 4 categories of business may exist:

1. Leaders – forward thinking and enabled businesses who saw what connectivity could mean commercially and were quick to deploy
2. Laggards – more accurately re-classified as businesses who were prepared to make do or stay with their current broadband speed as it met their current and short term needs. A minority of businesses claimed to have no need of broadband.
3. Held Back – these were businesses who were aware of the benefits but could not get the broadband speeds they required. Typically an access issue.
4. Opportunity – these were people who had access if they wanted it but were lacking in confidence or knowledge about what opportunities digital connectivity could bring to their business – effectively people using a limited range of applications

Using a small sample we found the potential sizes of these groups to be surprising in terms of the largest segment being those in the opportunity space who had a training or capability need. (It is a clear recommendation of this work that a more robust estimate of demand will be required to establish the actual size of this classification of business.)

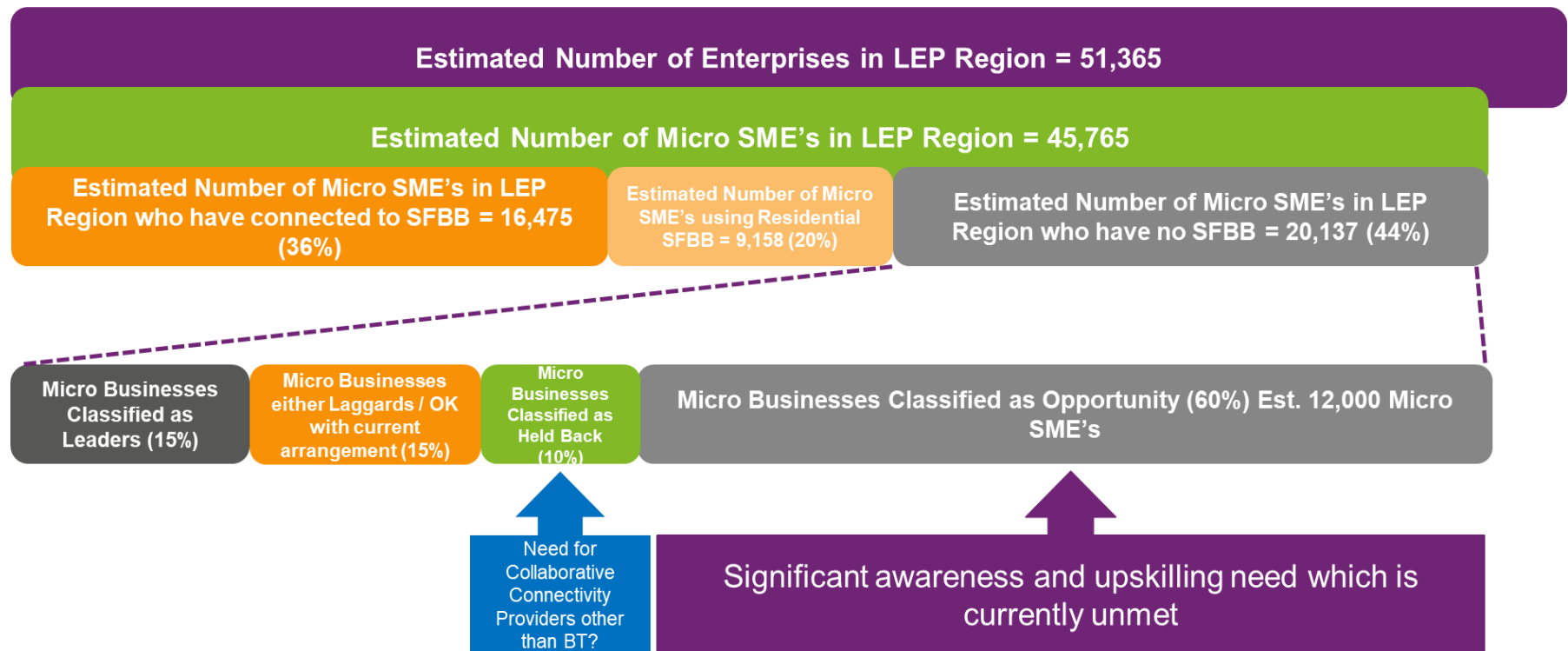
The diagram below shows the simple hypothetical model we began with:



The real significance of the work undertaken as part of this project is twofold. Firstly we have been able to apply some projections into the scale of the opportunity within the LEP region which is represented by those micro businesses who have relatively low levels of digital knowledge or applications but who, thanks to the investments and roll out made since 2013, now have a tremendous opportunity to achieve more, digitally. Secondly we have gained valuable insights into the mindsets; attitudes and abilities of the vast numbers of rural micro businesses we have in our region.

If we take the first aspect and start to grasp the potential scale of the opportunity the following infographic illustrates what could be harnessed:

- Estimated number of businesses in the LEP region as at 2016
- 98% classified as Micro (<10 employees)
- Connection estimate based on NYNet figures assumed to also reflect the East riding connections (36%)
- Potential estimate of home based businesses using a residential connection (20%)
- Surplus of 44% of Micro SMEs who have no Superfast Connection – not because it is unavailable but that there has been seen to be no commercial need to connect
- Applying the 60% opportunity definition simply suggests a potential 12,000 SMEs in the LEP region who could be stimulated to use a better digital connection for commercial benefit. Applying the Regeneris estimate of £6.15 GVA for every £1 invested suggests a significant growth multiplier is at stake



We found during our visits to Rural Micro businesses that many were isolated geographically, disconnected in terms of broadband and mobile communications and consequently disconnected from the local and regional business community.

However, this isolationism and the determination to survive in a location by any means possible has actually developed an impressive resilience and entrepreneurial spirit. While attitudes to things like broadband may be interpreted as conservative and our sample businesses found it hard to see the return on an increased cost of connection, some of the people we have spoken to in our sample of business owners have displayed real risk taking and a flair for re-inventing their business focus which was admirable.

Our sample were aware of many of the potential benefits digital connectivity can bring, they simply lacked the detailed knowledge of how to harness those benefits and were not aware how intuitive many new digital business applications can be. We found a knowledge gap, rather than an unwillingness to embrace new ways to manage or conduct business.

Our belief is that there is a real opportunity to stimulate business development and greater collaboration between rurally located businesses. The key barriers appear to be around awareness of what types of applications can be used and an ability or a perception of the ability required to implement such applications. It was clear to us that many of the businesses we have engaged with during this project are content with things the way they are. However we found as many if not more in our small sample who found the workshops and discovery of what some businesses have achieved to be genuinely inspiring.

If the barriers to further development are awareness and ability then a more effective communication to show what is available and perhaps how best to harness greater digital connectivity would appear to be a relatively straightforward solution.

The role of the LEP in developing the rural economy means it has to be better at engaging with micro businesses than it is currently perceived. The LEP is seen to be remote, aloof and focused not on micro businesses but on grander and even grandiose initiatives which deliver headlines but further concentrate investment in specific locations. It is our assessment therefore that the LEP is not seen as a credible provider of this level of grounded outreach communication and a new and different delivery model needs to be developed.

Our challenge to the LEP based on this work is simple. If the engagement with rural micro business which make up 95% of the local economy is as poor as we observed, what does the LEP do in the future for this disparate power base of rural entrepreneurs? If there is an appetite to respond to the criticism levelled, and provide action to counter the intransigence of ignorance seen, which goes a long way to explain the low take-up rate of Superfast Broadband in rural North Yorkshire and the East Riding then the next logical step would be to quantify the potential demand for a number of different delivery concepts while committing to doing more in rural locations to benefit micro and SME businesses.

The subjective evidence found through this qualitatively led exploration can be summarised as ignorance around the real benefits of better connectivity, underlined by isolation. The LEP has the resource to re-calibrate the current balance and assist those businesses we classified as 'held back' or 'opportunity' it just needs to estimate the take up and the resultant return on any investment made.

2.1 Recommendations and Next Steps

Based on this project we believe the LEP should consider the following:

1. Examine its relationships with rural micro businesses and how much of a priority this group represent within the current strategy.
2. Estimate the potential return on any investments made to expand the number of businesses who connect to faster broadband speeds and the potential for encouraging greater collaboration at a local level.
3. Based on the outcomes of these points a quantification of demand should be undertaken, potentially through a structured sample of rural micro-businesses which could both test the response to different campaign methods / initiatives as well as calculate the potential connection rate.

3. A region of differing characteristics

This project was commissioned because the YNYER LEP recognise the fact that their area comprises one of the largest geographically diverse rural populations in England and Wales. Covering over 11,000 km², the region has two major National Parks which together cover 40% of the geography of North Yorkshire, as well as a number of National Trust and Areas of Outstanding natural beauty.

This diversity has made the region a very attractive place to live and work. It is relatively easy to find a rural / semi-rural place to live and with house prices above the average for the UK as a whole the North Yorkshire region has developed a relative perception of a rural idyll with a vibrant tourist economy centred on York, the National parks and coastline.

By relative contrast the East Riding area has fewer of these benefits. Outside of Hull which for the purposes of this report is a separate and excluded area, the region has smaller market towns. The contrasts which have a bearing on this project are highlighted in the following table:

	North Yorkshire	East Riding
Total Area	8,608 km ² (3,324 sq. mi)	2,479 km ² (957 sq. mi)
Ranking out of 48 Unitary Authorities - Area	1 out of 48	23 out of 48
Population (estimated at 2016 midyear)	1,145,700	597,900
Ranking out of 48 Unitary Authorities - Population	14 out of 48	37 out of 48
Core Business Sectors (outside of Agriculture and Public Service)	• High value manufacturing • Food manufacturing • Distribution and logistics • Energy • Visitor economy	• Manufacturing • Agri / biotech • Construction • Renewable energy • Logistics
Size of Business:		
Micro (0 to 9 employees)	33,745	12,020
Small (10 to 49 employees)	3,610	1,205
Medium-sized (50 to 249 employees)	490	165
Large (250+ employees)	105	25

The principle challenge is clear. Much of the economy is driven by small and micro businesses which while focused on their local economy and providing a labour access pool which is geographically close, are more vulnerable to shifts in the wider economy; access to finance; currency fluctuations and uncertainty over Brexit and the European geopolitical divide. Businesses of this size tend to focus inward, follow relatively short term plans and see the costs before the opportunities when it comes to things like faster broadband speeds.

Stage 1 of the project focused on secondary or desk research elements and discussions with decision makers involved in the roll out of broadband connectivity. The aim was to set context and establish the current situation. Some aspects of provision are not yet completed so the focus here is on establishing whether earlier supply has any indications of a more effective take up of service compared to those areas who have only recently had the opportunity to connect to faster, more enhanced broadband.

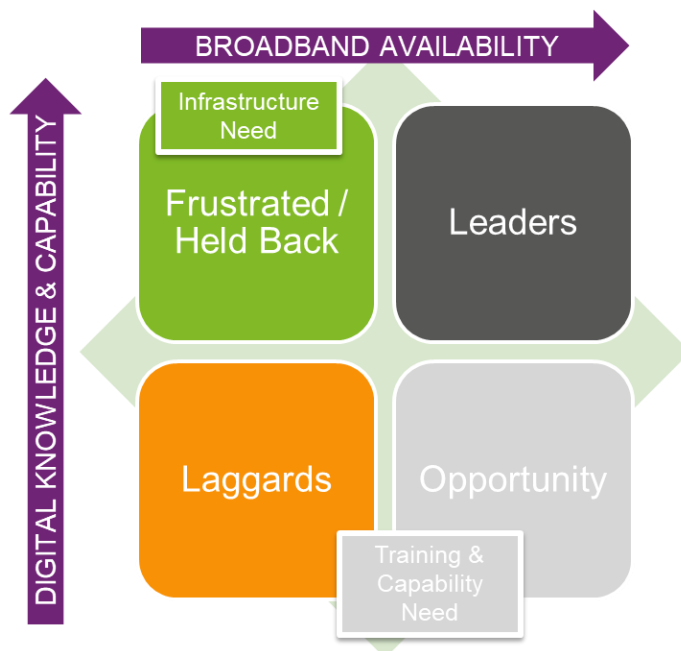
We have therefore spoken to the following stakeholders:

Providers / Suppliers	Commissioning Stakeholders	Customers
BT Global Services – Head of Operations	District Council Officers with responsibility for Broadband roll out: Craven / Harrogate / Hambleton / Richmondshire/ Ryedale / Scarborough / Selby / York	
Openreach - MD Infrastructure Delivery and Director Client & Commercial	Unitary Council Officers with responsibility for roll out: North Yorkshire County Council / East Riding District Council	
Openreach - NGA Contracts Manager East Riding, North Lincs & West Yorkshire	Ultrafast Fibre Optic – York Team Manager	
PWC - Telecoms Strategy Partner		
Virgin Media Business - Director In-Life Operations		
NYnet – Superfast North Yorkshire Programme Director		

4. Background

Our starting point for this project is to set up a hypothetical model based on adoption and attitude. We know we are looking to assess rural businesses, some of which have access and others where roll-out has not reached them. This is the physical manifestation of broadband provision and providing access. The other element in this model is a simple attitude assessment which will also vary for different businesses. This is more fundamental to the future business advantage to be gained from broadband connectivity. The business has to see the advantages or benefits for connecting to this new faster service when it becomes available.

