

GWE BUSINESS WEST LTD.

Start and Grow Programme – Impact Evaluation (Report 5)

Final Report

March 2022

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EXECUTIVE SUMMARY

RSM UK Consulting LLP (RSM) was commissioned in February 2016 to undertake a longitudinal evaluation of Start and Grow, a Regional Growth Fund business support programme delivered by Cavendish Enterprise. Start and Grow launched in Summer 2015 (with applications closing in 2017), with support concluding in Summer 2020. As highlighted in Table 1, the programme has exceeded its targets for outcome-based Key Performance Indicators.

Table 1: Key Performance Indicators

KPI	Target	Actual
Jobs Created	3,900 (FTE)	4,821 (FTE), 123%
Private Sector Investment Secured	£48,750,000	£49.0 Million, 100.0%

Analysis of the annual survey of beneficiaries over 4 years (2016 - 2019) revealed that:

- 58% had seen or were likely to see improvements in their business outcomes. These improvements include increased profits (73%), productivity (72%), company value (72%), employment (72%) and sales (71%);
- 26% believed that they would not have achieved similar outcomes without the programme; and
- 57% found the support to be effective or highly effective; 65% agreed or strongly agreed that it had been appropriate, and 71% found it easily accessible.

A key success of the programme was its impact on the business survival rates of beneficiaries. It was found that businesses supported through Start and Grow were significantly more likely to survive at 12, 24 and 36 months, compared to the national average, as shown in Table 2.

Table 2: Business Survival Rates

	Start and Grow	National Average	Deprived Areas
Survived at least 12 months	91.5%	90.7%	92.5%
Survived at least 24 months	78.3%	72.1%	74.1%
Survived at least 36 months	63.8%	55.7%	59.1%

The programme has also met its Value for Money targets in relation to jobs (i.e. Full Time Equivalents, FTEs) per business start (100%) and leverage per business start (173%). The total GVA created, including supply chain impacts, is estimated to be £51.726 million, with a corresponding employment impact of 3,519 job-years. Table 3 summarises the economic impacts at a regional level.


Table 3: Total impacts

	E	EM	L	NE	NW	SE	SW	WM	Y&H
Employment	469	272	245	793	568	223	715	67	168
GVA (£ million)	£7.0	£3.5	£6.4	£9.7	£8.2	£3.7	£10.1	£0.9	£2.2

A counterfactual impact assessment was carried out through a data matching exercise to compare the performance of Start and Grow beneficiaries with a control group and to provide further information on the additionality of impacts. However, the results at this stage were inconclusive as: (1) given that the Start and Grow beneficiaries are start-ups, many of the beneficiaries do not appear on the Office for National Statistics' (ONS) Business Structure Database (BSD) and only c. 45% of beneficiaries were able to be matched; and, (2) due to the lags in the BSD, it is difficult to undertake rigorous econometric analysis for a treatment period so close to the available outcome period.

Recommendations for future programmes emerging from this evaluation include:

- the lessons learned from the management of this programme should inform the development of management and governance of future programmes, particularly in relation to the flexibility afforded to delivery partners to affect outcomes locally and become the 'trusted advisor' that businesses value;
- issues have been identified in relation to the marketing of the scheme and it is recommended that an increased provision of resources / funding is allocated to future programmes at the outset, with a specific budget allocated to fund the marketing activity of delivery partners;
- the Start and Grow Board, along with BEIS and delivery partners, should consider a less demanding approach to the monitoring and evidencing of outputs, due to the administrative burden placed on beneficiaries and delivery partners;

- 
- consideration should be given to developing complementary targets that seek to maximise delivery of impacts and, therefore, value for money by focussing on the potential beneficiaries that are best suited to the programme. In essence, KPIs should target the quality of impacts and outputs delivered, with less emphasis on quantity of outputs;
 - the appropriateness and proportionality of evaluation requirements should be aligned with the spending associated with a future programme to ensure that the commitment required from beneficiaries and delivery partners is pragmatic and feasible. This will help to improve the quality of the evaluation that can be produced;
 - one-to-one sessions were valued more than any other form of support. Research on the effectiveness of virtual delivery should be undertaken, and if found to maintain effectiveness of face-to-face delivery, this should be incorporated into future programme delivery; and
 - future support programmes should include provision for networking opportunities. Established networks through programme activities should be maintained / facilitated, as networks were found to be an important value-adding component in this and other similar programmes.

1. BACKGROUND AND INTRODUCTION

1.1 Terms of Reference and Scope of this Report

RSM UK Consulting LLP (RSM) was commissioned in February 2016 to undertake an evaluation of Start and Grow, a Regional Growth Fund business support programme delivered by Cavendish Enterprise. The five-year evaluation programme aims to address the following research issues:

- the relationship between aspirations pre-start, at start and after 3 years;
- user assessment of the main treatment (start-up and investment readiness support);
- user assessment of post start mentoring; and
- user assessment of the counterfactual at pre-start, at start and after 3 years.

This report is the final impact evaluation report. Table 1.1 summarises the research activities undertaken by RSM in relation to the Start and Grow programme, from the first Formative Evaluation Report (FER1) through to this final output / impact report.

Table 1.1: Evaluation outputs and activities by year

Activity	FER 1	Output Delivery Report	FER 2	Output Delivery Report	Final Output / Impact Report
Timing	2016	2017	2018	2019	2020
Literature review	x		x (updated)		
Review of programme structures and processes	x		x (updated)		
Review of performance data / KPIs	x	x	x	x	x
Stakeholder consultation	x		x (updated)		x (updated)
Establishment / reporting of the counterfactual	x		x (updated)		x (updated)
Beneficiary survey	x	x	x	x	x
Case study interviews and development	x		x (updated)		x (updated)
Quantitative analysis	x		x		x

This final output / impact report refreshes the findings of the second Formative Evaluation Report (FER2) to reflect an update on: programme performance / KPIs; feedback / analysis from further stakeholder consultation; a summary of the key findings of the beneficiary surveys undertaken in Year 1 – Year 4; counterfactual analysis; and case studies.

Note: as the literature review has not been updated following FER2, this section has not been retained within this report. Reviews of SME / business support literature / evidence can be found in Appendices 1 and 2.

The following provides further detail on key elements of the Year 5 / Final Output/ Impact report:

- **performance data review** – providing a final update on performance in relation to the programme’s KPIs;
- **stakeholder consultation** – interviews with key stakeholders (BEIS, the Start and Grow Board, and programme delivery partners);
- **counterfactual analysis** – a refresh of the data-matching analysis undertaken in FER2;
- **online beneficiary survey** – following a low response rate to the beneficiary survey in FER2 and the second Output Delivery Report, and following consultation with BEIS, the focus of the project was moved towards a data-matching analysis in order to derive the performance of the participants businesses compared to a selected control group. Therefore, the online beneficiary survey has not been undertaken for the final impact report, however, an analysis of the key findings from the participant surveys from Year 1 to Year 4 has been included;
- **case study interviews / development** – re-visiting of the case studies presented in FER2 to provide a longitudinal analysis (where possible), including interviews with representatives of the beneficiary companies;
- **quantitative analysis** – the quantitative analysis stage has been split into three core components:
 - impact on enterprise levels and entrepreneurship;
 - economic impact (considering employment and GVA impacts and including supply chain multipliers); and
 - Value for Money (VfM) assessment.
- **reporting** – this report includes finalised recommendations for future programme development and our conclusions on the impact of the Start and Grow programme.

1.2 Background to the Programme

1.2.1 Cavendish Consortium

Cavendish Enterprise formed in 2010 as the Cavendish Consortium (comprising six of the largest enterprise agencies: NWES, NBV, TEDCO, GWE Business West, Bolton Business Ventures, and Enterprise First, together with National Enterprise Network) to identify new future business opportunities and collaborations within the changing business support landscape.

The Consortium had already successfully delivered a Regional Growth Fund business support programme: Ready for Business (RfB). This operated over the period 2012-2015, using RGF2 funding and also delivering a specialist lending facility in partnership with Barclays Bank. It focused on investment readiness support through introductory advice and training, diagnosis of needs and readiness, and engaging mentors to support those businesses once started. It was responsible for the creation of over 10,000 jobs at an average cost to the public purse of £1,500 per job.

1.2.2 Start and Grow

The Start and Grow programme offered support and assistance to people starting up new businesses. Relative to RfB, the programme was refocused on businesses that would lever in greater levels of investment and create more additional jobs, had a revised definition of the areas of greatest need in England, did not require supported businesses to be in higher value-added sectors, and offered extended one-to-one advice and mentoring during the businesses’ initial three years of trading. It also required a nominal fee (£100) from participants to demonstrate their

commitment. The focus on job creation and investment, and the removal of the sector-specific approach, were driven by findings from the Government-backed Enterprise Research Centre.

The key aim of the programme was to identify and support businesses with strong, realistic growth ambitions which would create additional employment. The support included one-to-one guidance and mentoring, investment readiness training, and access to finance. Clients were expected to use their own capital and private lending.

Start and Grow had links to government funding schemes and Local Enterprise Partnerships and acted as a signpost to other activities. The programme used Regional Growth Fund 6 funding. It operated in 130 Local Authorities across England and also in Assisted Areas. There was a requirement to report activity in the Assisted Areas, although the programme was not specifically targeted on them. The Local Authorities included within the scope of the programme reflected those performing poorly on BEIS metrics. Of the 1,619 participants recorded by the programme, 615 (38%) lived in Assisted Areas.

1.2.3 Structure of the Programme

The programme was originally to be delivered through a regional approach by the following Cavendish Enterprise partners:

- North East: TEDCO;
- North West: BBV Ltd;
- Yorkshire & Humber, West Midlands: NEN;
- East Midlands: NBV;
- East of England: NWES;
- South West: Business West;
- South East: Enterprise First; and
- London: Enterprise for London (a special purpose vehicle owned by NWES, NBV, and Enterprise First).

However, it should be noted that the following changes to programme delivery arrangements occurred during programme delivery:

- NBV Ltd became part of the NWES group. NWES also acquired Enterprise for London. NBV Ltd. retains a seat on the Consortium Board but are represented by NWES. Enterprise for London never had representation on the Board; and
- BBV Ltd's membership of the Consortium was terminated in September 2017. In March 2018, TEDCO took over delivery of the Start and Grow service in the North West upon request from the Board.

The programme's eligibility requirements were as follows¹:

- the business will not have started prior to the business owner joining the scheme (exceptionally, businesses that have been trading for less than three years can be helped);
- the business owner must be intending to be fully engaged in the business, and must expect to create at least one further FTE job;

¹ Start and Grow Programme Guide v. 10 23 / 11 / 15 (Internal), p. 6

- the business must be expected to last at least three years, and to receive at least £17,500 in funding during the first three years, which can include client equity and finance;
- the business must have the potential for high GVA per head, and there should be no knock-on displacement of existing businesses; and
- the assistance must be pivotal to enabling a step-change, defined as a material increase in the size, scope, client investment, or speed of completion of the project, or is essential for the project to take place in the planned location.

Eligibility for the scheme was confirmed at Stage 1, through a one-to-one assessment meeting with an advisor. Offers were made to successful clients; unsuccessful clients were referred to other more appropriate schemes.

Stage 2 was the production of a bespoke business plan, in one-to-one consultation with the advisor. When the plan was complete and signed off, the business was considered ready to start trading. The business plan needed to demonstrate at least four of the following key criteria:

- high level of aspiration and a positive attitude to business growth by the entrepreneur;
- a highly capable leader / team;
- commitment – a willingness to invest time for support;
- sound industry and sector knowledge;
- evidence of willingness and capacity to innovate;
- willingness to engage in sustainability strategies and practices;
- use of emergent technology and new techniques;
- export potential; and
- growth for a purpose - i.e. linked to an exit strategy.

Stage 3 was ongoing growth support. This was provided once the business had started to trade and included one-to-one support together with local networking events, referrals to other programmes, and training and support programmes. Recruitment of new clients concluded in July 2017, following which the delivery of the programme was exclusively focused on the post-start element of the programme. This consisted of 'one to one' and 'one to many' support provided both physically and online.

1.2.4 Key Performance Indicators

The Key Performance Indicators (KPIs), over the lifetime of the programme, are outlined in Table 1.1.

Table 1.1: Key Performance Indicators

KPI	Target
Jobs Created	3,900 (FTE)
Private Sector Investment Secured	£48,750,000
Stage 3 – Ongoing Growth Support	2,825
Stage 2 – Pre-Start Support	4,875
Stage 1 – Eligibility Assessment	8,125

Source: Cavendish Consortium

1.3 External Challenges / Covid-19

Following the uncertainty of Brexit, the unexpected and unprecedented impact of Covid-19 has radically changed the operating context for the Start and Grow programme and similar enterprise support programmes. The extent of the economic impact of the coronavirus pandemic is being continuously revised, however, the fallout of national lockdowns and other preventative measure have already caused shockwaves across the global economy. Comparisons to the 2008 financial crisis are common, with the OECD and the International Monetary Fund (IMF) warning that the effects of the virus are already larger than that of the recent recession.²

The UK economy contracted dramatically in March 2020. ONS data suggests that 30% of businesses reduced employment and / or hours for workers during the second half of the month, and 1.4 million new Universal Credit claims made in this period.³ Demand for many products and services has evaporated, causing many businesses to innovate, liquidate or hibernate to stay afloat. Key issues for SMEs include:

- maintaining cashflow – data analysis by MarketFinance indicates that 69% of UK SMEs are already experiencing issues in this area⁴;
- generating sales; and
- regaining priority in the supply chain.

The Start and Grow programme was within its closing stages of delivering enterprise support when the lockdown measures in response to Covid-19 were implemented in March 2020. It is noted that the programme did not refocus support to target support to Covid-specific issues. However, this report does note the likely impact of Covid on the future outlook for case studies, the change in the delivery model for enterprise support to reflect a remote delivery approach, and in the context of business survival rates.

To counteract the numerous economic impacts COVID-19 is having on the UK economy, the UK Government implemented a range of policies designed to financially support businesses. A summary of the policies can be found be in Appendix 3.

