Impact metrics data disclosure

Core performance measures

The Development Bank of Wales invests for impact. We measure the core impact of our investments through volumes of direct investment, private sector leverage and job creation and safeguarding. The table below provides an explanation of the outline methodology used for these measures, alongside further disclosure for data provided within the Development Bank of Wales Corporate plan 2022/27.

Impact metric summary	Metric calculation
Direct investment	Total funding directly invested by the Development Bank from its business fund product range.
Private Sector co-investment	The gross amount of investment and non-monetary contribution from the private sector, commercial, charitable and not-for profit organisations and private individuals.
Jobs Supported	Jobs supported is the combination of jobs safeguarded and jobs created in the businesses in which we invest.
	Jobs safeguarded- The number of permanent, paid, full-time equivalent jobs that the applicant considers to be at risk of loss within a period of one year if the applicant fails to obtain the requested investment.
	Jobs created- A new post which is expected to be created and exist for at least 12 months as a consequence of the investment.
	For the Covid Wales Business Loan Fund all jobs safeguarded have been considered, irrespective of whether previously safeguarded from another Development Bank fund, due to the unique emergency nature of the funding.
Businesses Supported	A new business supported is recorded when a business receives its first investment from each individual Fund within the Development Bank product range.
Start up	Businesses with less than or equal to, two years of trading.
Micro Finance	Lending of £50k and under.
Patient Capital	Equity investment and lending with terms of over 5 years.

Property investment	Investment from Development Bank of Wales dedicated property funds- Wales Property Development Fund, Wales Stalled Sites Fund, Wales Commercial Property Fund.
Funds under management	Total of live investing funds and all funds currently under portfolio management.
Total Impact	Includes direct investment, private sector co-investment and investment made through investment services, including Help to Buy Wales.
Gross Value Added (GVA)	Jobs based Net GVA- Jobs as a result of Debt and Equity investments are sorted into the Sector Section and Division of the business reporting them. These jobs are discounted by additionality factors to establish net jobs. Net jobs are multiplied by GVA (B) per job for each Sector Division to establish a total, direct jobs based GVA estimate for Debt and Equity investments.

GVA (B) per job is calculated by dividing the latest StatsWales Total GVA (B) for each Sector Division in Wales by the latest corresponding ONS Business Register and Employment Survey - Employment data for each Sector Division in Wales.

The total Direct GVA estimate per job is then multiplied by the corresponding Sector Division GVA Multiplier from the ONS UK-level Input-Output Analytical Tables, 2020 (industry by industry). This gives a net, jobs-based GVA estimate for Debt and Equity investments.

Property investments do not capture jobs due to the nature of projects supported. To calculate GVA on the same basis as Debt and Equity investments, a jobs estimate is established.

The jobs estimate is derived from first dividing StatsWales construction sector turnover by its employment to establish turnover per job. Gross Development Value of projects supported by Property investment amount is then treated as turnover and divided by the turnover per employee to establish a jobs estimate.

Once this jobs estimate is established, the discount factors are applied to derive a net jobs estimate. The net jobs estimate is then multiplied by the relevant GVA per job at a Sector Division level and UK-level GVA Multiplier to calculate a net, jobs-based GVA estimate for Property Investment.

As net jobs-based GVA for Debt and Equity investment and the net jobs-based GVA for Property Investment are calculated on

a similar basis, they are subsequently summed to produce a Net Jobs Based GVA for Development Bank of Wales.

This methodology has been reviewed by Cardiff Business School.

Wider impact data collection

In 2019 we developed and implemented a revised impact framework, broadening our mechanisms for evaluating and measuring impact, aligned to the UN Sustainable Development Goals, Well-being of Future Generations (Wales) Act 2015 and the Calls to Action in the Welsh Government's Economic Action Plan.

Our first impact report was published within our Annual Report for the 2019/20 year but developing our model to measure and manage impact is a long-term project which we are committed to further develop and refine in future years. For transparency of our impact, the following publishes an overview of the sample used and methodology for collating and reporting each metric.

Wider impact data collation methodology

To report on the impact delivered by businesses receiving funding from the Development Bank of Wales, customers are asked to complete an impact questionnaire. Each Wales-based customer outside our property development portfolio receiving a new investment must complete this impact questionnaire. Impact questionnaires are then sent to customers every 12 to 24 months at the anniversary of their investment. Data presented is a sample view of the current year. It is not a longitudinal analysis and not directly comparable to previous years due to businesses included within the sample changing.

We rely on self-reporting for a number of measures, this means some of our datasets may be incomplete or have errors. Consequently, each year a sample is taken based on data quality.

Data for each metric is collated and stored against information on the investment. This allows us to analyse the data and each metric by date, location, sector, investment type and amount. Diversity and equality data, due to its nature, is collated and reported separately to ensure compliance with General Data Protection Regulation and following guidance from the Welsh European Funding Office. For more information about how Development Bank of Wales uses personal information please see our privacy notice or contact our Data Protection Officer at dpo@developmentbank.wales.