This broad structure of attitude x availability gives rise to 4 potential segments:



1. A group we have termed Laggards (Bottom left) at this stage are people whose business may not be perceived to be affected by broadband connectivity at all. Its lack of availability has not constrained the business performance before and so the advantages may be harder to see or require more convincing.

Across the YNYER LEP area with the number of relatively isolated micro-businesses we believe this may be a significant sized group.

2. The next group are those who feel frustrated or held back (Top left) by the lack of availability of broadband. This group see the benefits and advantages but cannot do anything about it as they simply do not have physical access yet or the speeds available are perceived to be holding them back. These businesses may have employed alternative approaches to boosting connectivity as a business cost.
3. The third group we have labelled Opportunity (Bottom Right). This group are in connected areas but perhaps do not realise the potential of faster connection speeds. If they see

connectivity as doing the same set of tasks as they do now but slightly quicker, then this has a benefit but that is likely to be overshadowed by the scale of improvement which awareness and assistance may provide.

4. The final group are Leaders (Top Left) – this is the connected and capable group who know some of the additional benefits or uses they can aim faster connection speeds at.

This simple model is not designed to be prescriptive but rather is a framework to gather evidence in our interactions with rural businesses across the region.

Consideration of this model allows us to generate some hypotheses to test during the following stages of this project:

1. Does the model exist in reality and does it allow businesses to be targeted in terms of potential access to support which may open up their business to greater commercial benefits?
2. Is there simply low awareness of the commercial advantages better broadband speed can provide? Does a relatively low take-up actually mean some businesses carry on doing what they have always done and the opportunity to connect is not accessed simply due to lack of knowledge or application?
3. Remaining barriers to access are physical poor connectivity or additional cost of connecting at a specific location due to specific issues; do businesses actually see no significant difference in speed or need? Is the business culture holding back commercial advantage – is there an aspiration to do more?
4. Capability / Capacity issues – do businesses have capacity to think about what they could do, let alone the resource to implement against a relatively undefined set of benefits?

5. Stage I: Secondary Research & Situation Analysis

5.1 Background to Broadband roll out

Broadband Delivery UK (BDUK), part of the Department for Culture, Media and Sport, was set up in 2013 to deliver superfast broadband and local full fibre networks to the nation.

The Government is supporting investment to:

- provide superfast broadband coverage to 95% of the UK by December 2017
- provide access to basic broadband (2Mbps) for all
- stimulate private investment in full fibre connections by 2021

The remit for BDUK was to act as a central conduit for all available finance from central government and EU funding to enable local authorities to implement the roll out of broadband in their own areas using a best value model. Consequently tenders for extending the existing fibre network were issued and in the YNYER LEP region;

- North Yorkshire County Council set up a partnership between North Yorkshire County Council and BT to deliver next generation superfast broadband to the County, and also brings together other initiatives to address rural access to better broadband. The project is managed on behalf of the County Council by NYnet, it's 100% owned broadband company, and is financed by a mixture of funds from Central Government, Europe and the County Council.
- East Riding set up a commercial contract with BT through a European Regional Development Fund (ERDF) project to deliver their roll out phases

Of course the expansion of the Superfast Broadband network provides access to residential and commercial premises alike and so all data related to BDUK is at an aggregate level and is based on premises.

The BDUK supported initiative consisted of two phases of rollout. Phase 1 targeted the areas of greatest population and infrastructure density with Phase 2 picking up infill areas where substantial numbers of premises could be reached by extending the fibre optic network.

In North Yorkshire a Phase 3 tender announced in 2016 brought together total public funding of around £20.5 million, which includes £12.18m coming from the council, £7.32m from BDUK and £1m from the European Regional Development Fund.

It's noted that service take-up in the intervention area for Phases 1 and 2 at the end of April 2016 was 35% and has been following a steady trend of circa 0.7% per month increase.

In addition, £622k was earmarked from the residual Performance Reward Grant for targeting more remote areas with alternative network solutions, such as community Fixed Wireless and or Satellite broadband schemes.

Currently the latest figures which relate to Phase 1 funding and the percentage take up to March of this year shows that across the region the average take up has been around 2 in 5 properties, which is broadly similar to other parts of the UK involved in the Phase 1 BDUK phase.

Table 1: Phase 1 investment and percentage take up for YNYER LEP Region – BDUK Update July 2017

Project Area	BDUK Funding Allocation for Superfast Broadband Programme (Phase 1 allocation only)	Local Broadband Plan	Procurement type	Project status (in procurement or delivery)	Link to local project information	Project in receipt of European Regional Development Fund (ERDF)	Take-up (%) Mar 2017 [Source: BT]
East Riding of Yorkshire	£ 5,570,000	Approved	Broadband Framework	In Delivery	East Riding Broadband	Yes	39.5
North Yorkshire	£ 17,840,000	Approved	OJEU	In Delivery	Superfast North Yorkshire	Yes	43.9

While take up rate includes residential properties it provides some initial evidence of a different level of adoption between North Yorkshire and East Riding. This is also true for the Phase 2 stage of the roll out process where the take-up rate has widened and North Yorkshire as an area benefitted from some additional funding from BDUK to cover additional investments made at Phase 1.

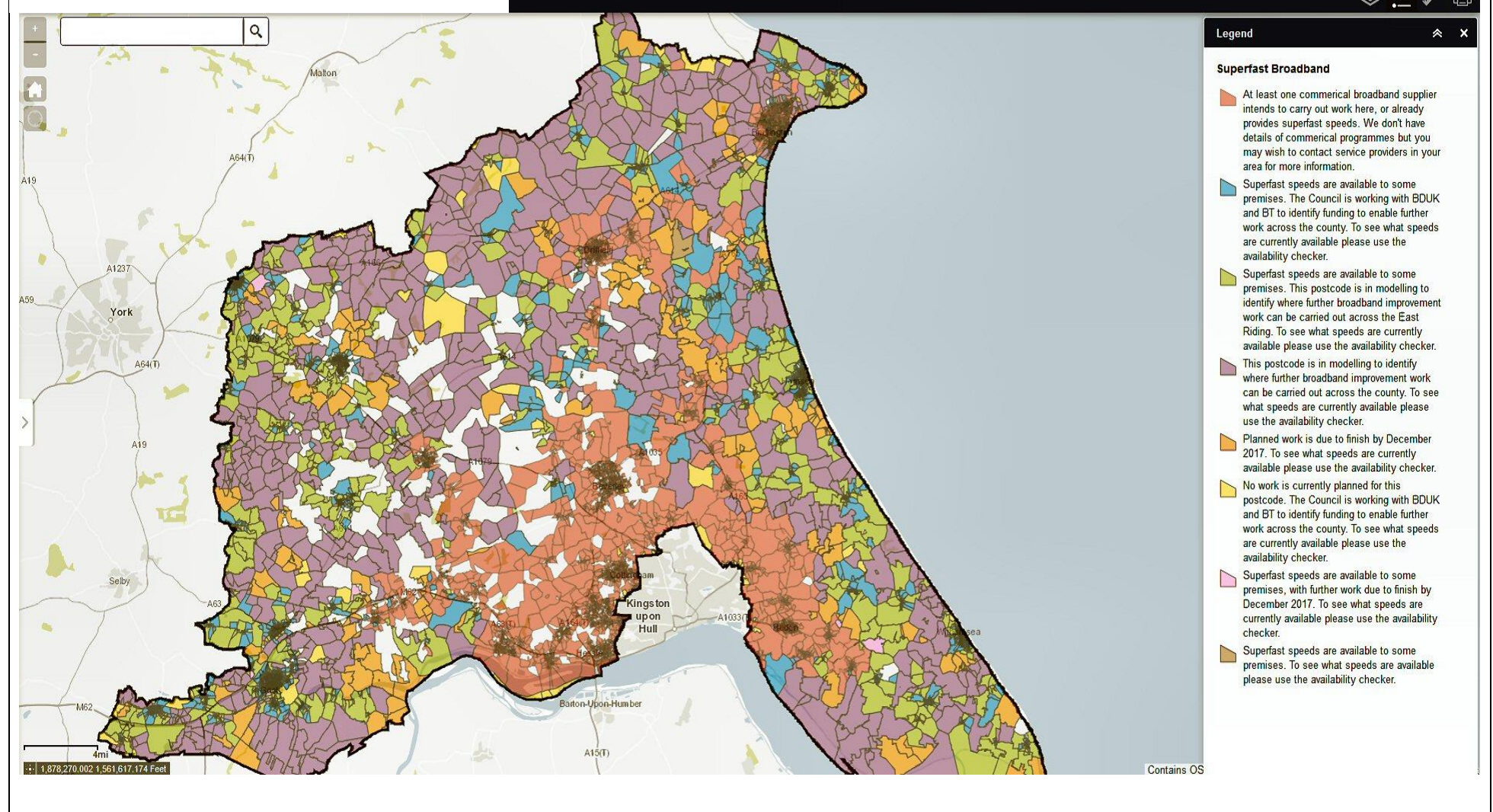
Table 2: Phase 2 investment and percentage take up for YNYER LEP Region - BDUK Update July 2017

Project Area	BDUK Original Funding Allocation for Superfast Programme Phase 2	Additional allocation (signed contracts)*	Total allocation	Contracted to date**	Procurement type	Broadband Framework / Local authority contract procurement status	Take-up (%) Mar 2017 [Source: BT]
East Riding of Yorkshire	£5,000,000	£0	£5,000,000	£5,000,000	BDUK Framework	Contract signed	21.2
North Yorkshire	£4,320,000	£6,000,000	£10,320,000	£3,000,000	North Yorkshire Contract	Contract signed	31.6

* For signed contracts BDUK has allocated additional funding to those local bodies on request who have matched more than the original allocation through their own investment. Additional funding is managed within the Phase 2 budget of £250m.

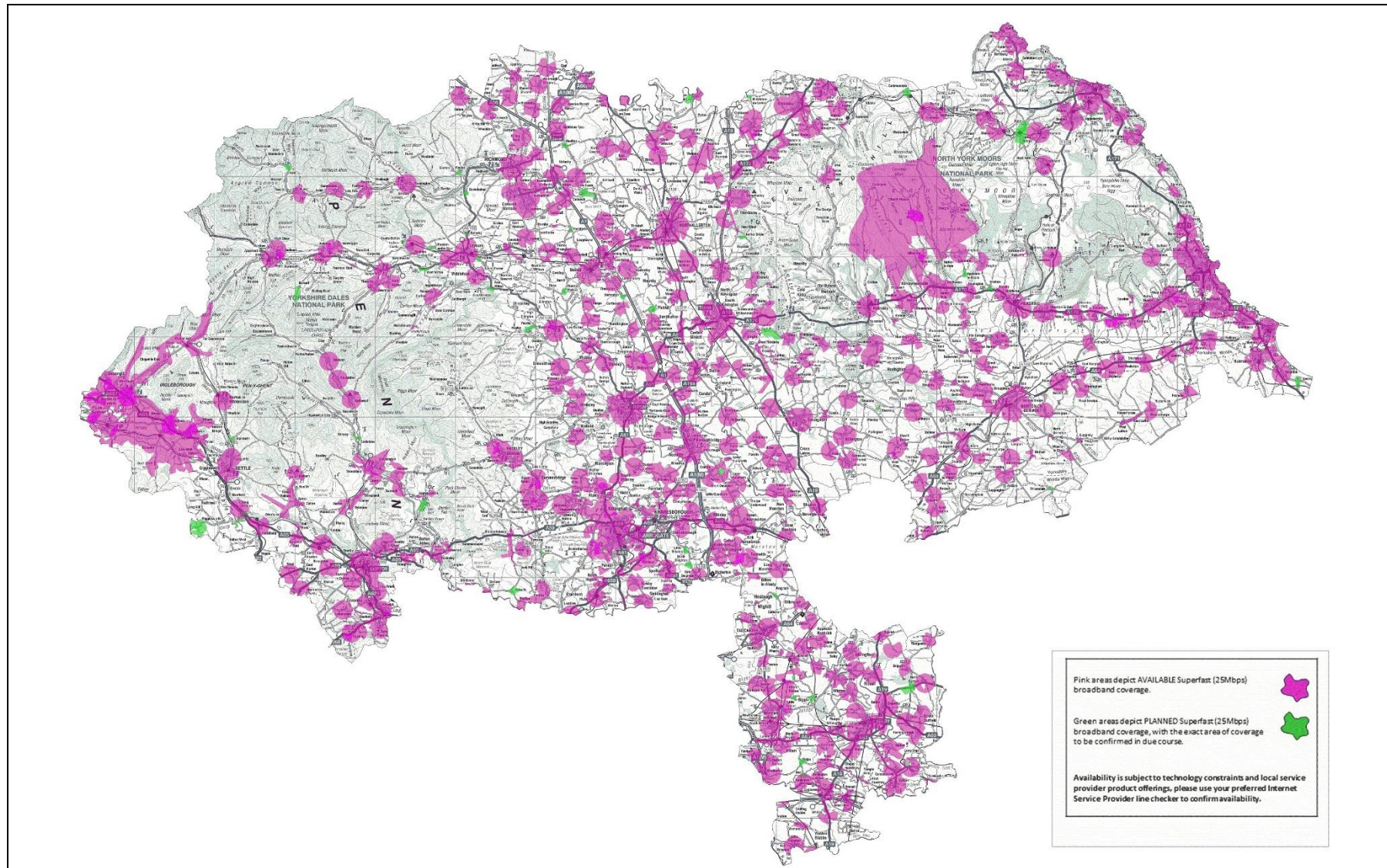
Perhaps the best reference points which show the nature of the roll out programme achieved to date is by reference to a coverage map. The map opposite shows the situation for the East Riding area:

Figure 1: Current Superfast Provision in East Riding Area



Most developed areas surround Kingston upon Hull with the Holderness Coast, Yorkshire Wolds and the area in the Vale of Pocklington showing lighter and slower speeds. The only exceptions are the market towns (Driffield) and other centres like Market Weighton, Pocklington, Beverley and Stamford Bridge.