² <https://www.oecd.org/newsroom/oecd-updates-g20-summit-on-outlook-for-global-economy.html>

³ <https://www.pwc.co.uk/services/economics-policy/insights/uk-economic-update-covid-19.html>

⁴ Peer2Peer FinanceNews (2020). *Two thirds of SMEs face coronavirus cashflow crisis*.
<https://www.p2pfinancenews.co.uk/2020/03/11/two-thirds-of-smes-face-coronavirus-cashflow-crisis/>

2. ANALYSIS OF KEY PERFORMANCE INDICATORS

2.1 Introduction

This section provides an overview of the performance of the programme in relation to the KPIs identified in Section 1.

2.2 KPI Analysis

The KPIs for the Start and Grow Programme are outlined in Table 2.1, alongside the cumulative annual progress towards achieving the targets. Regional outputs, as achieved by the end of the programme are detailed in Table 2.2. The rate of progress has accelerated as the programme has developed. Analysis of the time profile of impacts is provided in the remainder of this chapter.

Key developments that have taken place since the 2019 report are:

- the number of FTE Jobs Created has increased by 181 (3.9%) to 4,821. The jobs target of 3,900 has been exceeded; and
- private sector investment has increased by £3,120,000 (6.8%) to £48,980,000, exceeding the overall target of £48,750,000.

2.2.1 Programme Enrolment Targets

Participants were assessed for suitability in Stage 1, with those who passed the assessment being offered support in Stage 2. The assessment involved the completion of an Appraisal Form. Successful appraisals resulted in offer letters. These offers were accepted by participants, and from quarter 4 of 2015, programme delivery partners began to accept business plans. As previously noted, this stage of the programme was complete prior to the FER2 report.

In total, 3,065 appraisals were completed (37.7% of the target, 8,125) and 2,139 participants accepted an offer (43.9% of target, 4,875). The East of England, North West, North East and South West regions were consistently the strongest performers, with 19% of the total businesses started through the programme reported in the East region. The West Midlands region comprised the lowest number of businesses started through the programme.

Further details of programme enrolment targets can be found in Appendix 3.

Table 2.1: Key Performance Indicators

KPI		Target KPIs	Annual Progress				% of KPI target met	
			FER 1 (2016)	2017 Update	FER 2 (2018)	2019 Update		Impact Evaluation (2020)
Ongoing Programme Targets								
Jobs Created		3,900 (FTE)	486	3,987	4,264	4,627	4,821	123.6%
Private Sector Investment Secured		£48,750,000	£5,571,014	£40,636,293	£43,910,000	45,860,000	£48,980,000	100.0%
Stage 3	Ongoing Growth Support (Businesses Started)	2,825	400	1,555	1,619	1,619	1,619	57.3%
Programme Enrolment Targets								
Stage 2	Pre-Start Support (Participants) ⁵	4,875	811	2,036	2,139	2,139	2,139	43.9%
Stage 1	Eligibility Assessment (Appraisals)	8,125	1,513	2,965	3,065	3,065	3,065	37.7%

⁵ Those accepting an offer

Table 2.2: Regional Outputs

	E	EM	L	NE	NW	SE	SW	WM	Y&H	Total
No. of businesses started (claimed)	301	152	161	226	292	105	264	32	86	1,619
No. of businesses surviving 12 months	288	153	207	235	236	99	266	29	87	1,600
No. of businesses surviving 24 months	262	112	199	186	197	86	233	25	68	1,368
No. of businesses surviving 36 months	180	93	150	157	181	77	198	23	57	1,116
No. of FTE jobs created (claimed)	1,008	490	461	716	807	357	683	89	209	4,821
No. of FTE jobs surviving 12 months	670	321	299	657	445	236	649	58	173	3,508
No. of FTE jobs surviving 24 months	467	253	213	557	388	168	536	47	139	2,768
No. of FTE jobs surviving 36 months	260	151	136	440	315	124	397	37	93	1,953
Leverage (£ million)	16.2	1.9	3.8	7.4	9.2	2.9	5.3	0.5	1.8	49.0
Total jobs per business	3.3	3.2	2.9	3.2	2.8	3.4	2.6	2.8	2.4	3.0
Leverage per business (£)	53,758	12,285	23,623	32,533	31,629	27,905	20,016	16,551	20,919	30,255

2.2.2 Ongoing Programme Targets

Figure 2.1a presents an overview of the number of jobs created. In total, 4,821 FTE jobs have been created, surpassing the BEIS job creation target of 3,900. The East region reported the highest number of FTE jobs created (1,008). On the other hand, the West Midlands reported the lowest number of FTE jobs created (89).

Figure 2.1a: Regional Analysis of FTEs Created

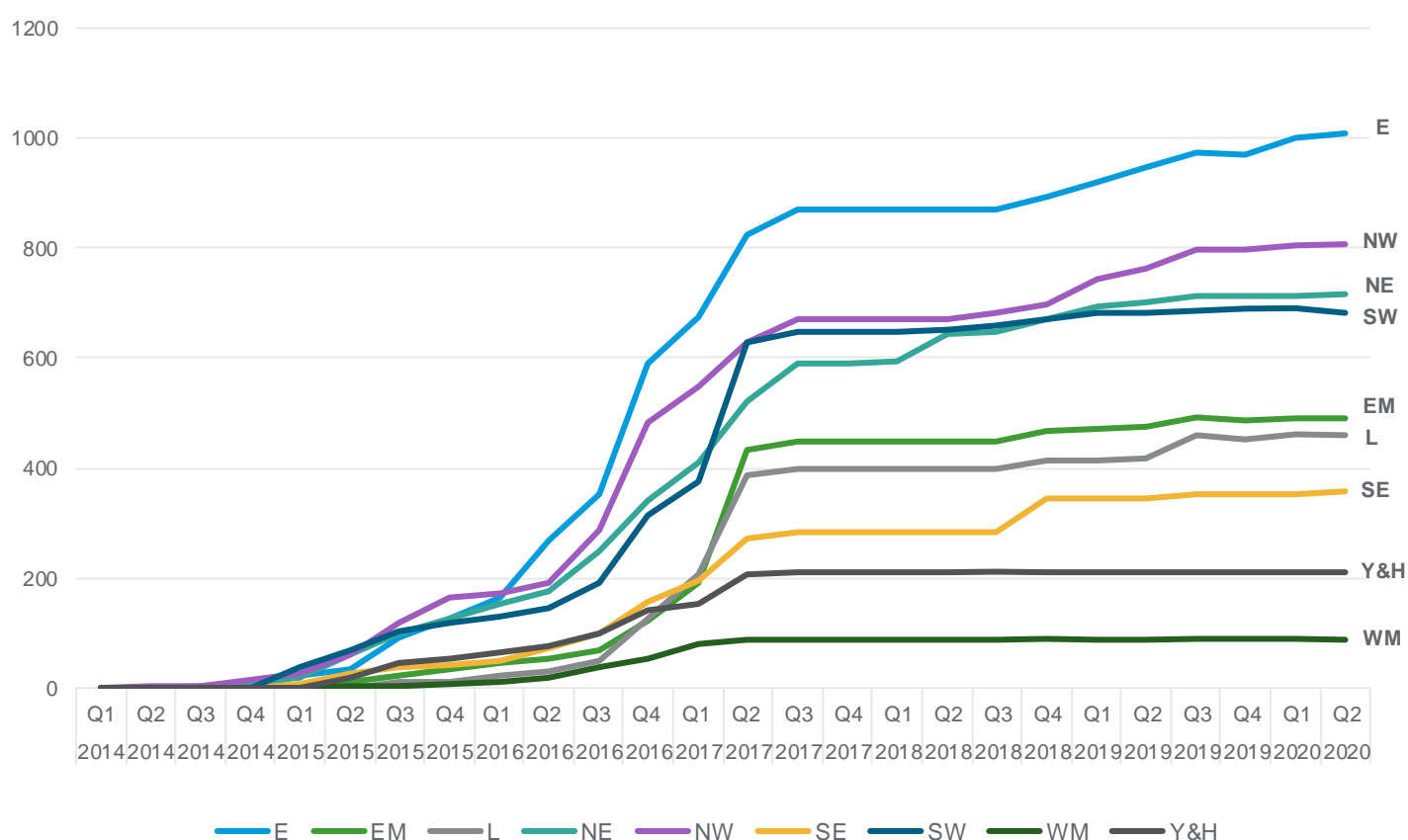
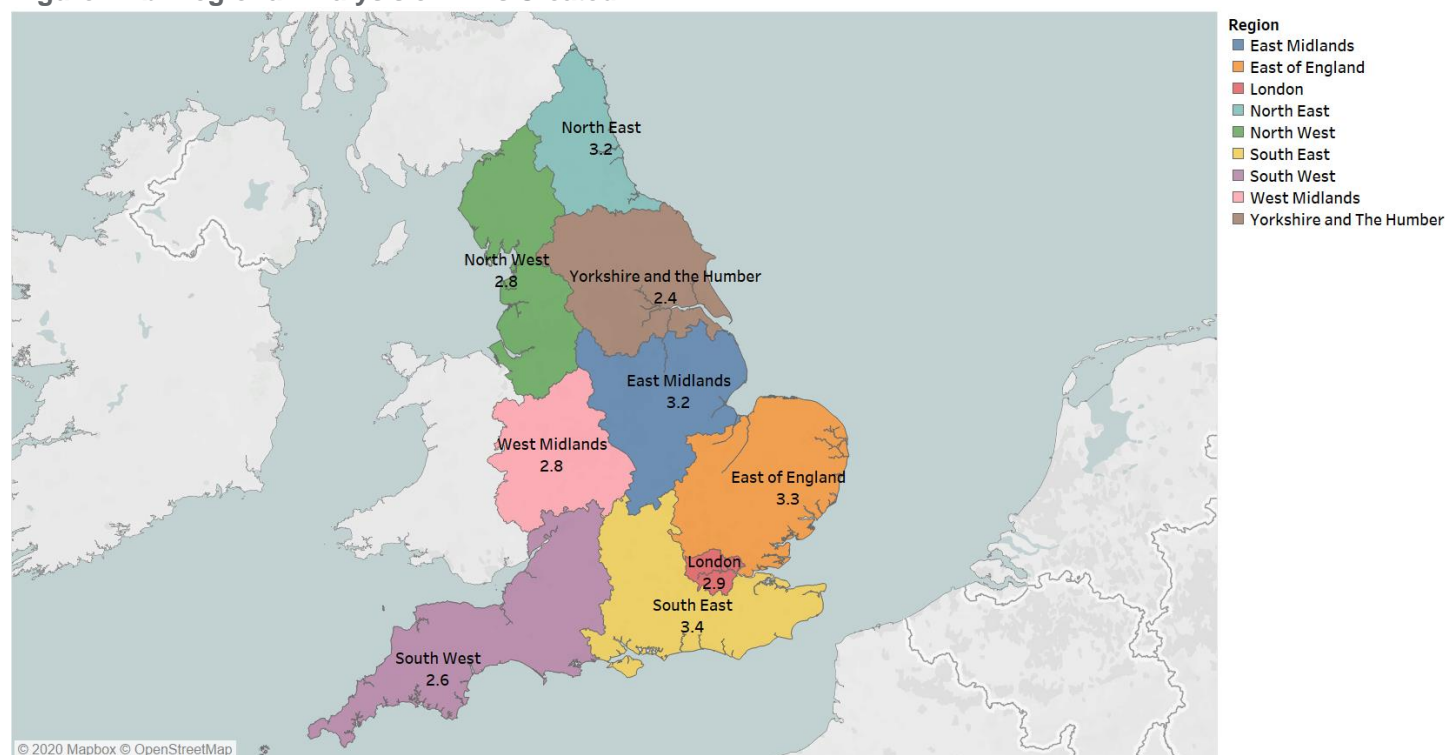


Figure 2.1b presents a regional assessment of the average number of FTEs created per business.

Figure 2.1b: Regional Analysis of FTEs Created



Map based on Longitude (generated) and Latitude (generated). The marks are labelled by Region and average FTEs per Business.

Figure 2.2 shows the total number of jobs created by the end of the programme over time, compared to the BEIS target of 3,900 FTE jobs. By the time of the FER2 report (i.e. 2018), the target had been exceeded (102%). The overall total of 4,821.4 FTE jobs created exceeded the target by 921.4 (124%).