Prosperous future metric methodologies

Impact metric summary	Metric calculation

Business size increases	We track the Full-Time Equivalents (FTEs) levels for businesses in the sample at each impact investment form return and categorised them by Micro (0-9 FTEs), Small (10-49 FTEs) and Medium (50-250 FTEs). A change in business size is where a businesses' FTE levels move from one category to another.
Number of full-time equivalent (FTE) employees in median to high pay brackets.	FTEs are reported by customer in pay bands of below £14,999; £15,000-£19,999; £20,000-£24,999; £25,000-£34,999; £35,000+. These pay bands are determined as part of our reporting requirements to the Welsh European Funding Office in delivery of the Wales Business Fund.
	Low pay and Median to high pay is calculated by using ONS' NOMIS profile for Wales for the gross weekly pay of full time employees derived from ONS median weekly earnings data and ONS definition of Low Pay (two thirds median pay). Wales' median wage detailed by ONS is higher than the provisional figure included in StatsWales 2021 publication.
	For comparison with StatsWales statistics reports the number of FTEs earning more than two thirds the median wage, which we use as median to high pay brackets due to our FTE calculation.
Productivity increase and average turnover per FTE	This is a very basic method of indicating productivity but one that can be done with minimal additional data requirements on our customers.
	For the 2023/24 impact report, we have changed the methodology for calculating productivity increase on a sub-sample of portfolio companies which have provided sufficient data over multiple years.
	The previous methodology reported the mean-average percentage change in turnover per FTE for our impact sample. As the sample sizes and composition changes, statistical outliers can increasingly impact the mean-average reported under the previous methodology.
	Under the new methodology, the sum total of turnover reported is divided by the sum total of FTEs to give a latest turnover per FTE. This is compared to the previous turnover per FTE for the sample to give a percentage change rather than an average per business. To improve

the veracity of this metric, businesses reporting zero FTEs or turnover in either of their impact returns are removed from the sample.

Below is a table showing the historic application of this new methodology in comparison to the results previously reported.

Productivity increase

Year	Previous method (sample size)	New method (sample size)
2023/24	47% (848)	10% (646)
2022/23	48% (792)	16% (549)
2021/22	46% (330)	3% (275)
2020/21	9% (289)	5% (257)

Due to impact sampling for our portfolio, productivity increases of businesses may span multiple years. This is where the latest employment and turnover data may be reported more than one year after previous data.

ONS Business Population Estimates are used for the comparator for SME employment and turnover per year despite estimates including an employee as 1 unit rather than using an FTE calculation.

Proportion of respondents that export and total value of exports.	Exporters are identified by the customer reporting the proportion of the turnover reported that is attributable to export sales.

Innovation and technology metric methodologies

Impact metric summary	Metric calculation
Proportion of customers actively innovating in their business.	Customers report the number of innovation activities undertaken in the previous 12 months. Innovation activity is defined as Collaborative Research and Development projects; Patents registered; Number of products introduced that are new to the firm; Number of products

introduced that are new to their market; and Significant improvements.

The proportion of activity is derived from the sum levels of activity undertaken.

Proportion of customer actively digitising their business.	Customers report if they have used the defined technologies to digitise their businesses in the previous 12 months. The technologies defined were informed by the [State of Small Business Britain Report](#) (2019) and include Smart Meter installed; CRM systems; E-commerce; Web-based accounting software; Computer aided design software; process automation; Cloud Computing; Machine learning; and Artificial intelligence.

The proportion of activity is derived from the sum levels of activity undertaken. |

Communities, and place metric methodologies

At the point of initial investment, and only at point of investment, customers complete the Diversity and Equality section of the impact questionnaire. This section asks customers to report the number of owners/directors/shareholders that identify as certain demographics.

Our methodology changed in 2021/22 to report only on results within each part of the questionnaire. For example, the proportion of owners/ directors/ shareholders that are reported as Minority Ethnicity is calculated by only the total number of owners/ directors/ shareholders for which we have ethnicity data.

Impact metric summary	Metric calculation
Proportion of owners/ directors/ shareholders in the businesses we supported, which provided gender data, that identified as Female.	The options included in this section follow the guidelines given as part of reporting requirements on the Wales Business Fund.
Proportion of owners/ directors/ shareholders in the businesses we supported, which provided ethnicity data, reported being a Minority Ethnicity.	Black, Asian and Minority Ethnic groups include people who may face barriers because of their ethnic origin, in accessing opportunities in Wales. Ethnic origin questions are not about nationality, place of birth or citizenship. They are about broad ethnic groups.

Proportion of owners/ directors/ shareholders in the businesses we supported, which provided disability data, that identified as having a long-term disability.	The Social Model of Disability recognises that disabled people are people with impairments who are disabled by barriers (attitudinal, environmental and organisational) which prevent them from participating fully in all areas of life. In simple terms, it is not the inability to walk that prevents a person entering a building unaided but the existence of stairs that are inaccessible to a wheelchair-user. In other words, 'disability' is social impairment. The Social Model of Disability requires society to remove the barriers in order that all people have equality. This Model is recognised by disabled peopled and was formally adopted by the Welsh Government in 2002. Further information can be found at www.disabilitywales.org
Proportion of owners/ directors/ shareholders in the businesses we supported, which provided age data, under the age of 25.	This section asks customers to report the number of owners/directors/shareholders within set age brackets. Set age brackets are Age 0-24, Age 25-44, Age 45-64, Age 65-74 and Age 75+
Welsh Index of Multiple Deprivation	In 2023/24, using postcodes of our investee businesses, we matched the locations of our investments to Lower Super Output Area levels. This enabled analysis of our impact data against the Welsh Index of Multiple Deprivation domains by decile. Currently only metrics against the Overall Domain and for the top decile of deprivation are reported.