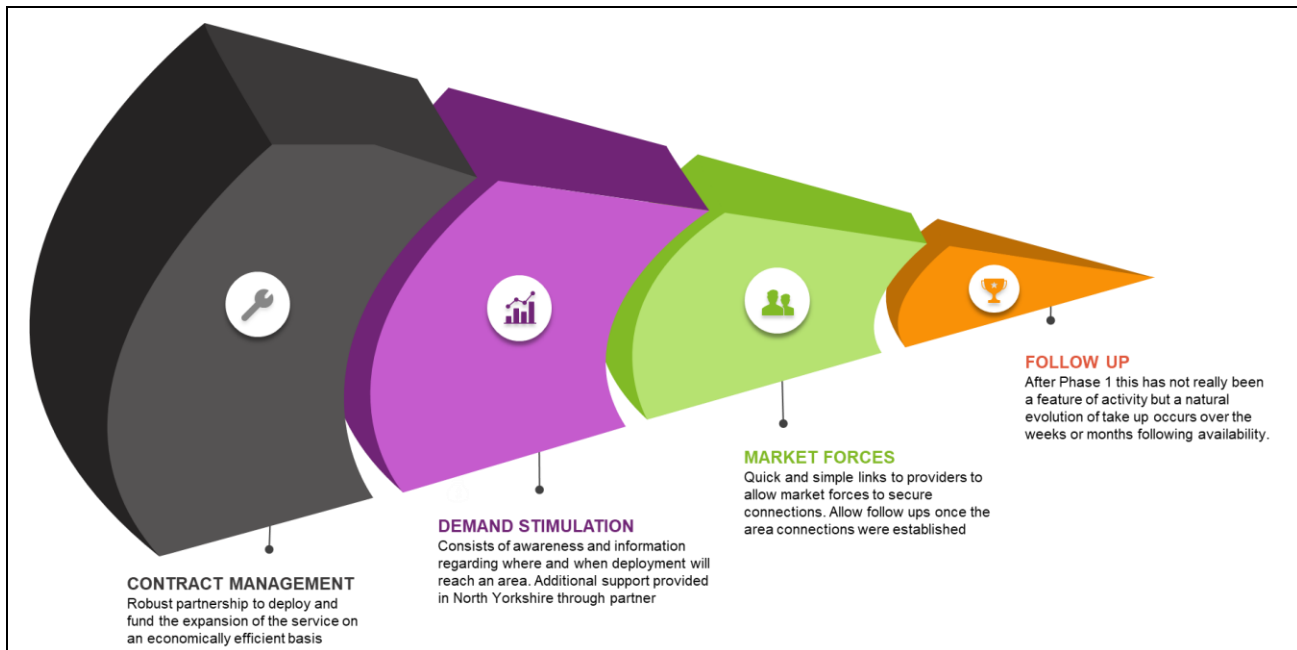
Figure 2: Current and Planned Superfast Broadband across North Yorkshire at 23 August 2017



5.2 Engagement Tactics and Call to Action

The common strategy since 2013 has been based on sound economic pragmatism and may be summarised as:

Figure 3: Strategy for Broadband Roll Out Phase 1



5.2.1 Contract Management

The two regions which we are focusing on for this project had very different approaches to the deployment of the funding secured.

North Yorkshire County Council, specifically through NYnet, who were the principal architect behind the initiative, and was originally established to drive public sector broadband demand aggregation in the county. NYnet had worked with public sector agencies to build enhanced fibre connectivity between public sector locations and harness any surplus capacity for the benefit of citizens and businesses in poorly served communities. As such they were ideally placed to lobby for funding when the government set up BDUK with £500m+ to invest in improving broadband connectivity in the UK. North Yorkshire lobbied to become a BDUK pilot and was allocated £17.8m of central government money for what would be the first phase of the project.

NYnet was nominated to drive forward the North Yorkshire BDUK process and began by successfully achieving:

- additional investment: up to £13.5m of ERDF was granted by DCLG to match against the BDUK resource for the first phase of the project. This included £3.45m to meet the costs of the business support, administration and demand stimulation activity (as the BDUK resource could only be used for capital, network build)

- securing State aid clearance: unlike many of the other BDUK funded partnerships NYnet has not used the national State aid umbrella.
- procuring suppliers for the two core strands of activity (business support and network construction): NYnet ran its own procurements and did not wait for the broadband delivery framework used by many others including East Riding

North Yorkshire was the first of the BDUK funded partnerships to procure a supplier and secure State aid approval. Two main sub-contracts accounted for the bulk of the Phase I project activities. BT was appointed to deliver the infrastructure and BE Group delivered the business support service.

East Yorkshire's contract management approach fell within the more standard BDUK procurement and the council signed a contract with British Telecommunications PLC to make superfast broadband available across the county.

Phase I ended in December 2015, with over 42,000 properties in the East Riding being upgraded as part of the Broadband East Riding programme.

Phase 2 will expand coverage to an additional 4,500 properties by December 2017. Superfast Speeds have been made available in the following areas:

January - March 2016: Bridlington, Mappleton and Keyingham

April - June 2016: Goole, Kipin, Bishop Wilton, Elstronwick, Huggate, Skipsea, Sledmere and Wetwang

July - September 2016: Bielby, Thorngumbald, Seaton Ross, and Wold Newton

October - December 2016: Bampton, Newton on Derwent, Rawcliffe and Hayton

January 2017: Aldborough, East Garton, Eastrington and Kilham

5.2.2 Demand Stimulation and Market Forces

Subsidy Scheme

The Better Broadband Subsidy Scheme was developed by the UK government to provide access to a subsidised broadband installation to homes and businesses that are unable to access a broadband service with a download speed of at least 2 Mb per second and who will not benefit from the superfast broadband roll out.

Any home or business who experience poor broadband speeds, or are unable to obtain an affordable broadband service at all, were provided with access to a basic broadband service that offer speeds of at least 2 Mb per second.

This was seen as an interim incentive and meant qualifying premises were still eligible for a superfast broadband service in the future.

The Better Broadband Subsidy Scheme runs until the end of 2017 and will ensure that no household or business will need to pay more than £400 to access a basic broadband service over a 12 month period.

Households and businesses that are eligible to take advantage of the Scheme are provided with a unique code that will cover most of the cost of the installation and commissioning of a basic broadband service including any necessary equipment.

They are required to enter into a contract for a minimum of 12 months with one of the suppliers registered under the Scheme and pay any remaining cost of installation (if any), the monthly charge for the service they select, and any VAT payable.

The code does not have a specific fixed value but when used to obtain a basic broadband service from a registered supplier it will reduce the total cost by up to £350. The code has no other value and cannot be redeemed in any other way than through the Scheme.

Households and businesses could take advantage of the Scheme if they met the following criteria.

1. The home or business is not currently able to access a broadband download speed of at least 2Mb per second.
2. There are no alternative affordable broadband services available, which would provide a download speed of at least 2Mb per second.
3. There are no plans to provide superfast broadband to the location within 12 months of any application.

Households and businesses that apply for a subsidy needed to confirm there are no alternative affordable broadband services available to them that offer a broadband speed of at least 2 Mb per second. If the premise is likely to be able to access superfast broadband within 12 months access to the scheme was not offered.

Typically the subsidy was used by providers to provide a discounted rate for access charges during the first year and in combination with the roll out programme has been regarded as a successful stimulus for connections.

Other Demand Stimulation

Broader levels of business support around engagement periods where new areas were receiving Superfast Broadband were implemented. Again the more widespread support was co-ordinated through North Yorkshire and specifically the BE Group who supported the development during Phase I of the program.

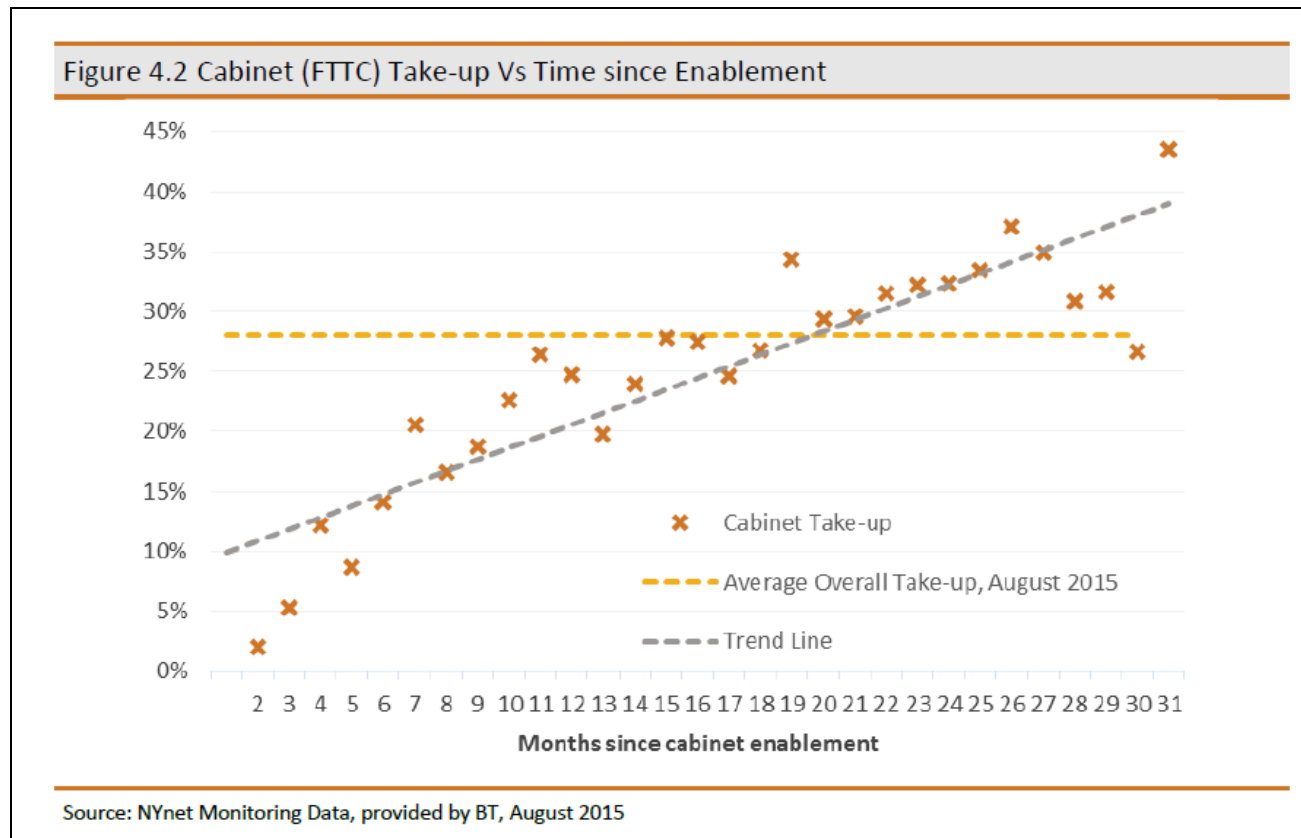
This business support sought to advise eligible on how best to maximise adoption and exploitation of broadband, it consisted of a range of initiatives including

- One Day Events: held regularly in different locations across North Yorkshire and designed to sell the business benefits of adoption, showcase the support available and provide workshop taster sessions. The Google Juice Bar initiative (developed in partnership with the LEP) is an example of such events.
- Outbound calling: via a purchased business data set and proactively contacted eligible by phone to drum-up interest in the events and wider services.
- Marketing Messages: it was anticipated that businesses would be starting from a low base in terms of their use of broadband and would need to be convinced of the relevance of the service to their business. In light of this, marketing messages purposely focused on very broad based business themes to maximise interest (e.g. how to reach customers, raise business profile etc.).

- Small Grants: for hardware or consultancy (up to £700) were a key marketing tool, 61% of clients indicated that the grant was an important factor in their decision to work with SFNY and this most likely underpins the importance of word of mouth referrals which was also a significant response driver.

It seems clear from the activity around Phase I that this level of support also had a legacy effect which saw connections continue to grow sometime after the access to superfast broadband had arrived:

Figure 4: Time lag between availability and connection



Within East Riding support messages were more constrained to more generic applications and were more of an adjunct to the demand stimulation stage than a stimulus in their own right. They referred to the impact for business through Superfast broadband; that having a fast and more reliable connection will help your business gain an advantage – without indicating what that advantage might be.