Figure 2.2: Total Programme FTEs Created

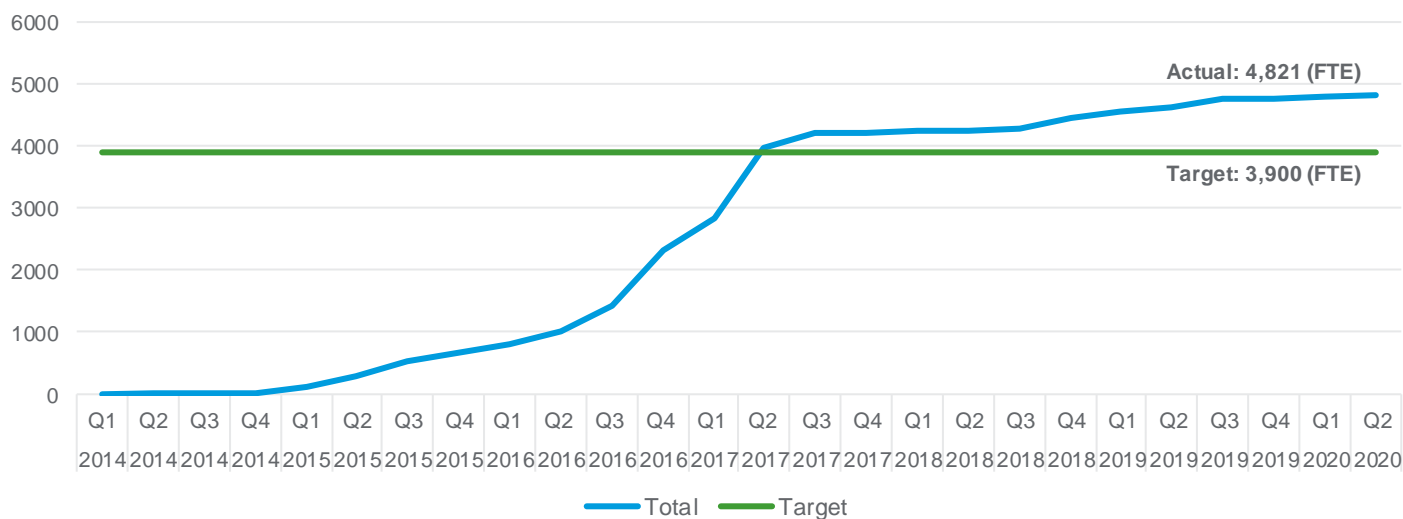
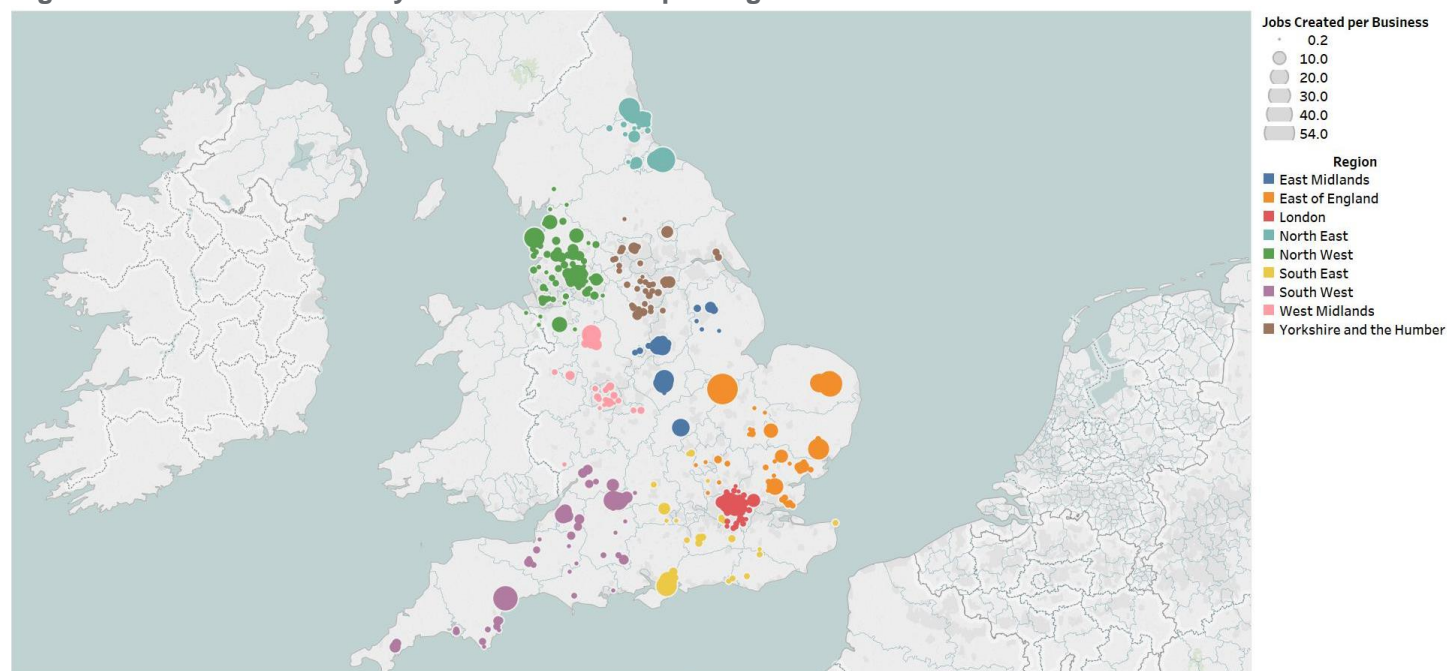


Figure 2.3 presents a distributional analysis of FTEs created within each region.

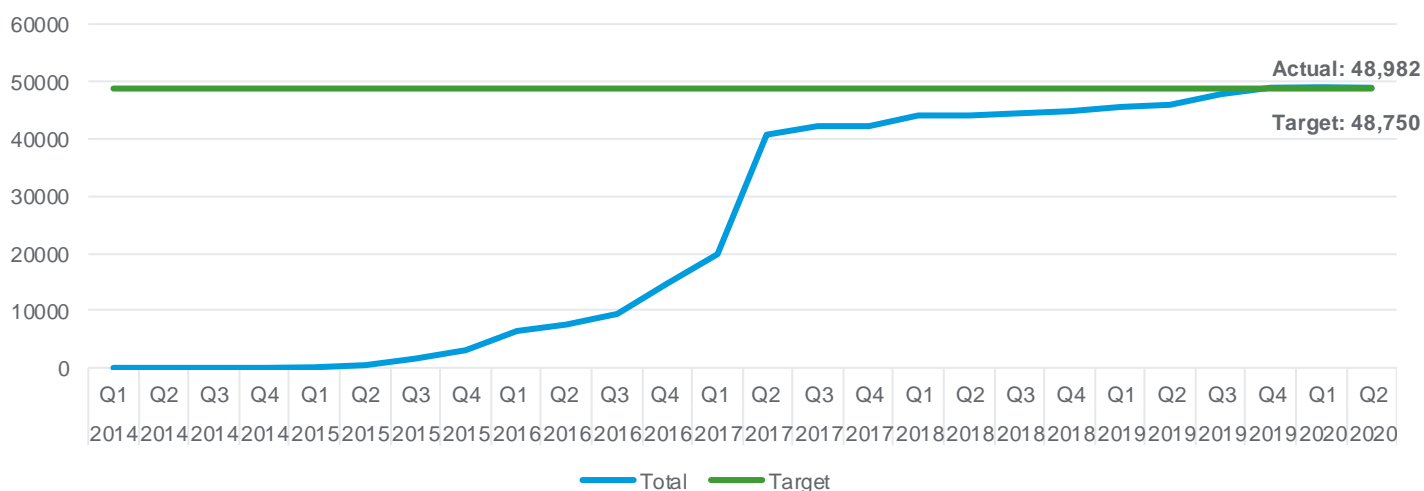
Figure 2.3: Distributional analysis of FTEs Created per Region



Map based on Longitude (generated) and Latitude (generated). Colour shows details about Region. Size shows Jobs Created Actual. Details are shown by Postcode. The view is filtered on Region, which keeps 9 of 9 members.

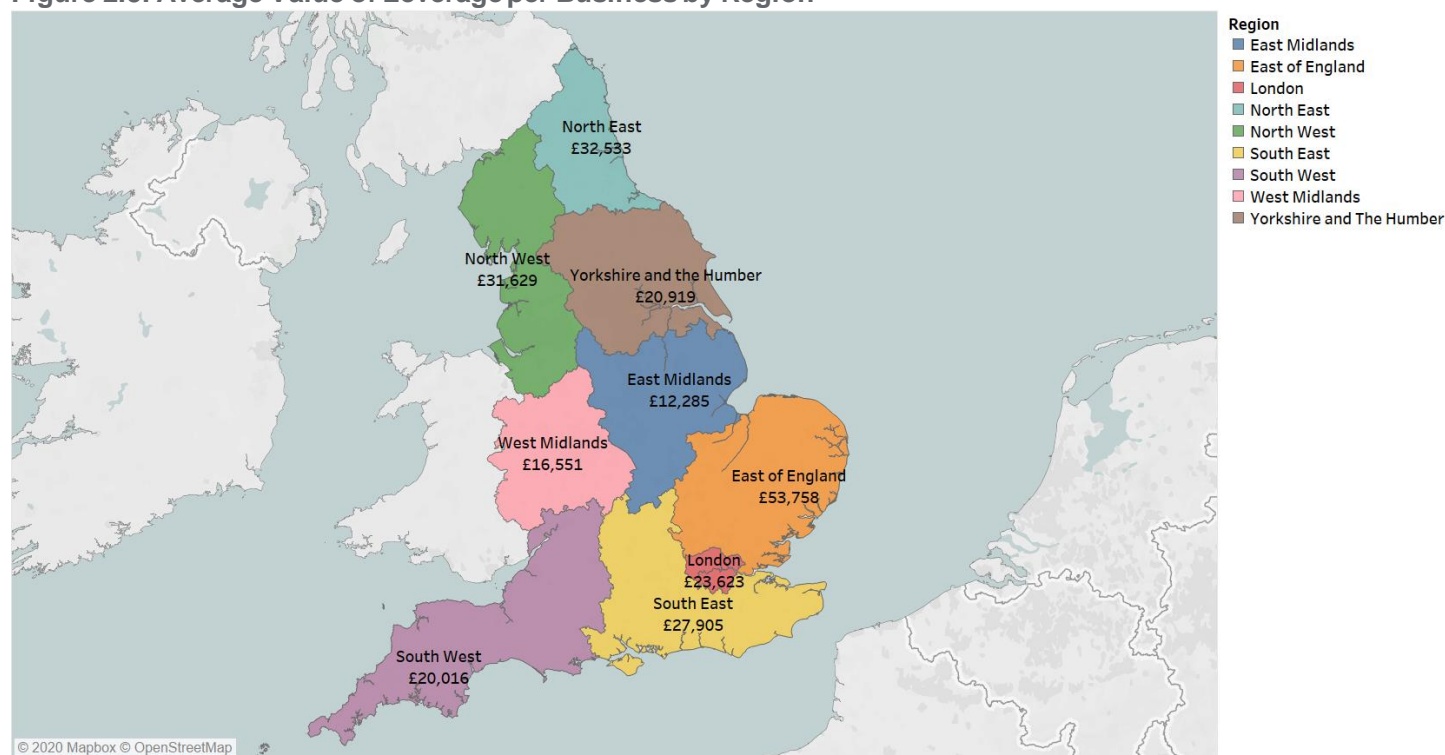
Leverage is made up of client equity plus private lending. Referring back to Table 2.2, the East of England has reported the highest leverage of all the regions at £16,200,000. Figure 2.4 illustrates the build-up of leverage across all regions over time, highlighting that a total of £48,980,000 has been secured.

Figure 2.4: Programme Target: Leverage (£000s)



By the end of the programme, the average leverage per business was £30,255. As highlighted in Figure 2.5, the East of England region recorded the highest average leverage per business at £53,758. The East Midlands region recorded the lowest average leverage per business (£12,285).

Figure 2.5: Average Value of Leverage per Business by Region



Prior to the FER2 report (2018), delivery of the Start and Grow programme became exclusively focussed on the post-start element of the programme. This consisted of 'one to one' and 'one to many' support sessions, provided both physically and virtually, although a greater reliance has been placed on 'virtual' delivery than originally envisaged due to the outbreak of the Covid-19 coronavirus in 2020.

Figure 2.6 demonstrates the type and level of support provided within each region.

Figure 2.6: Businesses Receiving Support: Post Start

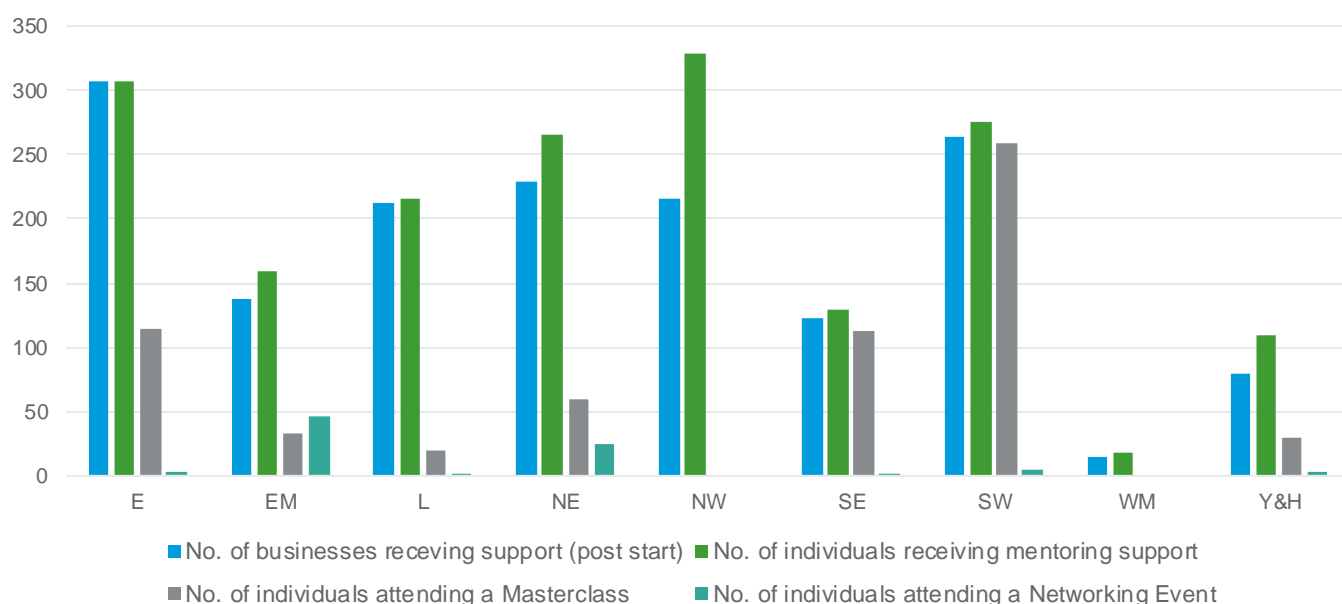


Figure 2.6 highlights that:

- the East of England region recorded the highest number of businesses receiving support (post start) (307 businesses) and the West Midlands region reported the lowest number of businesses receiving support (14 businesses);
- the North West of England region reported the highest number of individuals who have received mentoring support (328 individuals) and the West Midlands region reported the lowest number of individuals who have received mentoring support (18 individuals);
- the South West of England region reported the highest number of individuals attending a Masterclass (259 individuals) and the North West of England and West Midlands regions reported that no individuals attended a masterclass; and
- the East Midlands region reported the highest number of individuals attending a Networking Event (47), this is more than 55% of the total number individuals attending a Start and Grow Networking Event across all regions. The North West of England and West Midlands regions both reported that no individuals attended a Networking Event.

The Start and Grow Programme had a target of 2,350 individuals to receive mentoring support, attend a masterclass and to attend a networking event. By the end of the programme:

- 1,808 individuals received mentoring support (77% of target);
- 634 individuals attended a masterclass (27%); and
- 84 individuals attended a networking event (4%).