The principal messages were:

A richer conversation

No more barriers which means you are enabled to improve your customer relations.

Do more for less

Now you can work from anywhere, anytime and reduce your assets.

Manage market change

Ensuring you are up to date with information and enable you to react fast to change.

Cope with ease

Now you can become more flexible & save time.

Improve relationships & customer service

It will enable you to sell more to existing customers & build your brand loyalty.

Reduce risk

It will enable hassle-free backup & more effective data recovery.

Cut costs

Will enable you to use cost effective technology & reduce travel bills.

According to discussions held with Council Officers there were some very early stage workshop and seminar support events, including some assistance with social media, although no details were made available as to the scale and duration of this support.

5.3 Market Forces

Connecting to the new Superfast broadband has to be undertaken by licensed resellers and ISPs. The larger operators; BT, Virgin and Talk Talk are naturally dominant based on resource and marketing support, but for more remote areas a number of community led schemes have been actively encouraged. [These are of lower significance in terms of business broadband uptake which is the scope of this report.]

The main alternative providers who are active within the regions are:

5.3.1 North Yorkshire Business Providers

	Provider	Primary service
1	Beeline	Fixed Wireless
2	Boundless Communications	Fixed Wireless
3	Bush Broadband	Fixed Wireless
4	Clannet	Fixed Wireless
5	Fibre Options	Fixed Wireless
6	Quickline	Fixed Wireless
7	Save 9 Networks	Fixed Wireless
8	Wifi Bill	Fixed Wireless
9	B4RN	Fibre
10	BT Community Partnerships	Fibre
11	Avonline	Satellite
12	Bentley Walker	Satellite
13	Broadband Wherever	Satellite
14	Corsat	Satellite
15	Digiweb	Satellite
16	Europasat	Satellite
17	ibub	Satellite
18	Lincolnshire Satellite Broadband	Satellite
19	NotSpot Broadband	Satellite
20	Prime Satellite Broadband	Satellite
21	Primetech	Satellite
22	Rural Broadband	Satellite
23	SAS UK	Satellite
24	Satellite Internet	Satellite
25	SOC Communications	Satellite

5.3.2 East Riding Business Broadband Providers

	Provider	Primary Service
1	Boundless Communications	Fixed Wireless
2	Quickline	Fixed Wireless
3	Wi-fi Bill	Fixed Wireless
4	B4B Telecoms	Fibre
5	BT Community Partnerships	Fibre
6	Pine Media	Fibre
7	Bentley Walker	Satellite
8	Broadband Wherever	Satellite
9	Digiweb	Satellite
10	ibub	Satellite
11	Eurosat	Satellite
12	Satellite Internet	Satellite
13	Avonline Broadband	Satellite
14	Prime Satellite Broadband	Satellite
15	SAS UK Installations	Satellite
16	Lincolnshire Satellite	Satellite

5.4 Take-up and Follow-up

The BDUK provision was to make Superfast broadband available and as such the assessment of whether this has been done in an efficient manner is corroborated in North Yorkshire by a proof of impact evaluation conducted at the end of the Phase I roll out by Regeneris and referred to where relevant in this report. The question around connections made, penetration rates is outside the scope of the organisations responsible for the roll out.

With the focus of funding on infrastructure only in North Yorkshire have we seen a consistent level of business support throughout the first stage? Nevertheless based on a telephone survey and records maintained by BE group on their engaged audience of businesses Regeneris estimated the following take up rates at the end of Phase I of the roll out programme:

Table 3: Estimated Take up Rates for North Yorkshire at 2015 (Regeneris)

	Take up Rate		Number of SME's	Number of SME Adopters	
	Min	Max		Min	Max
Micro	26%	36%	16650	4300	6000
Small	19%	29%	1740	330	500
Medium	42%	52%	250	100	130
Total	28%	38%	18640	4800	6600

In East Riding the nature of the business infrastructure and makeup is so similar to that of North Yorkshire that we can assume it is very likely to show similar adoption rates to those assessed by Regeneris for North Yorkshire. Based on a similar calculation for businesses in the Intervention Areas are shown below:

Table 4: Estimated Take up Rates for East Riding at 2015 (Buzz Estimate)

	Take up Rate		Number of SME's	Number of SME Adopters	
	Min	Max		Min	Max
Micro	26%	36%	5931	1542	2135
Small	19%	29%	581	110	168
Medium	42%	52%	80	34	42
Total	28%	38%	6592	1686	2345

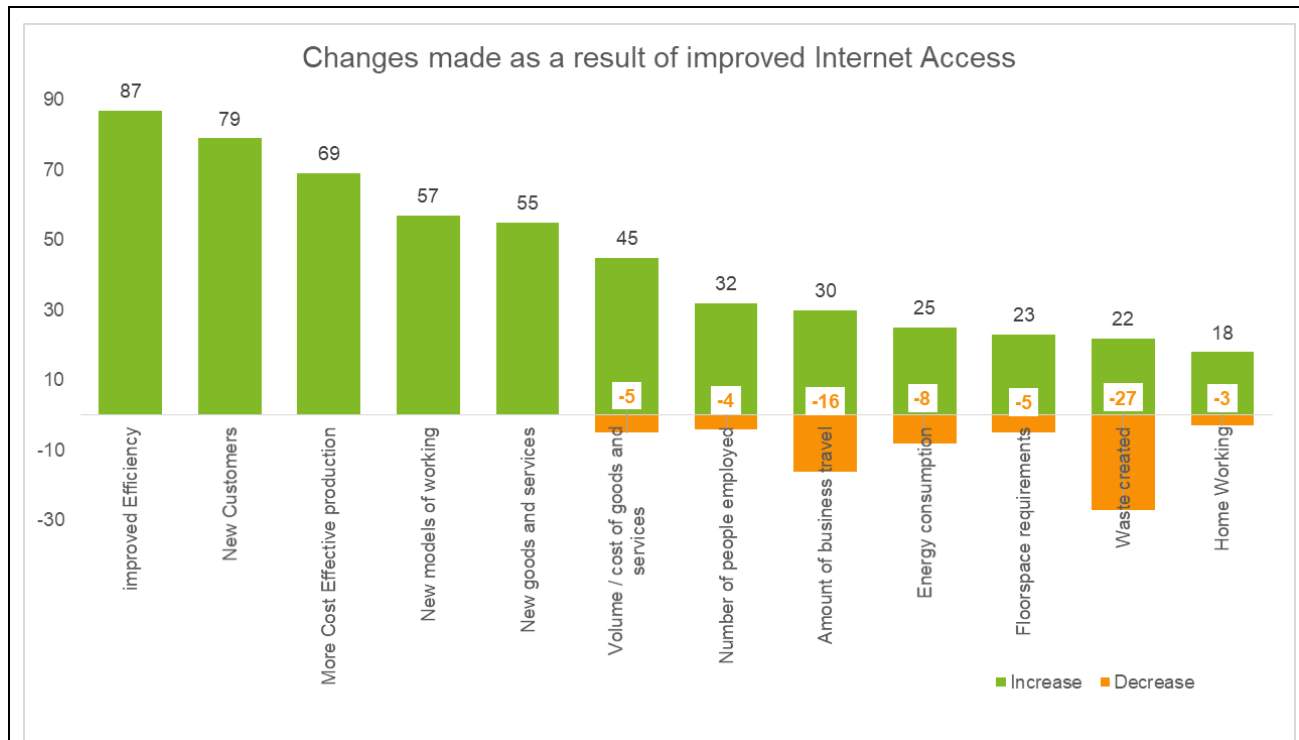
The report by Regeneris for NYnet also found the businesses that they classified in the more advanced groups (in terms of internet adoption and use) are doing more with their super fast connections and have also made a greater number of changes to their internet use in the past 12 months.

Further reliability as well as the speed of internet connections played a role in the operational and performance changes that businesses reported.

Interestingly the claimed benefits since switching their connections to Superfast broadband show areas which have some significant potential for commercial advantage and real business improvement:

- 79% claimed to have new customers
- 87% Improved efficiency
- 27% claimed to have seen a decrease in waste created
- 16% claimed a decrease in work travel supplemented by more home working (18%)

Table 5: Changes claimed since adopting Superfast broadband in North Yorkshire (Regeneris report 2015)



Regeneris also found that 45% of respondents indicated the SFB connection and their changes in internet use had resulted in some impact on the financial performance of their businesses. A similar proportion note that they expect to see impacts on financial performance in the future. So the goal of business improvement appeared to have some substantive evidence from the survey conducted.

It is important to understand the apparent summary of benefits of the business support element of the Superfast programme. While naturally turned down for the Phase 2 and Phase 3 elements of the programme remaining due to the relative numbers of businesses involved the following benefits are outlined in the Regeneris report of 2015 for North Yorkshire:

- The support was seen to be most effective in terms of helping businesses gain new customers, while there is much less evidence of it helping them secure real productivity improvements. Half of business claimed to have gained new customers and a further 35% now expect to. But, only 10%

have secured cost savings such as reduced energy consumption or volume/costs of purchased goods/services.

- Businesses reported performance improvements as a result of the support provided. A third of businesses reported turnover increases as a result of the business support programme, and 16% and 28% of respondents have observed employment increases and profit improvements respectively due to the support received. Future impacts are more optimistic – 58% expect turnover increases over the next three years, while 24% of respondents anticipate employment increases and 51% expect profitability increases.
- Overall impacts reported to BE Group directly were also strong. Even after making adjustments to the claimed GVA and job figures, the business support service met its result targets. Each estimated and expected FTE job created cost £34,600 while £6.15 of GVA was estimated to have been created for the local economy for every £1 invested.
- The impact of the support on businesses was expected to grow in the next three years. estimate the future impacts resulting from the scheme could be substantially higher than those reported to date.

It seemed clear that the investment in business support was considered to have been an important factor in driving the adoption rates and also the awareness of business improvements by the businesses themselves who were engaged by the support team. While this is a natural bias the scale of the changes noted appears to be significant. While there is no control group to compare against we believe this is a significant finding to take forward.

Significantly, no longitudinal study on impact over a longer period of time where technological advances in other aspects of doing business reinforce the decision to take up superfast broadband services. We believe there may be some significant value in re-visiting some of the businesses who have been seen to be more advanced in their internet adoption and contrast their current situation with other less advanced users of internet services.

5.5 Experiences of Rural SME Businesses

The regulator for communication services Ofcom survey UK businesses to understand their experience of services which are fundamental to their business. A total of 1500 interviews are conducted and the survey looks at communication service provision involving landline; mobile and internet connectivity. Of the total sample 600 businesses are classified as rural or remote rural.

The key findings are referenced here as they may be indicative of attitudes amongst rural based in general and are set out below as an early reference point for our subsequent primary research:

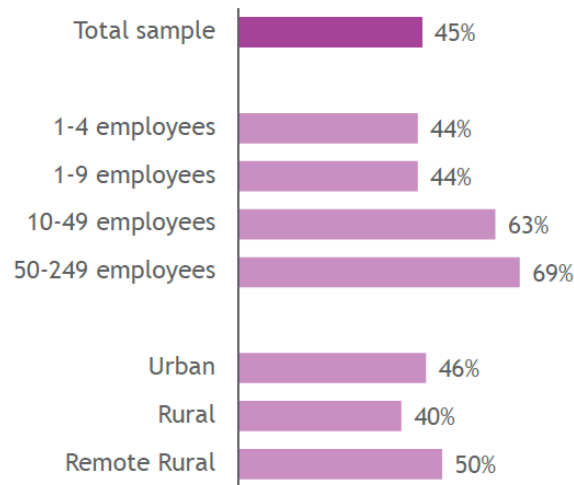
1. One in three (30%) working in sparsely populated parts of the country and/or who worked while travelling in the UK serviced mainly other businesses who were located outside their region, compared to 22% across the total sample.
This indicates that proximity to the customer may be less of an issue for in rural areas and consequently a more significant advantage to be gained from internet based forms of communication.
2. which felt that there were services not available to them, which their business could benefit from, were most likely to cite a need for faster/ fibre broadband. Larger , and those in remote rural locations, seemed more affected than other .
3. Just under 1 in 2 had experienced issues or problems with their internet services in the past 12 months; the key issue had been poor service reliability (31%) or slow upload/download speeds. in remote rural locations were more likely to have had problems (59%). Among those experiencing poor service reliability or slow upload/download speeds, 34% said this had resulted in a complete loss of service and 39% said it had had a high level of impact on their business.
4. In comparing the 2016 results with those of 2014 there was a slight fall in the proportion of who felt confident in their knowledge over internet service provision and how to use the services more effectively in their business. *This proportion was 78% down from 81% and may reflect changes in the marketplace over the period.*
5. Amongst micro businesses 16% did not use any fixed internet (broadband or dedicated). When asked why this was the case, more than half of these (57%) said the organisation had no need to access the internet. A fifth (21%) said they had access via mobile devices or dongles, 7% said the infrastructure was not available, and 3% mentioned the expense of having lines installed.

A proportion of rural businesses have survived and prospered without the need for internet connectivity. Accepting not all businesses will gain advantage is an important aspect for any future targeted support to consider.

	NUMBER OF EMPLOYEES				URBANITY		
	1-4	5-9	10-49	50-249	URBAN	RURAL	REMOTE
INTERNET	87%	87%	99%	99%	86%	89%	92%
Fixed Line Broadband	80%	80%	81%	65%	78%	83%	81%
Mobile Broadband via Cellular network	45%	44%	57%	70%	46%	48%	41%
Dedicated internet access	3%	4%	19%	44%	5%	4%	5%
Fixed Wireless broadband	3%	3%	5%	7%	2%	3%	5%
Satellite Broadband	1%	1%	3%	1%	0%	2%	3%
Dial up	0%	0%	1%	1%	0%	0%	1%

6. The use of different types of internet connection highlights the lower incidence amongst the smallest businesses but equally the reliance on internet connectivity within rural and remote areas. *Internet access in rural and remote areas is more reliant as other sources such as Wi-Fi are not there.*
7. On average 14% of SMEs in rural and remote areas stated they were looking to upgrade their internet connection services in the next 12 months. This compared to 11% of all SMEs interviewed. *Potential evidence of awareness of broadband provision.*
8. Satisfaction with current internet services was found to be significantly lower in rural and remote areas. Dissatisfaction centred on Speed of connection; Value for money and the Ability to access the speed they are paying for.
9. Use of online marketing amongst the smallest SMEs was found to be low with less than 1 in 2 doing any form of online promotion or communication outside of email activity.
10. The survey also asked whether the growth of their business was constrained by lack of communication – those who responded yes were classified as ‘hampered’. They were more likely to be rural, especially remote rural (42% vs. 18%), more likely to work from home (61% vs. 49%) or to work in sparsely populated areas/ travel (73% vs. 55%). ‘Hampered’ felt less informed about communications services (59% vs. 70%), and were less confident about how they viewed the communications market; 56% claimed they didn’t have confidence vs. 35% ‘not affected’.

Figure 123: Use of online marketing



Source: QA6 Which, if any, of the following internet applications does your organisation use for business purposes?
Base: all with fixed or mobile internet (n=1389).

6. Stage I Summary and Implications

As the superfast broadband infrastructure nears its final phases the vast majority of business premises now have access to fast, more reliable broadband connection. Adoption rates and estimates have shown a steady growth in the proportions of businesses accessing the service. However it is still the case that over two years after the main roll out phases have been completed the majority of businesses have not made the commitment to Superfast Broadband.

Market forces will dictate that those who have committed by this stage are likely to be the more progressive, earlier adopters who recognise the commercial and logistical advantages SFB provides. It is also true that later adopters and the majority are continuing to drift towards connecting – adoption rates appear to continue to grow relatively slowly.

The focus for business support services and the potential role of the LEP in particular should perhaps now start to shift away from the provision and access to the adoption and exploitation of a resource that is now available to 95% of businesses and those in the easiest to reach parts of the region.

- **Business Support rather than access has been shown to have the largest return on investment:**

Table 8.1 Summary of Net Additional Impacts

		Infrastructure	Business Support	Total
Total Phase 1 Funding (ERDF + BDUK + NYCC)*		£28.3m	£2.7m	£31m
Impacts Realised to Date	Net Additional GVA	£19m**	£17m	£36m
	Return on Investment (per £1 invested)	£0.70	£6.20	£1.20
Realised to Date plus Impacts Expected in Next Two Years	Net Additional GVA	£140m**	£80m	£220m
	Return on Investment (per £1 invested)	£5	£36	£7

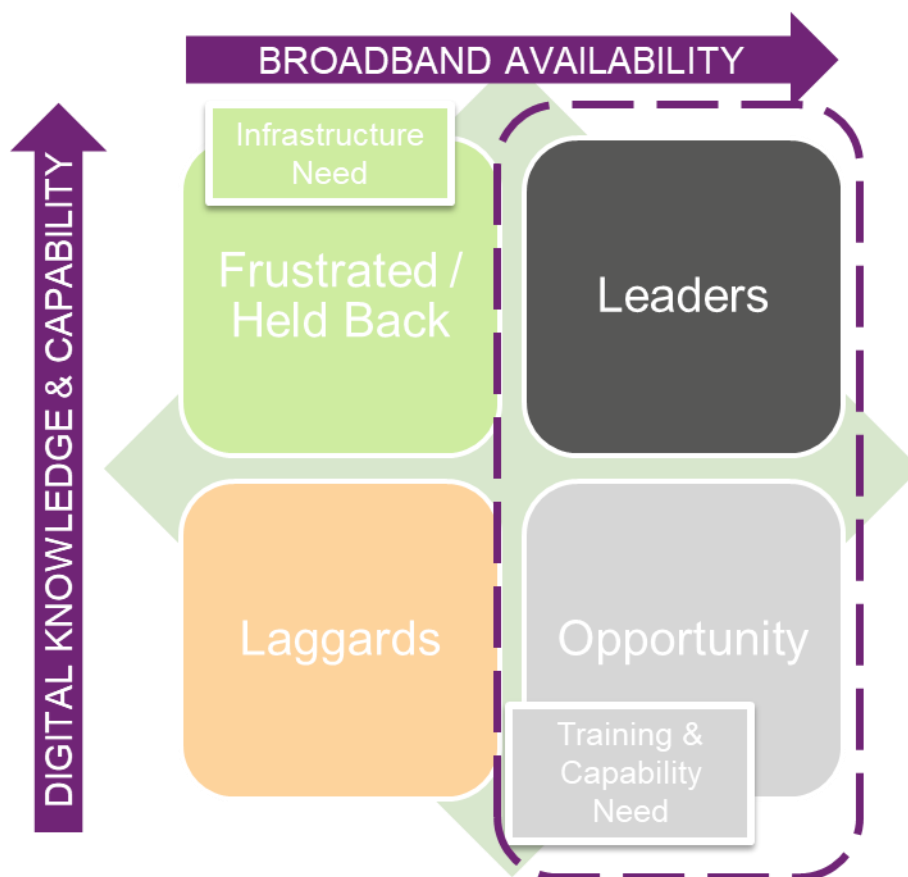
* Demand Stimulation & Administration Costs have been apportioned between the two strands ** Mid-point estimate between £16m and £22m (for impacts realised to date) and £117m and £162m (for impacts expected in future)

- **Later adopters lack confidence or resource when it comes to decisions affecting the way they may run their business.** This is perceived to be a significant barrier in rural and remote areas and for SMEs and Micro businesses – both of which abound across the regions.
- **There is a distinct lack of tangible, grounded case studies of businesses who have seized the SFB opportunity in ways which are transferable.** Discussions with all council officers highlighted the lack of available testimonial and case study opportunity to showcase and evidence what can be achieved. For businesses across the LEP area the references to similar sized businesses in rural areas could be a significant driver for the later adopters.

- It would appear from the evidence available and the discussions held with businesses and council officers that the need for additional business support targeted at practical ways to improve business performance is missing and maybe constraining the second wave take-up rate.
- It is clear that the resource to support such an initiative is limited within the council areas. This provides a focus on understanding the most significant barriers and the most common applications which have been seen to impact business performance in order to design any form of support around known needs.

We suggested therefore that the subsequent stages of this project built on this evidence base and provided insight by consulting with businesses who have harnessed the benefits of SFB and those who have either not seen the same progress or indeed have not made the commitment to connect.

In terms of our suggested model we recommended on:



7. Stage 2: Primary Research & Visits to Rural SMEs

The second stage of this project involves some primary research and focused on achieving 20 depth interviews with decision makers/business owners who fall into the Leaders category (have connected to SFB and recognised significant changes to their business as a result) and the Opportunity category (may have connected or may be delayed but have connectivity available to them) where there is a lack of knowledge or confidence displayed in the best ways to use broadband connectivity within their business.

The aim of the interviews was to understand the business, the way broadband has been harnessed or used to bring about different working methods/practices which have seen a noticeable difference in business performance.

Interviews were conducted at the business/place of work in order to gain a direct appreciation of the benefits or obstacles being faced with regard to broadband adoption. The aim was to profile the business fully so that relevant examples could provide some use as case studies.

Our recommended sample structure was outlined as:

	Leaders		Opportunity	
	North Yorkshire	East Riding	North Yorkshire	East Riding
All Micro Businesses	6	4	6	4
Agri-Tech / Bio Renewables / Food	2	2	2	1
Construction / Engineering	2	1	2	1
Visitor Economy / Health / Social Enterprise	2	1	2	2

During October 2017, The Buzz consultants visited a broad range of businesses across North Yorkshire and the East Riding. The sample was completed with the following breakdown:

Figure 5: Stage 2 Interviews Conducted

	Type of Industry	Sub Region	No of Employees	Classification
1	Visitor Economy / Social Enterprise	East Riding	1	Opportunity
2	Construction / Engineering	East Riding	5	Leader
3	Agri-Food / BioTech	East Riding	4	Opportunity
4	Construction / Engineering	East Riding	3	Opportunity
5	Visitor Economy / Social Enterprise	North Yorkshire	4	Leader
6	Visitor Economy / Social Enterprise	North Yorkshire	2	Leader
7	Food / Drink Processing	North Yorkshire	4	Opportunity
8	Food / Drink Processing	North Yorkshire	10 FTE	Leader
9	Agri-Food / BioTech	North Yorkshire	3	Leader
10	Agri-Food / BioTech	North Yorkshire	2	Opportunity
11	Food / Drink Processing	East Riding	7	Leader
12	Food / Drink Processing	East Riding	4	Leader
13	Food / Drink Processing	North Yorkshire	5	Leader
14	Visitor Economy / Social Enterprise	North Yorkshire	1	Opportunity
15	Food / Drink Processing	North Yorkshire	12	Leader
16	Visitor Economy / Social Enterprise	North Yorkshire	8	Opportunity
17	Construction / Engineering	East Riding	3	Leader
18	Visitor Economy / Social Enterprise	East Riding	2	Opportunity
19	Visitor Economy / Social Enterprise	East Riding	1	Opportunity
20	Visitor Economy / Social Enterprise	North Yorkshire	3	Opportunity

We owe a debt of gratitude to the businesses who participated fully with the research. The average interview time was 75 minutes during which we were able to probe fully regarding the use of internet connectivity.

7.1 Overview of the Key Findings

A number of common findings were immediately apparent during these interviews. From the perspective of Rural SMEs across the LEP region there is a marked contrast to the view found from Stage 1 of this process. Coverage rates appear high when figures of 94% reach are commonly referred to. However for businesses many of whom are in the 6% where nothing has changed it appears a very different view:

1. Superfast access availability is wider than businesses had anticipated. Few believed the 94%-95% coverage figures were accurate. We encountered situations where villages were split with one side of the main road on Superfast access and the other still at 1-3 MBpS. Farms left without connection because the Cabinet was on the opposite side of a road and so there connection spanned just under a mile from the exchange. When faced with the specifics such as these examples the perspective is based on the inequality of coverage and the impact on lives and businesses is magnified.
2. To the people we interviewed the reliability of connection is a significantly bigger issue than speed. So the focus of government and providers on speed was seen to be unbalanced – based on the disruption caused by erratic connectivity, which had a much more dramatic impact.
3. Superfast broadband has significant implications for the visitor economy and food and drink businesses in particular which extend beyond what many may consider as impactful for these types of business.

Visitors now expect to have broadband and Wi-Fi access. We found a number of businesses who had felt compelled to invest significantly more than they would have ever budgeted to provide some kind of service, even if this was limited to specific access points around their site. It should also be remembered that the remoteness of rural location also impacts mobile connectivity.

Similarly Food and Drink Producers have an increasing number of applications being pushed at them by major customers which demand internet based filing of production; invoicing or certification.

4. We found a common *isolationist* perspective exists for these type of businesses. Very often they are tied to a specific geographic location. They have to achieve what they can from that specific place. The digital isolation further underlines this isolationist mentality and fosters a fierce independent spirit. Local 'bubbles' remain largely unaffected by macro changes, such as Brexit or the advent of superfast broadband at this level of business.

'We just have to get on with things the best we can – it has always been like this so not getting fast broadband access is just something else we put up with because of where we live and work'

5. One area of the rural economy which perhaps typifies this spirit is in farming and agri-business where diversification from farming is driving growth in food and drink and visitor economy and opening up new opportunity. This diversification is often driven by a strong pioneers' survival instinct which was very apparent across the sample we spoke to. Farming is changing, consequently agri-business more than anyone has to make do with the specific fixed resources they have access to. We saw many examples of how movement into food and drink (brewing and premiumisation of product) or visitor economy (shops/deli's / farm stores and accommodation) were being driven out of a need to find new income streams and profit centres.

Some of the businesses we spoke to were already into the second wave of innovation with examples being a move from simple accommodation to event management and wedding venues. This had required a total re-positioning of the offer but was being embraced with real passion.

6. Another common attribute we found was the recognition of significant gaps in skills development and training. For many the diversification and the creep towards digital communication and

management of even simple business processes represented a learning curve. Many SMEs relied on children for implementation of new digital process, however if they had chosen to relocate or were away at colleges and university there is a clear gap evident in being able to move beyond basic processes or support. Similarly we found barriers in releasing staff for training away from the place of work which could and should be addressed by remote online access to certification. Where training of this nature was being implemented it was typically limited to required standards.