2.3 Summary of Key Findings

The consortium performed well in relation to the key outcome-based KPI targets:

- Jobs Created – target has been exceeded (123%);
- Jobs Created, surviving 36 months – target has been exceeded (160.7%); and
- Leverage – target has been exceeded (100.0%).

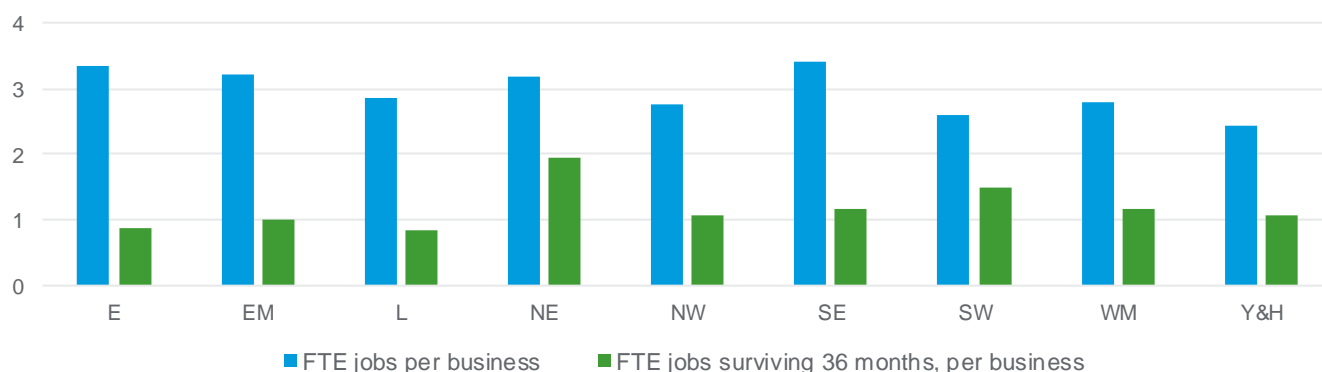
These KPIs were exceeded despite the programme not achieving the KPIs in relation to recruitment:

- Eligibility Assessment (Appraisals) – 37.7% of target achieved;
- Pre-Start Support (Participants) – 43.9% of target achieved; and
- Businesses Supported – 57.3% of target achieved.

This suggests a stronger performance per business than projected at the outset of the programme. The stronger performance is attributed to business with growth aspirations encouraged onto the programme. The major targets and minor targets were found to have an inverse relationship, as toward the conclusion of the recruitment phase, there was direction given from BEIS to add more businesses to the programme and less emphasis was placed on finding businesses with appropriate growth potential; as such a noticeable group of businesses were enrolled in the programme who were not able to achieve the same levels of growth and job creation, diluting the KPI figures.

Regional performance differs markedly, with the South West, North-East and East of England regions consistently producing the strongest and earliest outputs. The East of England region was the best performing region in relation to leverage of private sector funding (33% of total leverage secured) as they were particularly successful with one case. The West Midlands region was the poorest performing region in terms of both businesses and FTE jobs created. The East of England, North West and North East regions were responsible for 21%, 17% and 15% of total FTE jobs created respectively. In terms of jobs created per business, the South East and East of England were the two strongest performing regions with 3.4 and 3.3 jobs per business respectively. Yorkshire and Humber and the West Midlands saw the lowest jobs per business at 2.4 and 2.6. Figure 2.7 details by region, the average number of FTE jobs created per region, as well as those jobs that survived 36 months.

Figure 2.7: Jobs created, surviving 36 months, by region



3. CONSULTATION FEEDBACK

Face-to-face and telephone consultations were undertaken with the Cavendish Enterprise Board, representatives from each of the Tier 1 delivery partners and a representative from BEIS. The full list of consultations is set out in Appendix 5. The purpose of these consultations was to gauge how the programme has performed, and if there had been any lessons learned. Some of the issues identified were common to the formative evaluations and the final impact evaluation.

3.1 Cavendish Enterprise Board and BEIS


RSM consulted Board members at their July 2020 Board meeting and consulted BEIS separately. These discussions focussed on identifying the changes to the programme and its context since FER1, identifying where the programme has been successful and challenges that it has faced.

Context / Strategic Fit: consultees highlighted that the programme was niche and there were low levels of competition at the beginning of the programme, however, competition levels have slightly increased as the programme has continued. Board members suggest that the Programme's name has been an issue in some areas, where there are lots of programmes with Growth in their title, a lack of national marketing didn't help this and resulted in some confusion in the market (further detail on marketing below).

One of the most significant issues faced by the programme has been the closure of the NW delivery partner. In March 2018, the NE delivery partner (TEDCO) took over delivery in the NW. The Board reported that this process has been well managed, given the circumstances, and that the Board had been responsive to the situation. It was also reported that while some businesses decided to continue with support in that region, some didn't, despite TEDCO's best efforts to engage or re-engage businesses. TEDCO put a programme in place to maintain engagement through events delivery and an alumni newsletter to ensure that the programme delivery was maintained.

Key finding from change in delivery partner in NW: the programme in the NW region was previously delivered using sub-contractors rather than direct employees. The Board reported that this has made it more difficult to build a sustainable relationship with the individual businesses as it has been found to result in less continuity and more difficulty building trust and understanding. For example, the NE delivery partner has not used sub-contractors in the same way, and they have reported a more sustainable relationship with their businesses which will be a legacy from the programme i.e. they have scope to refer them into other provision offered by TEDCO and by other providers.

Key learning point



It is perceived that service quality levels and continuity is enhanced by direct delivery when compared to sub-contractors. The scenario where the support provider becomes a 'trusted adviser' to the business has worked well on comparable business support programmes, provides a legacy impact beyond the programme and delivers benefit in terms of keeping businesses engaged in business support provision. This point was also specifically emphasised by the delivery partners in the West Midlands and to a lesser extent in Yorkshire and Humberside. Within complex programmes such as Start and Grow, which can present financial challenges for delivery agents, this financial challenge can be much greater for sub-contracted parties than for those organisations that are wholly or largely involved in direct delivery.

Board members reported that maintaining relationships with SMEs beyond the programme was a challenge. They have built up relationships and networks, but the fact that the programme closed to new entrants after three years, limited the level of relationship development work. However, this is recognised as a problem with short term funding programmes.



Key learning point

Building on / rolling out some of the mechanisms and good practice in place to maintain business engagement and relationships beyond the programme i.e. formal / informal business networks which provide a relatively low-cost mechanism to maintain business contact and deliver business benefits.

Communication: the Board reported that they had sufficient information to maintain strategic oversight of the programme. The Operational Group structure has also 'settled down' with the right people involved and less frequent meetings. The Group provides an opportunity to share good practice and challenges and sharing of experiences between the delivery partners on a more informal basis. The Board reported that the communications group was in regular contact and worked well.

Overall the Board felt the current management structure works well and is fit for purpose. The Board further reported that the Consortium model has added value through sharing learning points, case studies, good practice. It has also provided some level of flexibility in terms of programme targets which minimises risk. For example, initially targets were equally distributed, but there has been movement in practice to deliver overall objectives.

Flexibility of delivery model: as highlighted above, the flexibility of the delivery model has provided some support in terms of managing risk, but BEIS and the Board reported that, overall, the programme has been delivered relatively consistently. The standardisation of the products which can be accessed has ensured there is some level of consistency and quality across the country, but there is still scope to flex to local needs. The Board reported that they believe there has been the right balance between flexibility and prescription. The flexibility of the programme to respond to a variety of business needs has been a key factor in programme's success, however, the Board also indicated that the programme would have been more successful with a better delivery contract from the outset. The Board reported that there was a need for some flexibility between contract and actual delivery.

Targets: the Board reported that the programme performed well overall, but it did experience a slow start to the programme. Specifically, it took time to embed the programme, time for SMEs to understand the product and benefits of engaging, time to access the client group (as this was new territory for some delivery partners) and time to develop referral networks.

Targeting has also been clear. The programme was designed to identify businesses with jobs and leverage potential, so these characteristics were actively targeted and there was clarity in relation to eligibility criteria from the outset. However, in some instances targets may have negatively influenced behaviour. The programme achieved success in relation to the jobs and leverage targets earlier than expected, with a higher jobs / leverage per business figure than anticipated. However, the programme had underachieved on the target for business starts. Therefore, in some instances there was a realignment of effort in recruitment with a focus on the engagement of start-ups (rather than jobs growth potential).



Key learning point

When there are a range of outputs to be met, great care is needed to make sure that they are consistent with one another. As was indicated by the board, in this case, two KPIs were in conflict: the number of businesses recruited and jobs per business. When the overall jobs per business target (and the accompanying target of total jobs) was met, the delivery partners were encouraged to increase the number of businesses enrolled regardless of the impact on jobs per business. This lowered the performance of the more important indicator for the programme.

The consultation highlighted that the targets / contract could have been more usefully defined at the outset i.e. more appropriate outputs and less prescriptive. As a result, the outputs don't tend to reflect what the programme has delivered with many of the outcomes not being evidenced. Due to the challenge of gathering evidenced outputs from businesses, there is under-recording and official figures reflect a minimum position. The contract may have been better if it had encouraged the providers to maintain focus on the core targets until the end of stage one and had, if necessary, explicit stage two output targets employed thereafter (rather than process targets for stage two).

Marketing: the Board reported that marketing was delivered through partners and there was cross-referral into / from other programmes delivered by partners and by other business intermediaries. The Board report that in some instances, there was a lack of engagement and supported referrals from LEPs (and Growth Hubs), however, this is variable depending on region.



Key learning point

A focussed programme of marketing activity can be more effective in securing increased engagement from businesses with the growth potential that the Start and Grow programme was designed to support. Delivery partners have access to local networks that may not be accessible at a central government level, and, therefore, funding of marketing activity for delivery partners may result in improved outcomes and value for money.

Constraints: the Board reported that the reporting requirements for the programme (such as the evidence required) were a constraint. It was indicated that the evidence required could be intrusive for businesses, for example, if there was high staff turnover in participants and employee records were regularly requested, and that there was difficulty experienced in obtaining and monitoring this evidence.

The Board reported that, in some instances, the programme experienced difficulty in maintaining engagement with clients in the long-term. It was reported that businesses generally did not want to engage in ongoing monitoring and that their need for support diminished over time. This created challenges in monitoring due to the ongoing need for evidence from businesses.

The restrictions in relation to geographic coverage of the programme was highlighted by the Board as an issue which prevented the support from being provided to some areas that required it. For example, it was explained that in London, where there are pockets of deprivations within otherwise affluent locations, support was not localised to ensure that areas experiencing deprivation were captured.

Consultation highlighted that the fee was a challenge to the success of the programme but that start-up loans helped to reduce the impact of this. It was also indicated that the fee created an administrative burden on the programme. It was also acknowledged that trying to coordinate a number of deliveries partners creates challenges.



Key learning point

The best outcomes for most programmes require a good balance being achieved between the autonomy of those delivering the programme and the requirements needed for accountability of the government on behalf of the taxpayer. On balance, it is felt that the reporting requirements placed on the programme provider for this programme, particularly in relation to information that had to be collected from businesses directly, were too prescriptive and too extensive in scope and duration.

Forward Planning: there is a need for further support for start-ups following the closure of the Start and Grow programme. There is a sense that, in the future, whatever support is provided will need to evolve from the support provided under the programme as the Government's policy agenda has moved on. There is more focus now on productivity, so the support provided through programmes such as Start and Grow will likely focus on supporting start-ups to increase employment and improve the productivity of their employees. In addition to the focus of the support provided, further consideration should be given to the appropriateness and proportionality of the monitoring and evaluation requirements of a future programme.



Key learning point

Evaluation methods must be appropriate and proportional to the intervention. The evaluation of this programme is in compliance with Level 4 on the Maryland Scale, resulting in an extended commitment for evaluation purposes beyond the delivery of the programme, placing significant monitoring requirements on both programme delivery partners and beneficiaries. However, challenges including 'survey fatigue' resulted in reduced levels of data over the lifetime of the evaluation, and limitations with data matching, due to the nature of both the firms treated and the matching data sources, meant the counterfactual analysis was inconclusive in this instance.



Key Successes of the programme

- the consortium model has brought together diverse expertise and experience and remains viable (despite some legal issues);
- good quality advice to businesses and provision of access to funding which is difficult for this cohort;
- the programme managed to deliver in deprived areas, not just from stronger economies;
- successful delivery has supported the initial rationale and assumptions in the business plan; and
- development of case studies has built up a library which can be used to support engagement of start-ups in support services.



The approach of a future programme

- online delivery should / is likely to be a feature during and following the Covid-19 pandemic;
- reporting needs to be consistent across all regions;
- less onerous monitoring and reporting would enable greater flexibility for clients and reduce the administrative burden of monitoring. This was recognised during the programme as BEIS agreed to changes on eligible costs and evidence required for start ups; and
- a data-led approach should be prioritised in relation to ongoing monitoring and evaluation.

3.2 Delivery Partners

The interviews with programme delivery partners focussed on identifying the key strengths and weaknesses of the programme, constraints / limitations to delivery and possible areas of improvement. The key findings of the consultation are outlined below.

Unique selling point / pros of the Start and Grow programme

- the programme plugged a gap as there was not a lot of start-up support at the time;

- the delivery method – a mix of 1-1 support, mentoring and workshops – worked well and catered to clients' different needs;
- the length of support offered to businesses, beginning with the pre-start and continuing to offer post-start support;
- the fact it is a national programme gives it increased scope and scale;
- strategic fit with other programmes offered by delivery partners e.g. funding programmes, to ensure that new businesses have a suite of support programmes available to help nurture growth;
- the programme was complimentary with BEIS' Business Boost Programme;
- the business advisor at Stage 2 becomes a part of the client's business 'team' and stays with them, offering continuous support. This is a key advantage over other programmes of this nature as it allows for the business advisor to gain an in-depth knowledge of the businesses and deliver support that is relevant and tailored to each business; and
- the targets set were achievable.