7. We found very little awareness of the LEP, or what its purpose and focus is. Only amongst more connected businesses (in a local or industry networking context) was there any real perception of what the LEP was and what its role was intended to be. There was virtually no knowledge related to available business support or how to access it.

This lack of awareness was often interpreted as a further underlining of isolationism. Businesses used to getting on with things the best they could did not expect to be the subject of any assistance.

7.2 Barriers Faced by Rural SME Businesses

The purpose of this stage of work is to look for commonalities between SME businesses who operate in very different markets/business activities. We have introduced some of the common issues and mind-sets in the preceding section, however there were also some significant differences by industry type which we have summarised on the next page.

The common themes were seen to be around:

- **Access** to broadband which was reliable in terms of connectivity and secondly offered some enhanced speed. Several businesses said they would be happy and could manage with speeds of 7-10MBpS which was often what was being monitored. During summer when visitor numbers swell and schools are on holiday, broadband speeds were typically seen to reduce by up to half anyway.
- **Awareness** of any kind of business support or funding. Several references to NYNet's initial launch were made but that was for many people not available by the time they had access to an enhanced service. This is clearly a significant issue affecting Agri-tech and Construction sectors mostly.
- **Attitude** was commonly noted as a real desire for change and recognition that digital connectivity was coming whether we like it or not and was typified by the slow push by customers to do more and more online, from DEFRA registrations of movement to Retailers Production and despatch monitoring, systems are being deployed now which effect such rural SMEs and so even the most reluctant voices actually underlined
- **Ability** also emerged as a common barrier for SMEs wanting to do more in terms of digital connectivity. For most their knowledge was self-categorised as 'basic'. Again this issue affected Agri-tech and Construction mostly and is clearly related to their lower levels of engagement with the aspects of digital connectivity per se. By contrast Food and Drink businesses which typically involved people who had had a broader exposure to business practice were found to be much more advanced in their deployment and most could list a series of Apps they used to streamline some of their processes.

Figure 6: Barriers faced by Rural SME Businesses

		 Agri / Bio-tech	 Visitor Economy	 Construction	 Food and drink
Access	- Speed - Reliability	- Lack of high speed fixed line access - Poor perceptions of the cost and reliability of Line of Sight Solutions	- Customer expectation of access and demands are extremely high - Prohibitive investment costs for quality access	- Generally larger companies so access is faster and more reliable - Limitations on geographic delivery limit expansion	Some historic access issues, but will invest in Line of Sight solutions if need be.
Awareness	Business support packages and interventions	Almost no awareness of business support available beyond financial grants or farming specific finance	Low awareness of business support available and how to access it.	Low awareness of business support and how to access it.	Some awareness of business support, but mainly from private sector eg Goldman Sachs 1,000 businesses
Attitude	Desire for change and improvement	Growing need due to online reporting	Without reliable access they can't survive	Generational family businesses tight local supply chains, so there is less appetite for growth	Desire for access and support because of easily quantifiable growth and efficiency gains to be made
Ability	Knowledge and skills	Significant knowledge and skills gaps outside of core activity (farming)	A desire for more structured skills development and support	Some skills and knowledge gaps	A wider and deeper knowledge base.

In summary our assessment of barriers to change show real positivity. Leaving access aside, we found that owners of SME businesses typically displayed a positive attitude and sufficient ability to make a start on improving their digital business processes. Awareness is potentially the key gap and a catalyst may be required to provide that impetus to embrace digital processes sooner rather than delay.

7.3 Perceived Benefits of better connectivity

Across the interviews conducted during this phase of the project we were left profoundly aware that many of the benefits of improved digital connectivity and internet led processes are firmly in the minds of rural SMEs.

The last 3-4 years has seen an inexorable progress towards online processing; registrations, payments and banking. Many of these developments have the same benefits irrespective of business type or location. The need for a special trip to the bank in the nearest market town is now something looked back on with some nostalgia. Online payments and booking processes are providing audiences which many providers of accommodation could have only dreamed about before the advent of intermediaries like Tripadvisor and Booking.com.

Our interviews across all sectors showed strong evidence of businesses embracing such changes. There is little doubt that our sample displayed an entrepreneurial spirit which may lag behind larger businesses or those in better connected areas but we found evidence of investments made to ensure Wi-Fi was available using satellite provided connections to ensure that visitors were able to enjoy internet access at no cost as part of a stay which itself could be priced as low as £40 per person per night. Clearly additional and significant cost was incurred to provide this service but it had been assessed after a number of enquiries about Wi-Fi had been made.

Similarly we interviewed food producers who were investing in scanning technology and cloud based apps to provide in the moment records of ingredients used in production batches and automatic re-ordering of stock through the provision of minimum stock re-order levels which were controlled centrally.

The benefits of connectivity are slowly but surely establishing themselves across most businesses but clearly we came across early and later adopters in all sectors. In general the fastest sub sector to respond had been the food and drink sector where a combination of retail customer led initiatives together with a need to maximise efficiency and control proved to be a powerful combination in managing businesses using cloud based or server based but integrated WLAN network access.

Visitor economy attractions and hospitality venues had also embraced the opportunity to promote their business to a global market and many landlords were indicating a significant non-local or international growth to their visitors over the most recent period. Work rota allocations were commonly being communicated via App or internet software solutions which appeared to be the most appreciated application of technology amongst the visitor economy businesses we spoke to at this stage.

Smaller construction and engineering businesses had few similar incentives. They tend to work with known sub-contractors or associates and work distribution tends to be more by word of mouth.

Figure 7: Common Benefits Seen from Connected Businesses

		 Agri / Bio-tech	 Visitor Economy	 Construction	 Food and drink
Customers	- Market expansion - Growth - Service	- The main driver is to diversify. - Visitor economy and/or food & drink closest	- Critical not just for growth but for survival. - Marketing platforms like booking.com, tripadvisor, Facebook - Payment processing / WiFi	Limited growth opportunities due to apathy and also cost and physical constraints on deliveries	Strong opportunities for market expansion.
Colleagues	- Skills & development - Retention & engagement	- Workers can often feel isolated - Attracting staff is becoming much harder post Brexit	Benefits could come from much improved customer service training	Health and Safety and other mandatory training could be delivered more effectively	Demand for online training and YouTube channels
Cost	- Improved productivity - Reduce overheads	- If 'Farm of The Future' and IoT are priorities then quality internet access will be critical - Limited indications so far	Clear and tangible benefits from online bookings	There is limited online ordering and this could improve productivity, if there was demand for it	Typically part of more complex B2B supply chain, so more opportunities for efficiency gains
Continuity	- Risk reduction - More competitive	Limited use due to variable access and reliability	The volume of transactions is driving demand for cloud applications	Dominated by market conditions and available finance	More critical data being captured and statutory requirements so more critical need for cloud storage and apps.

We have summarised the common benefits we recorded under four key areas which were the most commonly referred to areas of commercial or organisational benefit across our sample:

- **Customers** – the most obvious reference we found through our interviews was the opportunity to reach new markets, new customers and provide a simpler, enhanced level of service to new and existing customers. While booking aggregation services carry an additional cost in terms of commission, the compensation for rural businesses is the opportunity to maximise bookings across longer seasons. In addition the opportunity for pre-booking and payment online was advantageous to many. For food and drink producers there is a cost effective method to approach new accounts and sources of distribution and indeed we found thriving online elements to many small businesses. One of our interviewees summarised this as:
‘Consumers seem to be constantly searching for new products and things to try and we benefit from that if we can get listings on the right sorts of websites or use sampling and reviews well’
- **Colleagues** – the benefits of online training and registration in areas like Food Hygiene, Health & Safety were seen as really beneficial in terms of allowing staff to keep up to date with regulations without having to leave the workplace. Similarly changes to legislation and standards were accessible to all and the more progressive companies we sampled were using online training modules, work sample files and even You Tube as part of their training commitment. The subsector which was noticeably different in this respect was Farming and Agritech businesses. Here the need is different, and the focus for employment was very much around attracting labour, particularly manual, experienced workers. Major concerns around seasonal workers during the post Brexit period were clearly uppermost in employers minds.
- **Cost** benefits and improved efficiency were really only seen by the businesses who had led adoption. Tangible business benefits were quick to be realised within food and drink and visitor economy sectors in stark contrast to the marginal benefits seen in construction and agriculture. Where benefits accrue quickly or are more obvious it builds confidence and a broader base to try other innovative approaches. Where the benefits are less tangible the same desire to expand is not evident – in these sectors, word of mouth referrals or being shown the application was much more important as a stimulus. However by their nature Agriculture and Construction appeared to be more isolated or limited and so examples of shared applications were rare.
- **Continuity** – some recognition was evident of the need for effective data storage and recording of processes. Cloud storage was only present amongst the most innovative of the sample, beyond this was a general concern about not being able to access the data when it is most needed or losing data. The key driver in this regard was a need for business owners to be able to access production data, sales and margin performance while away from the business.

Having collated and analysed the interviews we undertook during this stage we have summarised the following elements as the core feedback from our rural SMEs. These are the tangible benefits being seen by most, enjoyed by some, but only 2-3 businesses were truly exploiting a range of these benefits:

Efficiency
Effectiveness
Entrepreneurial Opportunity
Flexibility
File / Record Keeping
Regulation Creep
Training on-site
CRM
Sustainability
Enhanced marketing
Lower cost of processing
orders

For the majority of the sample while they recognised these benefits the dominant perception was ‘things are changing, but slowly, because I don’t have the time to implement all of these changes’. As such we interpret a good deal of lip service being paid to these benefits with little actual implementation. As we have seen earlier the barriers which prevent more rural businesses harnessing these benefits are Awareness, Attitude and Ability.

It is also worth reporting another observation here. Many of the business people we spoke to were aged over 40, the barriers are very likely to be generational ones.

A real example of this impact was noted during an interview to a large, organic dairy farm in North Yorkshire. The principal product outside of organic milk supply was the fulfilment of a large order for Clotted Cream which had stood for over 20 years to a well-known Café and Restaurant business. Shortly before our interview this order had been cancelled in favour of a cheaper supplier shipping product from Devon. The business owner’s son had come up with a new product in an attempt to fill this gap in the farms income stream. A new format of drinking yogurt could be produced from the waste product of the clotted cream process and his research had underlined the potential demand for people embracing a healthier biotic and low fat product to have with morning granola or use as a cooking ingredient for curries and Asian food.

At the time of the interview designs for packaging had been sought from friends and associates who had set up a graphic design business; product testing had underlined the health credentials for the product and approaches were being made to a variety of potential suppliers.

The challenge – all of this was being achieved with a connection speed of less than 1 MBpS, meaning designs could not be sent via email in anything less than 40 minutes. Perhaps the most striking point regarding this

specific case was that because it represented what had become the norm to this business, they simply worked around it. In a situation where speed of development and proof of concept to potential retailers was key, the time delays and practical issues were a reflection on the business which was simply not justified. In any business development situation like this the delays, problems in collating and circulating information, gathering prospect information and building the business planning and strategy was frustratingly prolonged.

Against the spirit of entrepreneurship and effort to differentiate and change business direction this may be an isolated case but we suspect that many businesses who are trying to build initiative in the face of difficult conditions face the same or similar constraints through slow and unreliable connectivity. Furthermore so much of the development and thinking was being undertaken by the business/family, with little external or expert input, again slowing the potential speed to market and an income stream.

7.4 Overcoming Barriers and Stimulating demand for Broadband take up

While we had seen a focus on barriers and reasons for not adopting faster broadband throughout this stage, it was clear that any of our respondents had a desire or saw the potential advantages for their business of better broadband connections.

We wanted to understand what kind of initiatives could generate a positive response and what the role of the LEP could be in any specific activity.