Terms and Conditions (the £100 fee)

- this was an issue and made the programme a "harder sell" but was not an insurmountable barrier by any means. The fee has the advantage that anyone willing to pay it is more likely to be invested in Start and Grow, contributing to the high completion rate. This is consistent with the programme aims that the fee should increase beneficiary commitment;

Common issues / constraints

- in some instances, the targets dictated the clients that delivery partners could accept onto the programme. For example, initially sole traders were deemed to be less likely to achieve job targets or have the £5k leverage required, therefore, until the targeting changed in 2017, there was less chance of a sole trader being accepted onto the programme;
- the CRM has proved to be problematic. Consultees reported that the CRM was not built for purpose and this meant there was a backlog in terms of uploading evidence, usually in the order of six months. The amount of evidence required to support output claims and KPIs can provide difficulties for clients and delivery partners. There have been some improvements to the system by broadening the evidence criteria (e.g. bank statement used to be mandatory but now receipts, invoices, payroll are all options). One possibly unforeseen side-effect of changing the requirements is that in some cases partners have had to return to clients for *additional* evidence or completion of new forms that are intended to simplify things in the long run. A further issue arose as not all delivery partners used the CRM fully which created inconsistencies;
- linked to the point above, delivery partners have outlined some difficulty in relation to evidencing and signing papers. In the delivery partners' experience, not all clients still use the support and, therefore, do not engage with delivery partners regarding evidence collecting on performance metrics (e.g. number of FTEs). It should be noted that clients signed up to provide data for the lifetime of the programme, however, there was perhaps some naivety throughout the system in expecting 100% of clients to do so. There were difficulties in gathering information from clients as they didn't want to share information on investment, payroll and contracts, and there were difficulties in consistently defining leverage. The evidence requirements likely put some potential clients off the programme and strained the relationships between clients and advisors;

- there was some overlap and internal competition between the Start and Grow Programme and other programmes offered by delivery partners, and with programmes provided by LEPs; and
- limitations on geography / location restrictions affected the recruitment of businesses. For example, in some areas which were generally quite affluent there were fewer businesses that qualified for the programme, creating difficulties in recruitment. Consultees reported that there were businesses who would have benefitted from this programme but did not qualify due to their location.

Covid-19

- online / remote delivery was found to work very well during the lockdown period and proved to be very efficient. Clients have been very receptive to remote support with attitudes to online support changing due to Covid-19 restrictions. Online delivery could / should have been explored across the consortium from the outset.

Future programme

Consultees reported the following considerations to take into any future programmes:

- there remains a need for this programme;
- online / remote delivery should be considered for delivery of support;
- facilitating the submission of electronic documents for providing evidence;
- flexibility alongside structure (i.e. a core programme of support for participants, with the ability to provide a tailored approach where required); and
- the business plans element could potentially be removed / reduced as a business plan was not always necessary / applicable to all businesses on the programme.

4. SURVEY OF PROGRAMME PARTICIPANTS

4.1 Introduction

Due to the outbreak of Covid-19 and decreasing annual survey responses resulting from “survey fatigue”, the decision was taken to analyse the yearly trends from FER1 (2016) to the second Output Delivery Report (2019), and not to undertake the survey for a fifth time. This allows for a more rigorous study of previous years to inform trends identified throughout the course of the programme. This section presents a summary of this analysis.

Table 4.1 details the number of respondents for each year that the survey was active.

Table 4.1: Number of survey respondents for each year survey active

Year	Year 1	Year 2	Year 3	Year 4	Total Respondents
Number of survey respondents	140	160	95	97	492

4.2 Survey Analysis

The participants in the Start and Grow survey had reached at least Stage 2 of the support process. This means that they had passed the initial appraisal and had been made an offer of mentoring and had accepted it. Other than those cases where clients were involved in Start Up Loan application, this involved paying a nominal fee of £100.

The surveyed businesses covered a wide range of sectors, with particular concentrations on average in the following sectors, described in Figure 4.1. The remaining 32% of sector respondents are accounted for in the 13 other sectors detailed in Figure 4.2.

Figure 4.1: Concentrations of Survey Respondents by Sector

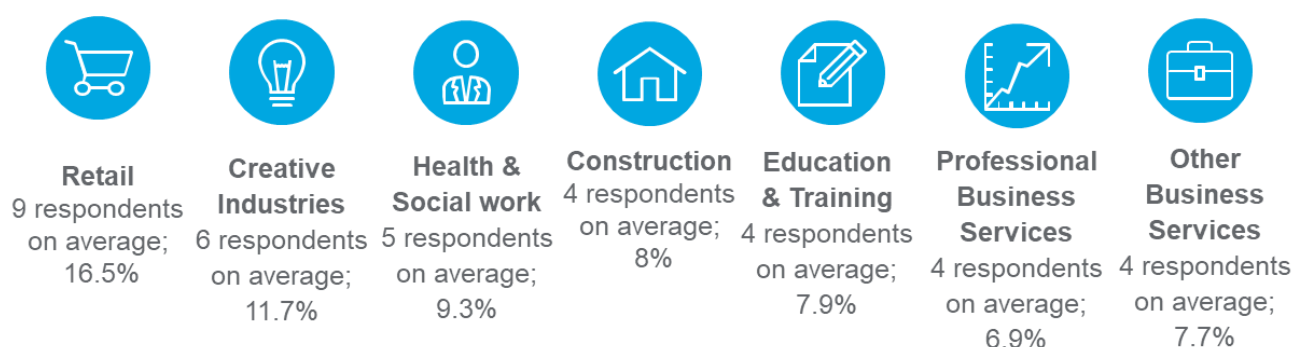
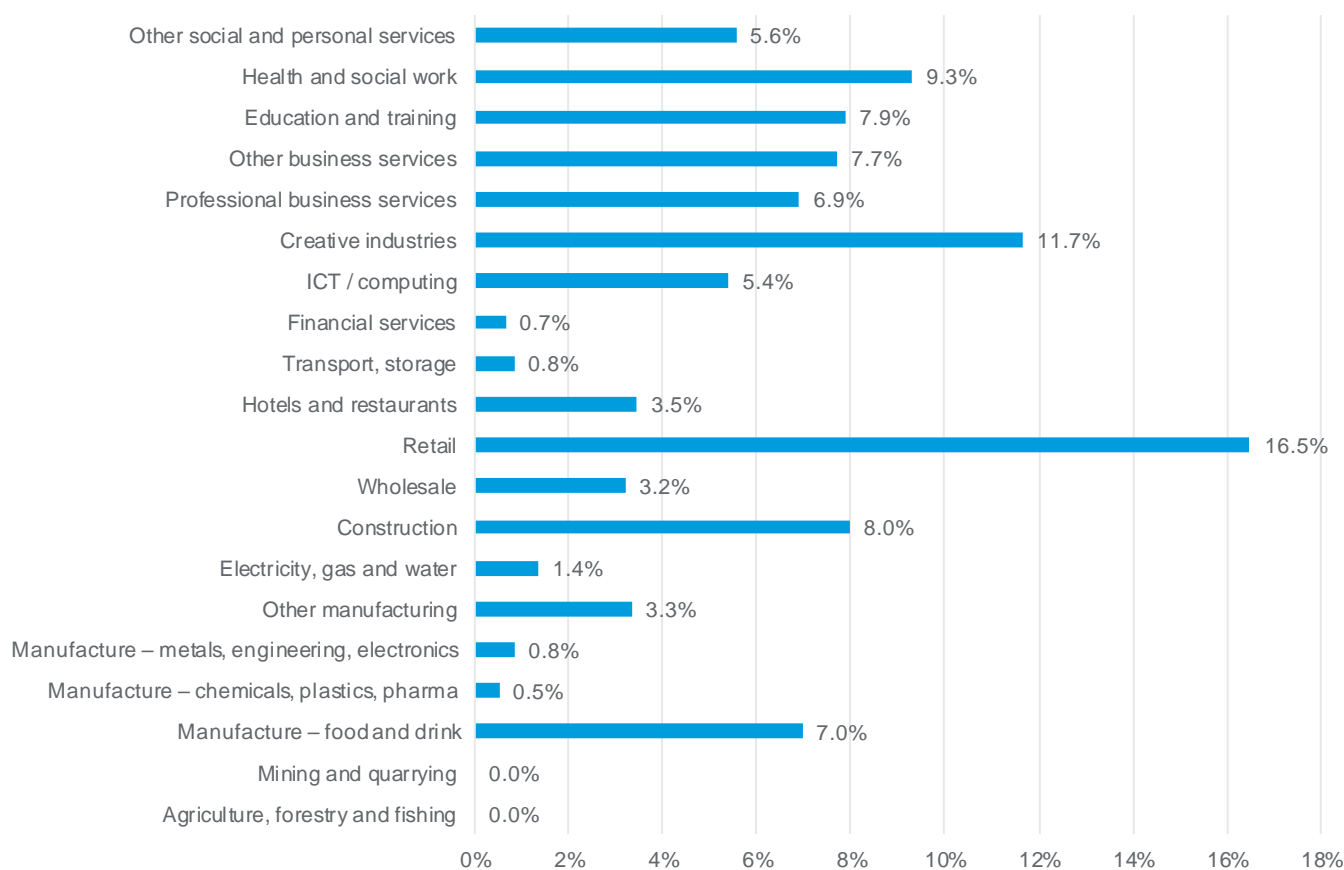


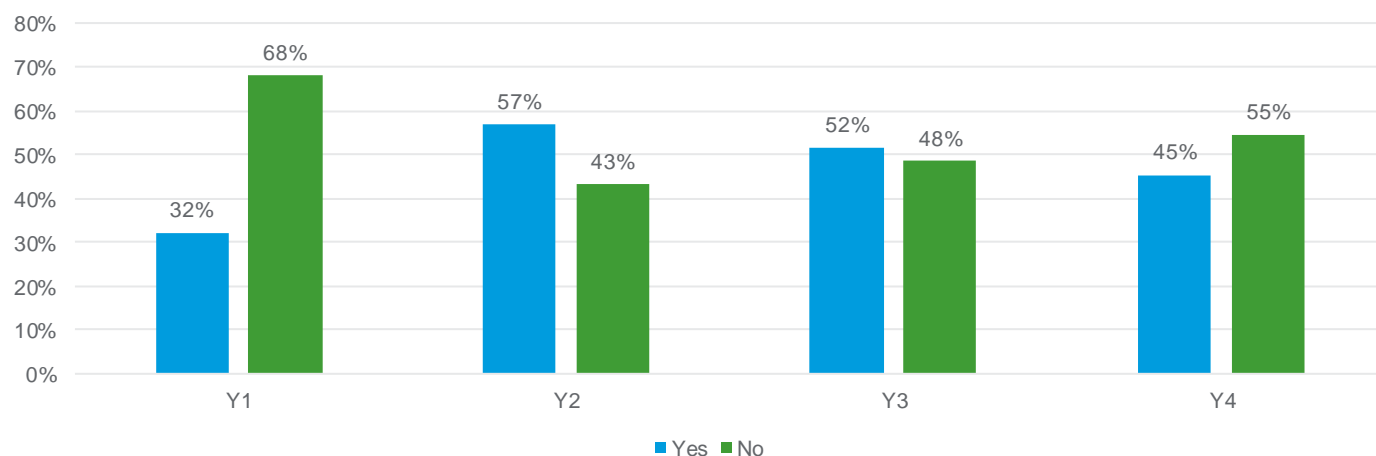
Figure 4.2 details the four year average business sectors of respondents.

Figure 4.2: Business Sectors



Survey respondents were asked if they had started their business prior to becoming involved with the Start and Grow Programme. Figure 4.3 summarises the responses.

Figure 4.3: Business started prior to programme involvement



The salient points to note are:

- there was a relatively even split between participants that had or had not started their businesses across the 4 years; and
- Year 1 had the most responses indicating that businesses had not been started prior to involvement with Start and Grow (67.9%), however, this pattern was reversed in Years 2 and 3.

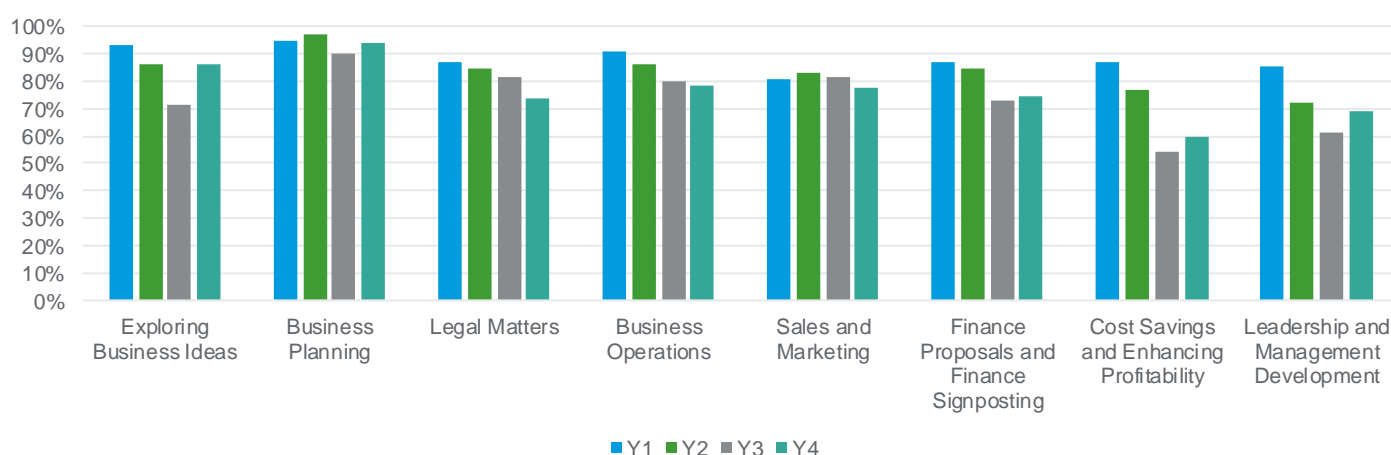
4.2.1 The Support

Figure 4.4 highlights that the most appreciated topics of support were:

- business planning (on average 94% of those that used this found it useful or particularly useful over the four years);
- exploring business ideas (on average 84% of those that used this found it useful or particularly useful over the four years); and
- business operations (on average 84% of those that used this found it useful or particularly useful over the four years).

The “least useful” as perceived by the beneficiaries, whilst still being found useful or particularly useful by the majority of participants, was cost savings and enhancing profitability (on average, 70% of those that used this found it useful or particularly useful over the four years), closely followed by leadership and management development (on average, 72% of those that used this found it useful or particularly useful over the four years). Note: not all respondents had received support on all the topics.

Figure 4.4: Usefulness of support



The salient points to note are:

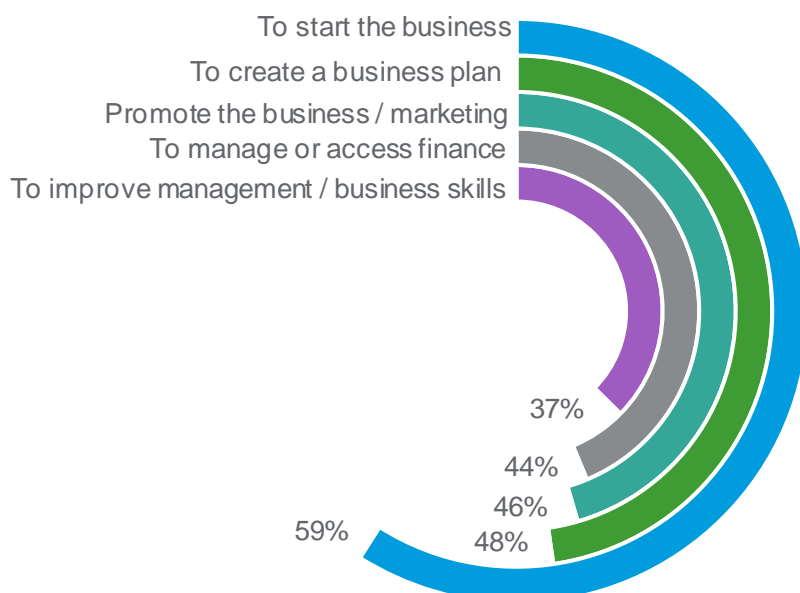
- respondents that had taken advice on formulating a business plan, tended to find this advice useful or particularly useful (on average 94%);

- respondents tended to rate the advice they got from their assigned mentor / adviser as useful or particularly useful (on average, 84% of respondents that used this); the frequency of that advice (on average, 79% of respondents that used this); and referrals to other business support providers (on average, 62% of respondents that used this);
- the majority of support was received through one-to-one sessions by respondents (used by 78% of participants on average), which were considered useful or particularly useful by respondents who availed of these services (on average 91% over four years). Workshops and masterclasses were less well used (on average, 40% and 22% respectively), although participants who did attend found them useful or particularly useful (on average, 90% and 83% respectively over four years). Very few respondents reported using online or telephone support;
- on average, more than a third of the respondents (37%) every year said they had used other business support services prior to Start and Grow. This was most likely to have been from family and friends (57% on average), however, accountants (32%), business forums (23%), professional bodies (18%) and business partners (17%) were also used. Note: in the survey respondents could select as many options as were applicable to them; and
- just over half (53% on average) of the respondents had also used support from another source over the previous twelve months. The most frequent sources of help were family and friends (45% of those using additional sources of support), accountants (43% on average), business networks (32% on average), and professional bodies (22% on average).

4.2.2 Business Objectives

The most common business reasons given for using Start and Grow are summarised in Figure 4.5. “To start the business” is the most common reason stated, with 59% of respondents citing this as why they became involved. “creating a business plan”, “promote the business and marketing” and “to manage or access finance” all gained similar levels of response at 48%, 46% and 44% respectively. The least common of the five stated reasons was “to improve management / business skills” with 37% stating this as a reason for joining the programme.

Figure 4.5: Common Reasons for using Start and Grow

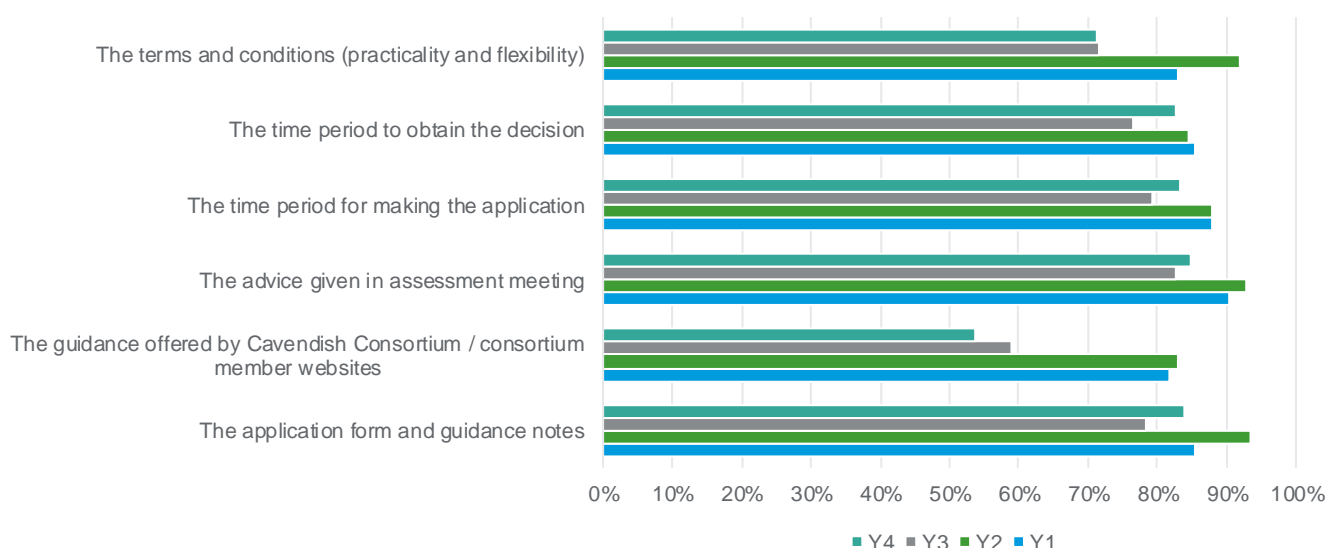


The key performance objectives were to increase sales (60% on average) and to increase profits (49% on average). Of the respondents completing the survey, 88% on average said they had made at least some progress towards achieving their objectives, with over a third (35% on average) saying they had met them largely or entirely.

4.2.3 The Processes

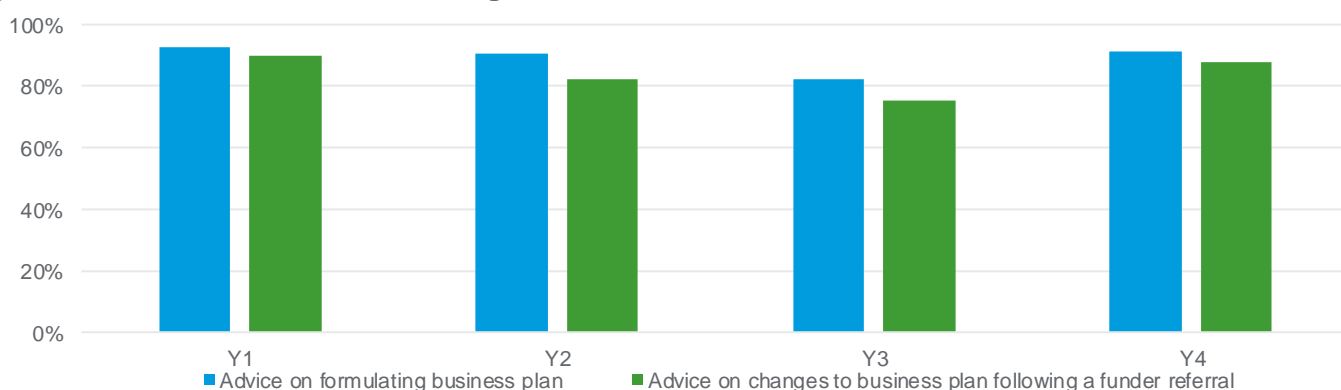
Respondents tended to find the advice given in assessment meetings useful or particularly useful. All aspects of the processes were described as useful or particularly useful by a significant majority of respondents that had used them. For example, the application form and guidance notes were described as useful or particularly useful by 85% of respondents on average and the advice given in the assessment meeting was described as useful or particularly useful by 88% of respondents on average.

Figure 4.6: Usefulness of Processes: Stage 1



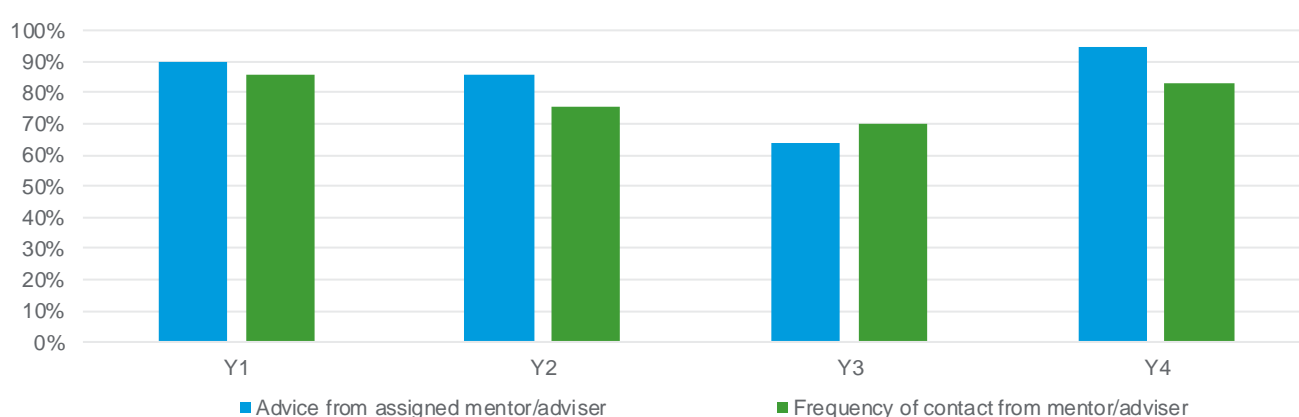
As highlighted in Figure 4.7, the majority of the respondents who took advice on formulating their business plan and / or took advice on changes to a business plan following a funder referral also found this advice to be useful or very useful (90% on average and 84% on average, respectively).

Figure 4.7: Usefulness of Processes: Stage 2



Respondents described the advice they obtained from their advisers useful or particularly useful (84% on average). The majority of respondents identified the frequency of contact from their mentor / adviser to be useful / particularly useful (79% on average) i.e. 21% of respondents on average did not think that there was a sufficient amount of contact from mentors.

Figure 4.8: Usefulness of Processes: Stage 3



4.2.4 Employment effects

On average, 23% of respondents said they had increased their employment as a result of the support they had received from Start and Grow.

Over a third of the respondents on average (37%) anticipated that their employment would grow over the following twelve months as a result of the involvement with Start and Grow.

4.2.5 Business Outcomes and Objectives

Nearly three fifths of the participants (58% on average) said they had seen or were likely to see improvements in their business outcomes since their participation in Start and Grow.

Respondents were asked which objectives they had met, or expected to meet, since participating in Start and Grow. The objectives most likely to have actually resulted or were likely to happen included:

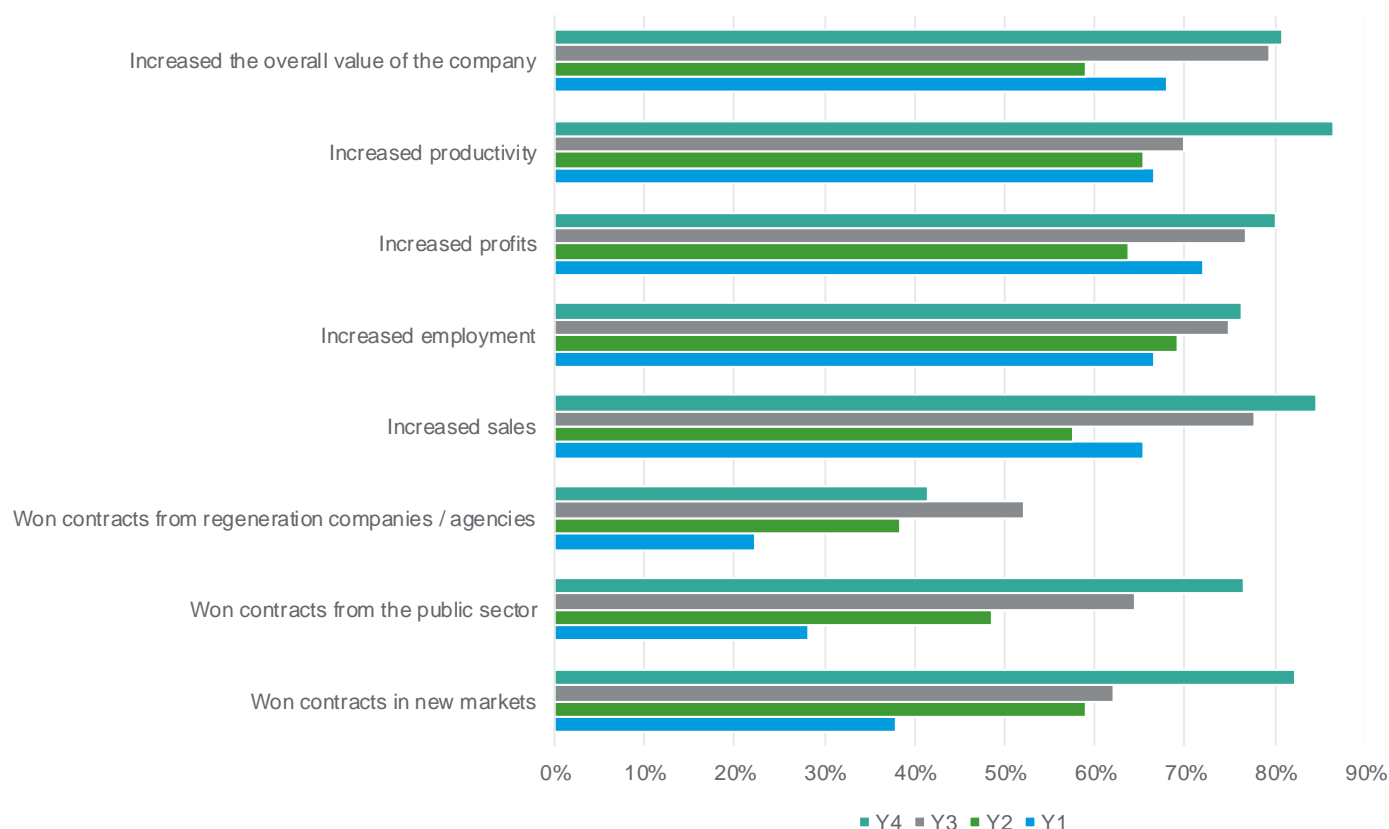
- “improving management and business skills” (73% on average, of those who thought this was a relevant objective);
- “improved promotion of the business / marketing” (69% on average);
- “improved skills” (69% on average); and
- “becoming more innovative” (62% on average).