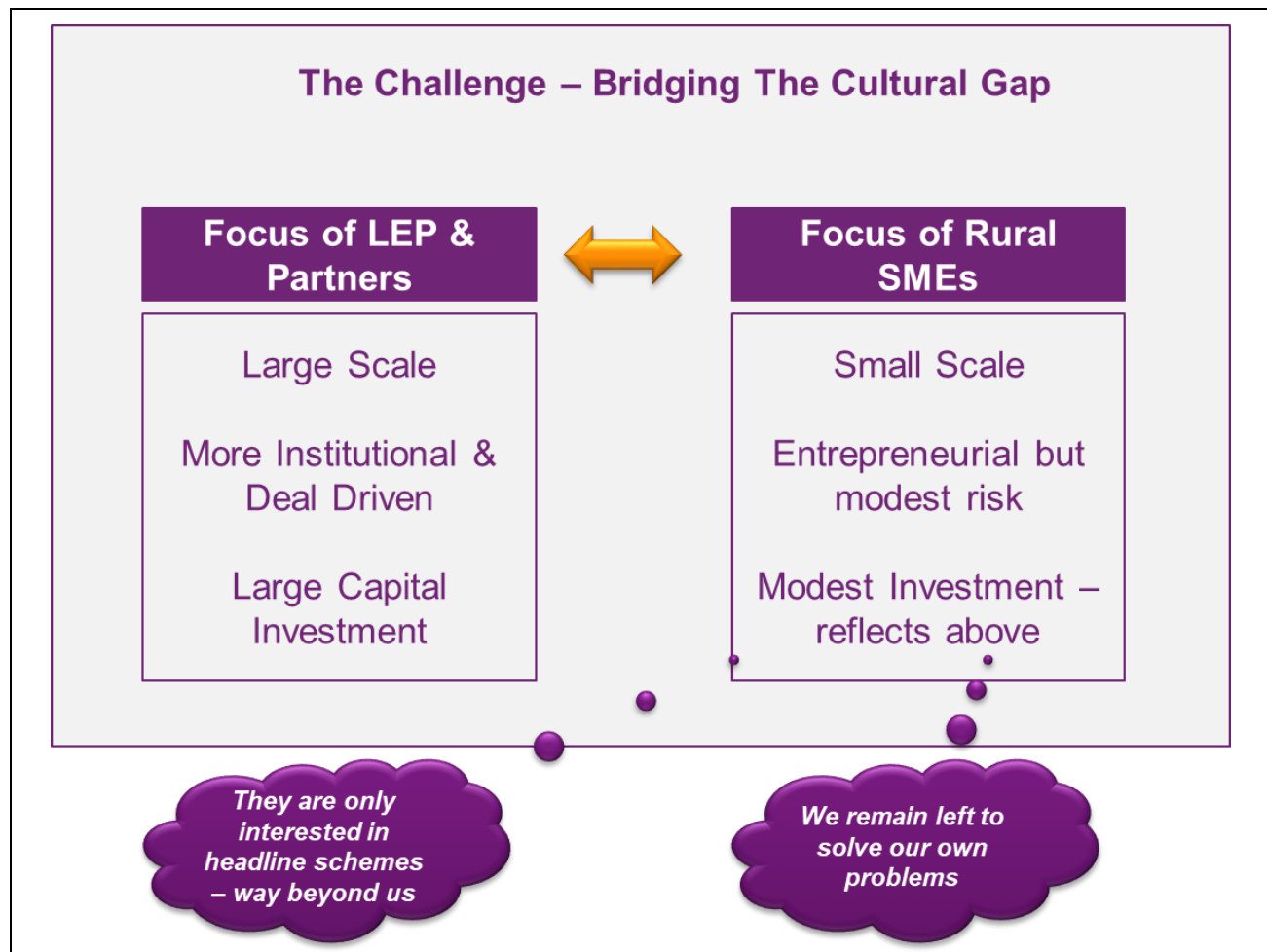
7.4.1 Perceptions of the LEP from Rural SMEs

Initially we explored the level of knowledge awareness of role and exposure to the LEP's activities amongst our sample. We found significant gap in the perceptions of what Rural SMEs understood the focus of the LEP to be and their specific situation related to broadband access and connectivity.

Very few people 6 out of 20 had any notion of what the LEP was and what it did. Most described it as a successor to Business Links or the RDA's of the past. It was considered to have a focus on 'big ticket' investment projects which had a focus on immediate and longer term employment, rather than a wider strategic input into the regional economy which included transport investment and housing for example. So typically LEP projects were described as business parks or industrial units or co-funded / match funded projects and of a significant scale. From the perspective of SMEs and Microbusinesses in rural areas these schemes appear to be a long way from the context of their businesses even the direct focus on encouraging greater broadband connectivity and commercial applications.

The sentiment is perhaps best summarised visually as:

Table 6: Gap perceived between the LEP focus on that of Rural



At this stage we discussed ways in which an organisation like the LEP could provide support and encouragement to businesses in rural areas to consider embracing broadband connectivity. The ideas which received the most consistent levels of positive response are shown in Table 7 below and as can be seen a number of these are accessed via internet. The most process driven businesses in our sample were those who extolled the potential benefits of skills audits where digitally enhanced or enabled processes could be assessed for individual businesses. There were also clear calls for this to be extended into support or 'remote support' for specific applications but the common traits expressed were for someone to assess the business and recommend which applications to use together to improve performance or efficiencies.

For any such initiative to be credible however, the call was loud and clear that if the LEP were involved in providing this kind of support and outreach it must demonstrate a closer affinity and interest in Rural SMEs. This sentiment confirmed again the gulf between the businesses in our sample and their perception of where the main focus for the LEP currently is.

Table 7: SME Generated Interventions

Potential interventions Online tutorials YouTube Channel Specific skills audits Structured programme support aligned to needs Extension of 'Get ahead' / Pop Up outreach Ebooks Digital Audits LEP has to be seen to show an interest in Micro Businesses
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7.5 Summary of Depth Interview Stage

It is worthwhile summarising the most significant elements of this stage to underline aspects of this work which the authors feel are particularly significant and potential insights for the LEP to absorb.

1. The specific terms of reference for this project focused on micro-businesses and SMEs in target sector classifications has brought the researcher in touch with a wide range of business and business owners. In such businesses the attitude, skills and experiences of the owner effectively define what kind of business takes shape. Ambition was less common than a focus on survival and a sheer determination to earn a living from the business and the location they occupied. What was significant here was that ambition defined as progressive growth may not be the avowed focus for many of the businesses we

spoke to but the need to evolve, try different business models, develop completely new products and offers and the willingness to try something new was abundant. The spirit of true entrepreneurship defined as 'calculated risk taking', was alive and well in a large number of the organisations we visited. Where we found evidence of real successes aligned with an owner who had some broader experience of business elsewhere or earlier in their career, or an absolute and all consuming passion for the business they were currently running or owned.

The implication with respect to the objectives for this project remain positive. The right kind of support, collaboration or advice around more innovative and connected ways to manage and develop business is likely to show good returns for rural business with these key ingredients:

- Defined product or process
- An opportunity to expand into associated areas or parallel products (e.g. drinking yogurt as a bi-product of cream production; spirits out of brewing; wedding events out of accommodation and location)
- Some broader business experience gained earlier in a career elsewhere – this in particular seemed to be a catalyst for digital application focus and efficiency (e.g. Production Management prior to establishing own food processing business; IT before establishing a retail and experience led mixed offering; Food service and barista training before opening two separate café / coffee shop and deli's)
- This leads to a greater openness and willingness to integrate digital technology, cloud based applications and software and integrated stock control and ordering.

Without these core characteristics the adoption of any connected or digital services was slower to develop (most likely to follow what others had done) or not even apparent (we will make do)

2. This small sub group of our sample most accurately reflected the Leader category. The other significant group were perhaps mis-labelled as Laggards – this group were actually satisfied and able to manage and run their business on broadband speeds of between 6 and 12 MBpS. For this group applications were less critical to business performance and often reflected a more lifestyle approach to their business. For this group adoption of additional speed simply did not equate to a perceived material advantage. This type of business owner saw themselves as content and rejected any sense that they were lagging behind the pace of digital development. This *slower* attitude simply reflected their need. Many of these businesses were actually less remote and consequently did not suffer from the same issues as those who would dream of speeds approaching 12 MBpS.
3. The more significant group which we really started to understand through visits to business locations was the group which may be of most interest should this project lead to further investment in trying to stimulate digital adoption in rural areas. We termed these the Opportunity group and in this section most of the barriers we have described applied most strongly to this type of business.
 - Awareness of how digital applications could change their businesses was low or at least only emergent

- Ability was limited or was seen to be for other (YOUNGER) people – often this attitude was simply expressed as a belief and not based on any experimentation or experience
- Attitude – we often found a desire or interest in exploring how certain business processes could be made more efficient but there had to be a clear need to look at this further. The construction business we spoke to had a book of customers with a colour coded risk profile which loosely related to credit v cash on delivery – *‘why do I need a database or spreadsheet of customers, we carry most of the main ones numbers in our head because we have been working with them for 30 years?’*
- Access – in the most rural areas we still found issues with access, which is probably to be expected given the terms of reference to find remote rural businesses. In some respects where access to broadband is still impossible or economically out of reach the biggest impact on business we noted was the reinforcement of that sense of isolation. Often the biggest problems caused by the lack of broadband were on families with teenage children more than on the business itself which had found ways to deal with the lack of connectivity. The lack of support from providers was a key issue and BT in particular were seen to be very poor in terms of responding to specific situations. For one or two businesses we interviewed they were prepared to source alternative provision but most accepted the lack of service as another impact or consequence of where they lived.

Having sought the opinions from this sample on a one to one basis the sense of isolation and individuality was one of the most significant impacts we felt which was holding rural businesses back in terms of their progress and development. The irony of researching a way to make such businesses more connected was not lost on our researchers or our respondents. Both felt that sharing experiences was the most positive way to encourage change and consequently the planned next stage of the project which aimed to bring groups of rural businesses together to discuss common issues and solutions took on even more significance.

8. Rural SME Workshops

The final element of our approach sought to provide some collective response and brainstorming of ideas which would seek to enhance the position of Rural SMEs related to enhanced digital connectivity.

Such an approach was seen to provide evidence of collaborative initiatives which might seek to unite small businesses based on either common need, locality or business focus.

A total of three 2 hour workshops were conducted in December 2017 and early January 2018 in North Yorkshire and East Riding areas. The timing for many businesses coincided with the most chaotic period of their year in the run up to Christmas and this consideration had the greatest impact on construction and engineering businesses who were also fewer in number than the other sectors we sampled. The following tables indicate the attendees colour coded by sector:

Table 8: Workshop Attendees

Workshop 1 - Thirsk	Workshop 2 - Skipton	Workshop 3 - Driffield
Grange Farm Eggs Ltd	The Old School Tea Room	Great Newsome Brewery
Hawnby Tea Rooms and Stores	Yorkshire Dale Ice Cream	Beef Farm
Castle Brewery	Stonegate Gallery	Green Farm
Stillworth House B&B	Town End Farm Shop	Ryedale Vineyards
Car House Farm B&B	Yockenthwaite Farm	Coleman Cider Company
Golden Square Caravan park	The Traddock Hotel	Glebe Farm Pigs and Cattle
Wass Grange Farm	Campsite B&B	Yorkshire Wagyu Company
Wilsons Farm	Dalesman Guest House	Outside Caterer / Tea room
Connection Gallery	Manifest Marketing	Sunderlandwick Estates
CT Foghergill		Emotional Health Therapist & Training
		TE Beevers Farm

	Agri-tech
	Visitor Economy
	Food / Drink Production
	Other

Workshops were held in local hotel rooms and the objective was to try and establish ways in which greater broadband connectivity could be embraced and used for commercial gain amongst businesses like those represented in each group.

Rather than test reactions to previous initiatives or ideas which may have been seen before we were really trying to establish new ways conceived by rural SMEs as a collective which may achieve greater levels of engagement and uptake.

A number of themes from the previous Depth interview stage were also found to be strong areas of consensus and we restate these as outputs from the workshops:

1. ***'We face the issues we have on our own'*** Once again the isolationist/frontier style mentality was very present amongst the businesses we met with. Part of this comes from the SME/Micro Business classification but the more significant factor is around location. We deliberately drew from the more remote parts of the region to understand the impact on businesses who compete with more integrated locations and found that most were happy to take on the additional difficulties this posed head on.

Issues which were common were:

- Poor mobile signal / Lack of 4G Coverage in addition to poor broadband connectivity
- Inconsistency in broadband provision – examples were one side of a village main street benefitting from Ultrafast Broadband whereas the other side of the street had no access
- BT refusal to supply and alternative suppliers costing 5-6 x the amount
- Lack of support from institutions most notably Local Council / MP's / Banks
- A need to form collaborative buying units within specific geography to obtain better value as a whole. Dependent upon local organisation and clear leadership from within
- Reducing expectations of European funded support
- Common belief that BT / NYNet had done their job now despite localised access issues

2. ***'Difficult/challenging economic conditions and low confidence'*** Many businesses had seen little improvement in business performance over the recent past. Efficiency gains had all but dried up and the concerns over rising costs contributed to a lack of business confidence. Brexit legacy issues remained a concern for most irrespective of political views retained. Lower levels of EU funding were major causes of concern as were labour shortages specifically within farming / Agri businesses as well as food and drink. The outlook was for difficult trading conditions ahead and the majority of businesses we spoke to considered that turnover and profits were more likely to stagnate or decline than grow over the next 12-18 months. The only area where some degree of positivity emerged were in Visitor Economy businesses who believed more UK holidays and leisure spend may be spent at home and businesses who in some way had moved into artisanal or premium products.

3. ***'Mind-set of survival in the face of adversity or difficult circumstances'*** In all groups was a recognition that rural economies lag behind or bear the brunt of economic downturns compared to more connected urban areas. This mind-set provided some comfort and resilience and most of the individuals were extremely pragmatic in discussing potential downsides to be faced in the short to medium term. Our groups of businesses accepted that the trade-off was place against prospects and only a few more switched on and successful; individuals challenged this mind-set. For them the location in a rural area was an additional benefit and for most a lifestyle choice.

8.1 The need for intervention

Opinion was split on the need for intervention to encourage digital connectivity and embrace a greater commercial application of internet enabled or connected services and products.