4.2.6 Business Performance

The business performance measures which had already improved or were likely to improve in the future included increased profits (73% on average); increased productivity (72% on average) increased overall value of the company (72% on average); increased employment (72% on average) and increased sales (71% on average).

It should be noted that, as can be expected, every aspect of business performance measures improved year-on-year. The largest difference was in relation to winning contracts from new markets. In Year 1, 38% claimed this had improved or expected it to improve since participating in Start and Grow. By Year 4, this had increased to 82%.

Figure 4.9: Business performance

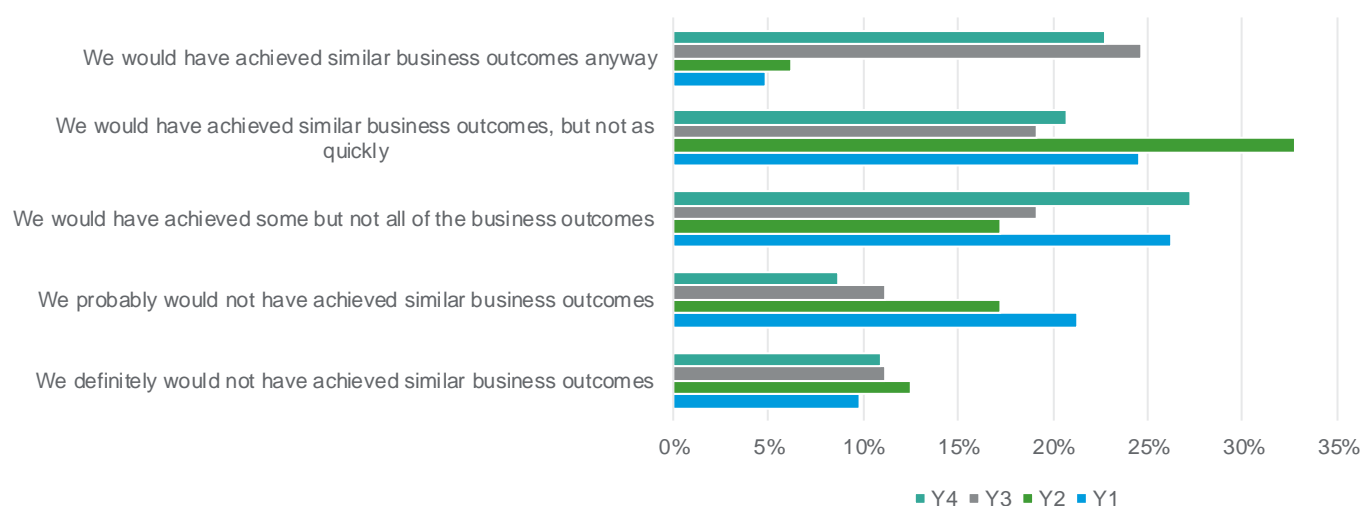


4.2.7 Business outcomes

15% of respondents reported that they had had unintended business outcomes through their involvement with Start and Grow; this included access to further funding and networking opportunities.

As Figure 4.10 highlights, roughly one quarter of respondents (26% on average) do not believe they would have achieved similar business outcomes without the Start and Grow programme. On average, 39% of respondents believed they would have achieved their business outcomes without the Start and Grow programme (although on average 24% accept that this would not have happened as quickly without it). On average, 22% of respondents stated they believe they would have achieved some (but not all) of their business outcomes without Start and Grow.

Figure 4.10: Business outcomes



On average, more than a third of the respondents (39%) thought that without the Start and Grow assistance their outcomes would have been smaller in scope, and 40% thought they would have been smaller in scale.

4.2.8 Effectiveness

Over half of the respondents (57% on average) stated that the Start and Grow assistance had been effective or highly effective. Less than one fifth (13% on average) said it had not been effective. A significant majority of the respondents agreed or strongly agreed that the support had been appropriate for their business (65% on average) and easily accessible (71% on average).

4.2.9 Improvements

In addition to the help offered, some participants suggested they would welcome access to courses / masterclasses and more after-service support, for example in accountancy, business / finance, and also support with and expert advice in fields such as law. Several respondents said they would like more sector-specific advice such as courses aimed towards the creative sector and that the mentors did not have experience in their business' industry.

Some participants raised the issue of the location of where the mentoring takes place, it is often in cities e.g. Birmingham, London and Liverpool, they contend they would need to close their business for a full day to attend one, therefore, they would like mentors to come out to their business. Several respondents noted wanting more time with business advisers.

Suggested additional improvements included:

- on-site visits and out-of-hours seminars for traders who couldn't travel to the location of one of the delivery partners during working hours;
- staying with the same mentor for consistency and reliability; and
- lack of contact from mentors / advisers is a pertinent issue in survey responses.

5. QUANTITATIVE ANALYSIS

5.1 Introduction

The quantitative analysis is split into the following core components:

- impact on enterprise levels and entrepreneurship;
- Value for Money (VfM) assessment:
- GVA and wage impacts resulting from FTEs created – this is informed by GVA and wages per employee statistics (sourced from ONS Input Output tables) for the relevant regions; and
- supply chain impacts resulting from GVA created by new FTEs – this is estimated utilising GVA and employment multipliers sourced from ONS Input Output tables.

5.2 Impact on Enterprise Levels and Entrepreneurship

This section examines the longevity of the businesses supported by the Start and Grow programme. Table 5.1 summarises the survival rates, in comparison to the national average for England⁶ and for areas of high deprivation. A deprived area has been defined as an area (local authority district) ranking in the top decile of Index of Multiple Deprivation (IMD) 2015 (recast to 2019 LAD boundaries) in England.

Table 5.1: Business Survival Rates

	Start and Grow Participants	National Average (England)	Deprived Areas Average (England)
Survived at least 12 months	91.5%	90.7%	92.5%
Survived at least 24 months	78.3%	72.1%	74.1%
Survived at least 36 months	63.8%	55.7%	59.1%

As highlighted in Table 5.1, when compared to national averages, businesses supported through the Start and Grow programme were more likely to survive at 12, 24 and 36 months, with the exception of 12 months compared to a deprived area. The percentage of businesses surviving to 36 months is 8.1% higher than the national average, which suggests that the programme has been effective in ensuring that businesses continue to grow.

5.3 Value for Money Assessment

The section analyses the following components in relation to VfM:

- FTEs created (including assessment in relation to achievement of creating 3 FTEs per participant);
- leverage secured (including assessment in relation to achievement of £17,500 per participant); and
- programme cost per business start and FTE created.

Table 5.2 presents a summary of the VfM analysis.

⁶ Source: Survival of Newly Born Enterprises (2015)

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/businessdemographyreferencetable>

Table 5.2: VfM Analysis

	E	EM	L	NE	NW	SE	SW	WM	Y&H	Total	VfM Target
Business Starts	301	152	161	226	292	105	264	32	86	1,619	-
FTEs created	1,008	490	461	716	807	357	683	89	209	4,821	-
FTEs per business	3.3	3.2	2.9	3.2	2.8	3.4	2.6	2.8	2.4	3.0	3.0
Leverage (£ million)	16.2	1.9	3.8	7.4	9.2	2.9	5.3	0.5	1.8	49.0	-
Leverage per business (£)	53,758	12,285	23,623	32,533	31,629	27,905	20,016	16,551	20,919	30,255	17,500

The following salient points should be noted in relation to VfM:

- the Start and Grow programme had a target of 3.0 FTEs created per business start. the programme has achieved an average of 3.0 (100%);
- the programme had a target of £17,500 of leverage per business start and achieved an average of £30,255 (173%);
- regionally, the VfM findings present a mixed picture:
 - in relation to FTEs per business, four of the nine regions exceed the target of 3.0 per business; however
 - in relation to leverage secured, seven of the nine regions exceed the target of £17,500 per business.

It should be noted that whilst the programme has achieved its target in relation to average FTEs per business start, when consideration is given to the longevity of businesses and FTE jobs created, an average of 1.8 FTEs per business is estimated (based on FTE jobs and businesses surviving 36 months).

The total defrayed cost of the programme was reported to be £9,657,692. The grant provided by BEIS totalled £8 million. Table 5.3 presents a summary of the cost per business start and the cost per FTE created, for all claimed and for those surviving 36 months. It also provides cost per unit based on BEIS' investment.

Table 5.3: Cost per Business Start and FTE Created

Indicator	Total Cost	Cost of which BEIS funded
Business Starts		
All (claimed)	£5,965	£4,941
Surviving 36 months	£8,654	£7,168
FTEs Created		
All (claimed)	£2,003	£1,659
Surviving 36 months	£4,945	£4,096

5.4 Estimated GVA and Supply Chain Impacts

The following analysis is based on the outputs reported in Section 2. This analysis informs an estimate of direct GVA and wages in relation to programme spend and a high level assessment of the indirect and induced impacts created by the programme at a regional level and nationally. This analysis is also adjusted to reflect additionality (i.e. the jobs that would have been created in the absence of the programme).

5.4.1 Assumptions

Average GVA per employee per region data, sourced from ONS⁷, has been used to inform estimates of GVA per region resulting from FTEs created through Start and Grow. The GVA data is available by NUTS1 region, a geographical level used consistently throughout this analysis. As estimates for 2018 are the most recent data available, it has been assumed it would be a fair approximate for 2020 GVA levels. This data has been combined with ONS labour market estimates (from 2020), sourced from the Labour Market report from September 2020⁸, to calculate per employee GVA estimates for each of the regions. **Note: to reflect that jobs created through the Start and Grow programme are in start-up businesses, the average GVA per region have been reduced by 25% to reflect that GVA figures are likely to be lower for businesses immediately following start-up.**

ONS Input–Output analytical tables were used to derive GVA and employment ‘multipliers’ per region. Multipliers are used to show total effects of an investment; that is, direct effects of interventions are followed by indirect (Type 1) and

⁷ Source: Table 1c: NUTS1 & UK current price estimates

<https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalandrealregionalgrossvalueaddedbalancedbyindustry>

⁸ Source: Employment level: 16+

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/ks1keystatisticsforallregions>

induced effects (Type 2). This analysis is based upon data from the ONS' latest release⁹ (April 2020) and is based on 2016 data. For this analysis, an 'average' employment and GVA multiplier was calculate by finding the mean of all 'per sector' multipliers. An overall (all sectors) multiplier was used to maintain consistency with the rest of the analysis. As a result, the Type 2 **employment multiplier is 1.802** and the **GVA multiplier is 1.73**.

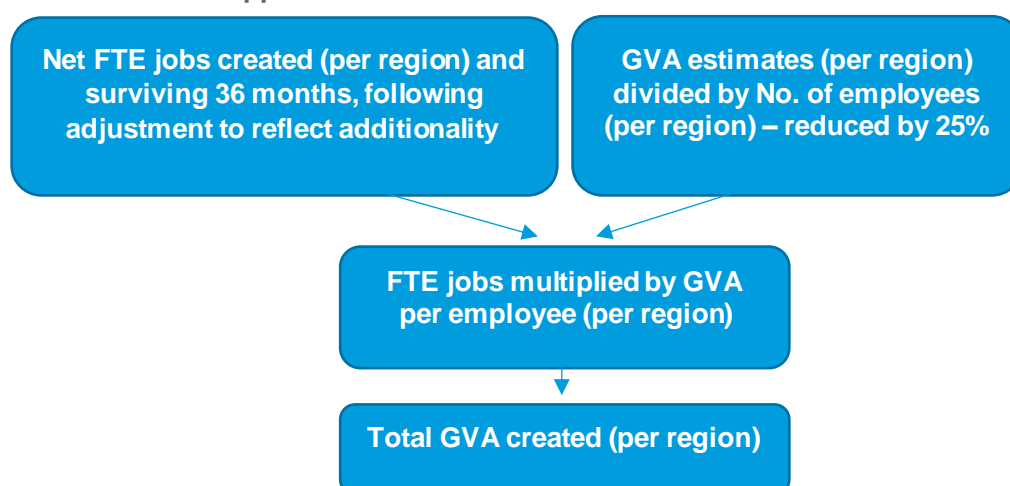
The economic impacts created by the project are subject to adjustments for deadweight and leakage. In relation to deadweight, due to the inconclusive counterfactual impact assessment (refer to Section 5.5), an estimate of deadweight a rate of **49.7%** has been assumed. In relation to leakage, it is assumed that **11.5%** of the estimated GVA impacts are lost to leakage. These assumptions are sourced from the Homes and Community Agency Additionality Guide¹⁰ (2014) and are the mean national leakage and deadweight rates associated with business development and competitiveness interventions.

5.4.2 Approach

Total GVA created per region

To estimate approximate GVA created per region (as a result of the programme), the number of FTE jobs created (per region) and surviving at least 36 months is adjusted to remove the estimated FTEs that would have been created in the absence of the programme (i.e. the counterfactual). This is then multiplied by the GVA per employee estimate (per region). This resulted in a total GVA created estimate for each region, as outlined in Figure 5.1.