For those with access problems the need and role for any intervention was to organise and assist co-operatives approaches to suppliers. The ability to pool resources in order to achieve a baseline cost for connections was seen to be more enabling than approaching ISP's individually. References to a service provider with a new approach to reaching Rural Communities was commonly referred to in the Craven District workshop as they are close to planned areas of expansion for the service. B4RN

(<https://b4rn.org.uk/>) is a service which is engaging remote rural communities to enable cables to be laid using simple wayleaves from engaged landowners allowing cabling across their land for the benefit of the community. This kind of approach which is collaborative and community based achieved support in part because it marked a stark contrast to experiences from BT and NYNet.

We also recognised in all groups the type of business we have categorised initially as laggards but perhaps more accurately as comfortable laggards. These businesses are satisfied and able to manage to function on the broadband speeds they have and see no advantages in connecting to faster broadband speeds. They do not see themselves as lagging behind any adoption curve but rather just having their current and immediate future needs met. Social Media updates and online banking and payments are as far as they need to extend their digital knowledge and expertise to and for many the slight increases in average speeds and reliability of connection or indeed the extension of 4G mobile services is sufficient to meet their needs.

So we turn our focus to businesses who feel constrained by one of two barriers: their ability or assessment of their ability to embrace digitally connected ways of managing processes which may be machine based currently. This was often seen or expressed in comments around knowledge or awareness of what products are available to access to make such improvements. For these people, interacting with business owners who were within the 'Leader' category was genuinely educational and for some transformational. A simple example was a discussion around automated accounts processing and receipts management. One business had integrated two applications Xero and Receipt Bank. For him the freedom and time this freed up was a new revelation as VAT was always up to date and little or no time was taken up with laborious after hour's accounts processing. Several people in the group immediately wanted to know more about this as they laboured with machine based applications ranging from Excel sheets formulated by their accountant to Sage Accounts. Only when the leader referred to the time this freed up was the real benefit started to be seen.

So product knowledge of what might be relevant and available to a business is one thing, being able to understand what the benefits of an application like this were led to a much more serious and immediate consideration of taking this up.

In some respects this simple example highlighted to many the need for real life examples and case studies from similar businesses which could be very powerful persuaders for change.

In summary there is a degree of inertia to digital connectivity which originates from a number of influences:

- A conservative and risk averse mind-set which is common amongst SME / Micro businesses
- A perception that business confidence is in decline for many
- A pervading sense of isolation that the business is in survival mode and has to rely on its own self-generated assets
- An apparent reluctance to talk in detail about business management and processes with peers. Discussions progress at a generic level but seldom get beneath this surface conversation

- A lack of confidence in the digitally enabled business mind-set amongst more traditional business owners
- A perhaps stereotypical but nevertheless relevant perspective of Yorkshire Businesses being careful and avoiding unnecessary investment or spend
- A traditional perspective from professional advisers such as accountants or trade associations to tackle the benefits of digitally connected businesses and new technology may also be holding back businesses exploring new opportunity

With this as a backdrop we split the workshops into smaller working teams and asked them to come up with ideas which would encourage more businesses just like theirs to become more digitally connected.

Other than facilitating the ideas and encouraging the groups to keep to a tight timeframe to reduce debate we provided no other prompts or stimulus. At the end of the session each group shared ideas and then as a collective ideas and initiatives were ranked in terms of their perceived effectiveness to achieve a response.

8.2 Ideas Generated by Rural SMEs to encourage more broadband connectivity

A number of ideas were generated consistently across the three workshops:

	DESCRIPTION OF INITIATIVE
1	Outreach Campaign / Roadshow – Case Studies & Suppliers of digital services. Digital Business Growth Catalyst
2	Recommended Apps from the LEP – sponsored pages. Grow Knowledge Base
3	Find Champion Case Studies and communicate effectively
4	Online Tutorials / Getting Started
5	Small Business Adviser Audits
6 / 7	Provide Applied Social Media Courses and how to use the Cloud for Online for Rural Businesses (Webinar recordings) Recognise that SMEs only use to a low % of potential. Find ways to increase / double use
8	One to One Consultancy Services (Digital Mentors)
9	Drive Broadband Connectivity where it doesn't reach – organise ' Collectives to get Connected ' Strong PR?

10	Develop Digital Business Forums – Local or Vertical / Virtual or Physical
11	Develop and Invest in an Exemplar Business in selected sectors. Ensure best practice adoption and detail the development. Active investment in proving a case.
12	LEP to work with Software and App producers to transform business (may be linked to 11)
13	Sponsor service provision for areas unreachable via cable network.

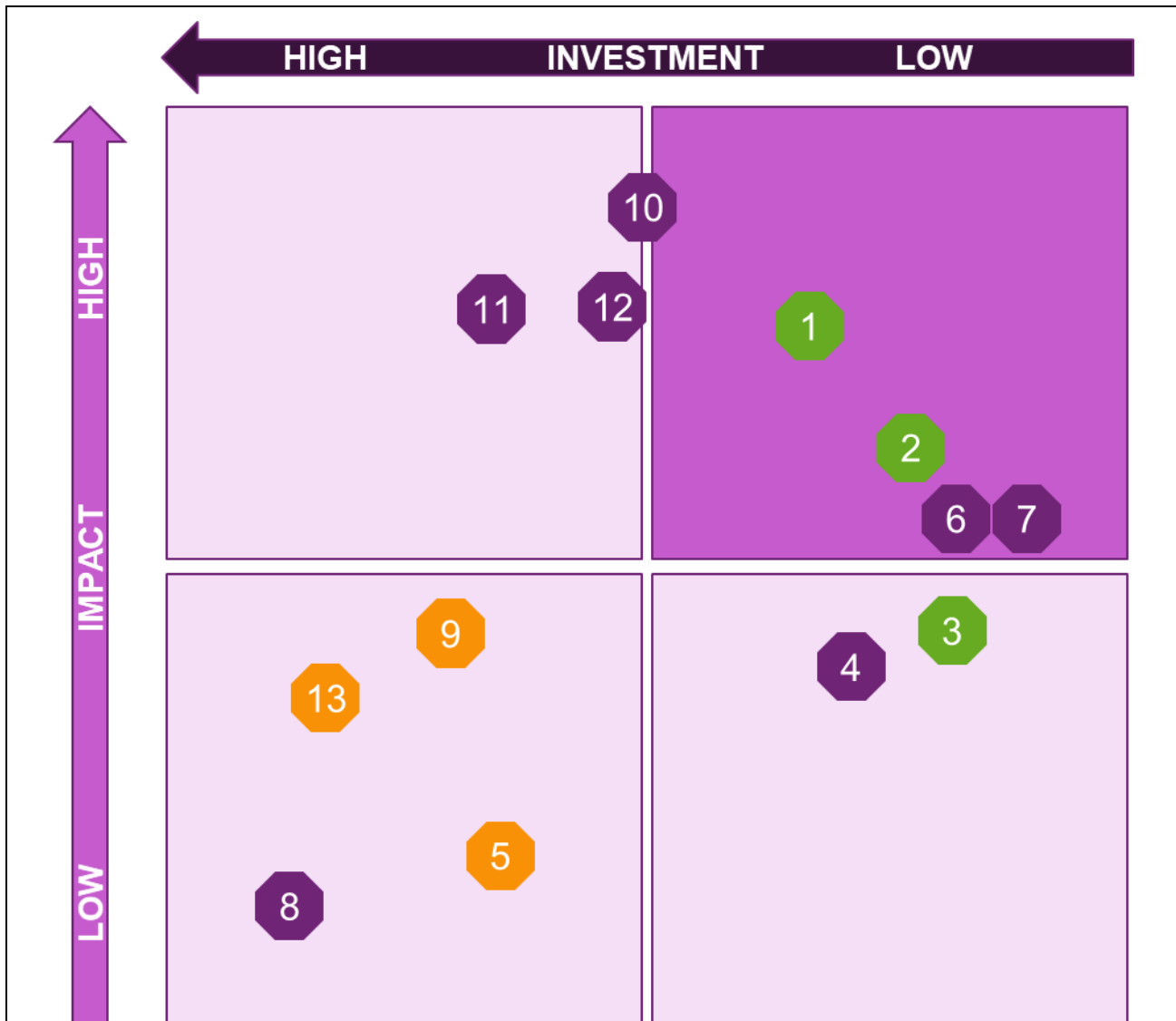
When we align these initiatives against the principal barriers we had encountered during Stage 2 and the introductory phases of the workshops the majority were focused on tackling the Ability barrier and provided direct assistance around implementation and use:

Table 9: Initiatives x Barriers

AWARENESS	ACCESS	ASSISTANCE
Outreach Campaign / Roadshow – Case Studies & Suppliers of digital services. Digital Business Growth Catalyst Recommended Apps from the LEP – sponsored pages. Grow Knowledge Base Find Champion Case Studies and communicate effectively	Small Business Adviser Audits Drive Broadband Connectivity where it doesn't reach – organise 'Collectives to get Connected' Sponsor service provision for areas unreachable via cable network	Online Tutorials / Getting Started Provide Applied Digital Marketing/Social Media Courses and how to use the Cloud for Online for Rural Businesses (Digital Marketing Training Packages & Webinars) One to One Consultancy Services (Digital Mentors) Develop Digital Business Forums – Local or Vertical / Virtual or Physical Develop and Invest in an Exemplar Business in selected sectors LEP to work with Software and App producers to transform business – Connect for Cloud Productivity

The other aspect of analysis we have brought to these outputs from Rural SMEs is to map these against the potential impact and likely level of investment involved. The results can be seen in Table 10 below and have been coloured to reflect the focus against the identified barriers above:

Table 10: Initiatives Assessed against Investment and Impact



This analysis highlights 4-5 initiatives which may deliver relatively High Impact from relatively Low levels of investment:

	DESCRIPTION OF INITIATIVE
1	Outreach Campaign / Roadshow – Case Studies & Suppliers of digital services. Digital Business Growth Catalyst
2	Recommended Apps from the LEP – sponsored pages. Grow Knowledge Base
6 / 7	Provide Applied Social Media Courses and how to use the Cloud for Online for Rural Businesses (Webinar recordings) Recognise that SMEs only use to a low % of potential. Find ways to increase/double use
10	Develop Digital Business Forums – Local or Vertical / Virtual or Physical

Summarising these collective themes under a heading of ‘harnessing and sharing existing knowledge’ there is some sense that much of these elements are delivered currently under the How’s Business service. However the level of awareness of this kind of service provision amongst rural SMEs is non-existent. This suggests that a lot of good work is going to waste in terms of rurality based businesses. The inference is that communication methods and targets need to be re-examined.

Looking at the other initiatives which achieved some support amongst our workshop attendees we see a scaling up of ambition and cost:

	DESCRIPTION OF INITIATIVE
11	Develop and Invest in an Exemplar Business in selected sectors. Ensure best practice adoption and detail the development. Active investment in proving a case.
12	LEP to work with Software and App producers to transform business (may be linked to 11)

These ideas involved in the LEP creating some exemplar businesses exploiting the most that digital connectivity can provide. These businesses could be test sites for new ideas for app developers or digital software to trial and test new ideas while maintaining protocols around safeguarding existing business processes. Real metrics around business improvements could be corroborated and used to showcase real incidences of business improvement as well as reachable and accessible sites to visit and use as centres of Excellence.

This kind of initiative had a set of immediate questions and What If’s around them but compared to the ‘usual set of initiatives that might be expected from a Public Sector body’ they genuinely fired up the imagination of the businesses we spoke to and were seen as powerful examples to prove the point to those willing to continue to make do.

8.3 What type of organisation should deliver these initiatives

All workshop attendees were aware the project was being run on behalf of the YNYER LEP. When we asked whether the LEP should deliver these kinds of initiatives it was generally considered that the LEP was not engaged enough with Rural SMEs to be credible.

Perceptions regarding the LEP amongst these geographically peripheral businesses were not positive. The key points are summarised as:

- Very Low awareness of what the LEP exists to do
- Seen to be a huge gulf between the focus and aspirations perceived from the LEP and the needs of SMEs and Micro businesses within their region
- LEP is seen to be overly York-centric – underlines the relative remoteness and lack of relevance to businesses which may be 90-120 mins drive time away
- Not one business in our workshops had heard of ‘How’s Business’ the LEP’s service dedicated to small business growth
- Respondents spoke about a Culture and Understanding Gap between what the LEP exists to do and their needs as small rural businesses – consequently these businesses did not expect to see any meaningful support from the LEP
- LEP further criticised as ‘Jobs for the Boys’ type of organisation ‘for academics and public servants in the twilight of their careers’ and while this may be misinformed demonstrates the most emotionally charged comments we witnessed regarding the work of the LEP across the three workshops conducted
- Most concerning was the fact that the more dynamic organisations we spoke to had the lowest opinion of the LEP and its likely effectiveness in delivering change and better use of available connectivity.

The inference from this feedback is clear. The LEP is not the vehicle to deliver any kind of support or engagement initiative aimed at Rural SMEs. The suggestions which required more scale and investment were seen to be more likely to be of interest to the LEP and if managed properly was seen as a positive expression in bridging the gap between larger businesses in the region and the SME community.

Not surprisingly, the suggestion that a small and rurally based SME organisation could deliver some of the initiatives around how to use digital connectivity, what to use and what the focus should be of relevance to the business taking up or responding to this kind of initiative.