Figure 5.1: Total GVA created - Approach



Supply chain impacts

Supply chain impacts have been estimated based upon the average employment and GVA multipliers, as outlined above. The two calculations are similar in design, with both multiplying average ONS multipliers with total impacts (as

⁹ Source: 2016 Input-Output Analytical Tables

<https://www.ons.gov.uk/economy/nationalaccounts/supplyandusetables/datasets/ukinputoutputanalyticaltablesindustrybyindustry>

¹⁰ Source:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/378177/additionality_guide_2014_full.pdf

calculated in Figure 5.1). Figures 5.2 and 5.3 show the steps of the calculation. In order to measure GVA supply chain impacts, the previously introduced ‘total GVA created (per region)’ estimates were used.

Figure 5.2: Employment Supply Chain Impacts – Approach

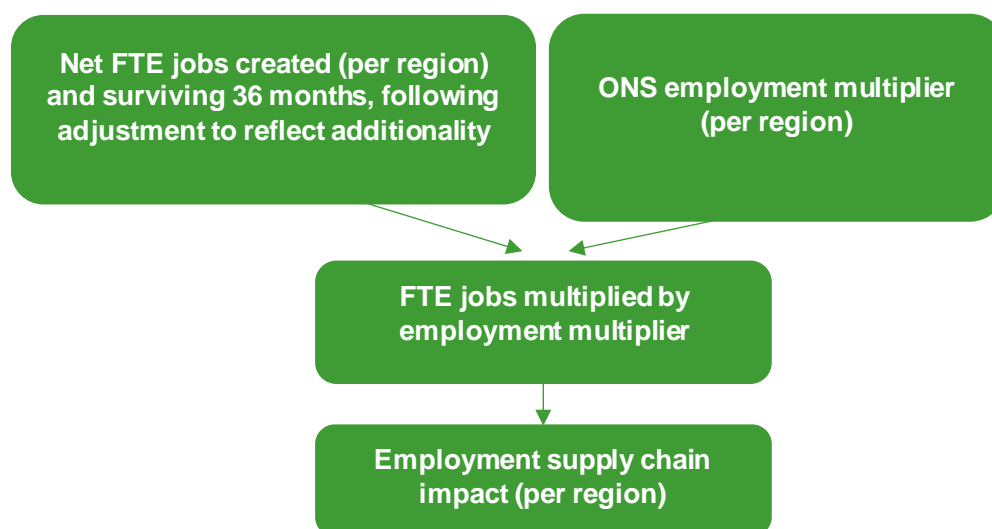
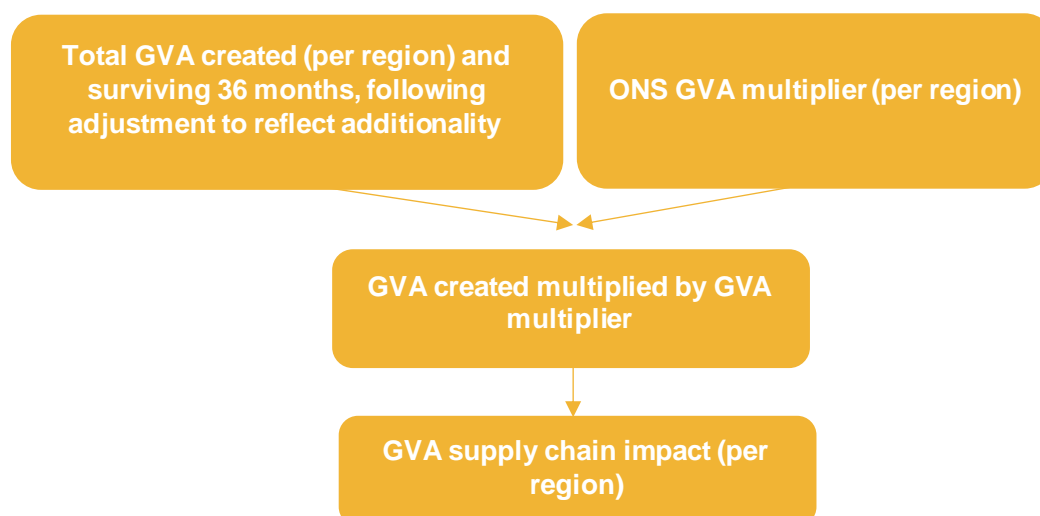


Figure 5.3: GVA Supply Chain Impacts - Approach



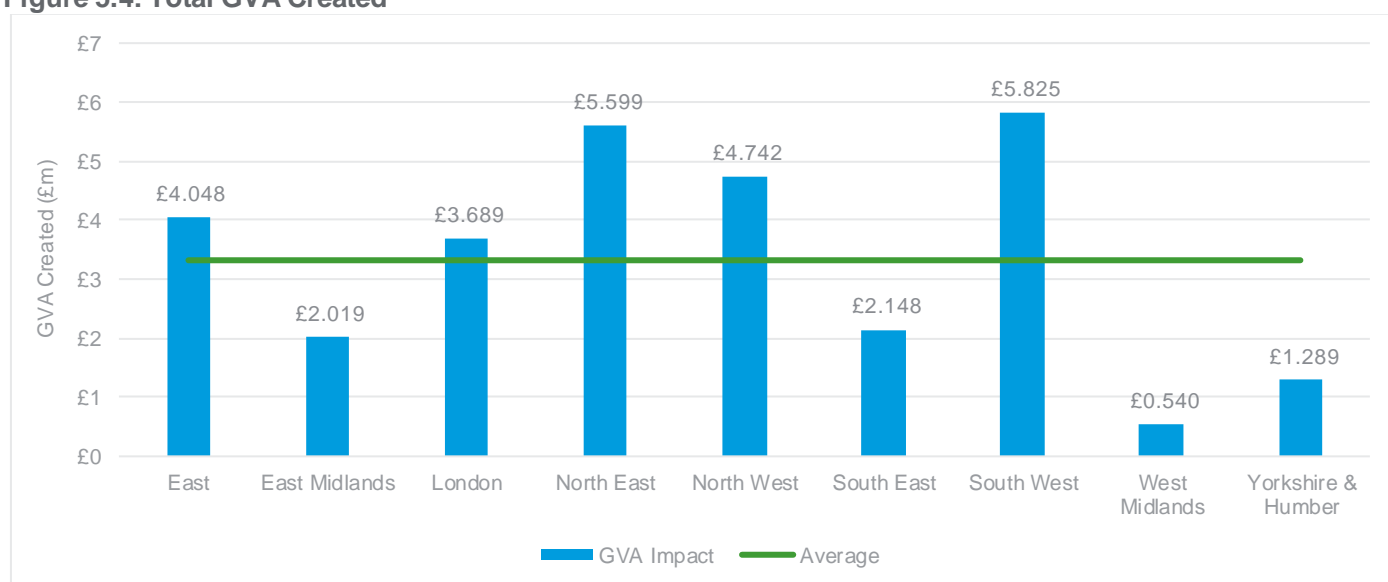
5.4.3 GVA Impacts

Based on the assumptions outlined above and the methodology introduced in Figure 5.1, Figure 5.4 shows estimated GVA created as a result of the programme’s intervention. The region with the highest level of additional GVA created was the South West region, £5.825 million, with the North East region marginally lower at £5.599 million. This is a result of the regions recording the highest number of FTEs surviving at least 36 months. Contrastingly, the West Midlands has seen the lowest amount of GVA created, £0.540 million. This is mainly due to the region recording less

than 100 FTEs created in the programme, with only 37 FTEs surviving at least 36 months. The average level of GVA created (based on total GVA divided by the nine regions) is c. £3.322 million and is depicted by the green line in Figure 5.4. **The total GVA created through the programme is estimated to be c. £29.900 million.**

It's important to note that London has the largest GVA per employee estimate, c. £69,900. This significantly surpasses the next highest regional estimate (South East) by more than £25,000.

Figure 5.4: Total GVA Created



5.4.4 Supply Chain Impacts

As detailed in Section 5.4.1, ONS multipliers have been used to estimate the additional impact created within the supply chain. Table 5.4 shows a regional breakdown of the supply chain impacts. As per the direct programme impacts, the South West and North East regions record the greatest level of impacts. The average total employment impact is estimated to be 391 jobs per region and the average total GVA impact is estimated £5.747 million.

At a programme level, employment impact is estimated to be 3,519 job-years and the GVA impact is estimated to be £51.726 million. This, along with the regional breakdown below, shows the size and reach of the programme and its impact on the wider economy in addition to those directly accessing its support.

Table 5.4: Total impacts (direct programme impacts and supply chain impacts)

	E	EM	L	NE	NW	SE	SW	WM	Y&H
Employment (Job-Years)	469	272	245	793	568	223	715	67	168
GVA (£ million)	£7.0	£3.5	£6.4	£9.7	£8.2	£3.7	£10.1	£0.9	£2.2

5.5 Counterfactual Impact Analysis

A requirement of this evaluation was to undertake a Counterfactual Impact Assessment (CIA) to provide an objective assessment of the impact of Start and Grow intervention on the performance of assisted firms. The key question here is to determine what would have happened in the absence of assistance? This is unobservable; however, econometric

analyses can be undertaken which provide an estimate of the effect of assistance by using appropriate control groups. The creation of control groups is crucial and one widely adopted approach is through data-linking.

The CIA compares the performance data of Start and Grow-assisted and financially-supported businesses with performance data on a matched sample of non-assisted or financially-supported businesses, with the matching undertaken on the basis of business characteristics. In order to undertake the CIA, Start and Grow-supported firms are linked to the Office for National Statistics (ONS) business population and survey datasets to create a matched (or 'control') group of un-assisted businesses.

The ONS Business Structure Database (BSD) contains annual snapshots of the Inter-Departmental Business Register (IDBR) and has been used for the impact analyses. The IDBR includes nearly all of UK's businesses registered with the HMRC for VAT and / or PAYE purposes. The only exclusions are very small businesses: those that fall below the VAT threshold and / or those that are not part of PAYE.

The results of the CIA identified that **there are no significant findings, suggesting that we cannot comment on the additional impact of Start and Grow support on beneficiaries at this stage**. The reasons for the inconclusive results are that: (1) given that the Start and Grow beneficiaries are start-ups, many of the beneficiaries do not appear on the Office for National Statistics' (ONS) Business Structure Database (BSD) and only c. 45% of beneficiaries were able to be matched; and, (2) due to the lags in the BSD, it is difficult to undertake rigorous econometric analysis for a treatment period so close to the available outcome period.

Further information in relation to the CIA, including tables of results, can be found in Appendix 6.

6. CASE STUDIES

6.1 Introduction

This section presents case studies of programme beneficiaries to provide an insight into the programmes impacts, key areas of success and shortcomings.

Where a survey respondent had reached Stage 2 (i.e., had started their business), and were actively using Start and Grow assistance to achieve distinctive results, they were considered for inclusion as a case study. The aim was to create a set of case studies which was geographically diverse and covered a range of industries, and which illustrated the benefits of Start and Grow assistance.

In general, the businesses were satisfied with the Start and Grow support and reported that the advice had been useful. The businesses had taken on staff and were optimistic about their future growth prospects. Many (but not all) of the businesses believed that they would have achieved the same results without the Start and Grow assistance, but that it would have taken longer, and the scale and scope would perhaps not have been equivalent.

Reflecting the aims of the early stages of Start and Grow support, the businesses tended to find the business planning and start-up support the most useful, along with the one-to-one mentoring that had been accessed to date. Networking in general terms was considered to be a useful effect of the support, whether in terms of referrals to sources of support, or business-to-business networking. This reflects the literature on best practice which suggests that networking within the population of supported businesses is an important benefit of larger-scale regional business support programmes.

6.1 Longitudinal Case Studies

6.1.1 Case Study 1

2016

“This vegetarian restaurant in London approached the programme to gain support and assistance in formulating a business plan and understanding finance planning and signposting. They believe they have largely fulfilled their primary objectives; they have successfully completed a business plan and gained insight and understanding of managing and accessing finance enabling them to increase sales, employment and profits. They run events in the restaurant and provide space for private engagements. They are on track in terms of their forecasts; the business is running well, and they have excellent feedback from the community. Seven full-time equivalent posts have been created as a result of the support from Start and Grow. The business considered that the programme is highly effective, and the support was easily accessible and appropriate to their business.”

2018

“The business now has 9 full time employees (30 hours per week) and 8 part-time employees (15 hours per week). The business has received support in areas such as business planning, legal matters, finance proposals and finance signposting, describing them all as useful. The business has had post start support such as advice from an assigned mentor / adviser, they described this as useful, however, they identified that further contact from their mentor would be beneficial. The main business objective for the business’s involvement with Start and Grow was managing / access to finance and the main performance objective for their involvement with Start and Grow was to increase sales. The organisation has met their business objective of an improved management / access to finance. They contend that the business outcomes would’ve been achieved without Start and Grow, however, not as quickly.

The business identified that the advice and guidance at Stage 3 was not as useful as that received in Stages 1 and 2. The business has not increased its employment currently, nor did it expect to increase its employment within the following 12 months as a result of the support from Start and Grow. However, overall, they stated that the Start and Grow support was 'effective'. The business strongly agreed that the support received was appropriate for their business and easily accessible."

2020

RSM reached out to the company to continue this longitudinal case study but were unable to receive a response from the company on multiple attempts.

Over the course that we were able to follow and assess this company, the impact of the Start and Grow programme is evident. From 2016 at the formulation stage, as the business first became involved with the programme for start-up support, to 2018 where it reported employing 9 full-time employees and 8 part-time employees, the rapid growth attributed to Start and Grow, is evidence of its impact.

6.1.2 Case Study 2

2016

"This training company is teaching commercial drivers to drive heavy goods vehicles. It is based in the Midlands and had not set up in business prior to joining the Programme. The business found the support to explore business ideas, sales and marketing support particularly useful and the business planning useful. Their main objectives were to obtain objective advice, start the business, and gain support in marketing skills, and these have been achieved, along with the opportunity to participate in clusters / social networks / consortia. The business found the support and one-to-one advice from the assigned mentor, the workshops, and the webinars particularly useful, and strongly agree that this was easily accessible. Overall, they consider the programme to be effective, but would have liked more support with funding."

2018

"The company currently has two full time employees in the education and training sector. The business have used support services such as: business planning; business operations; sales and marketing; finance proposals and finance signposting; and leadership and management development, reporting that these services were either useful or particularly useful. The respondent asserted that the post start support such as advice from an assigned mentor / adviser, frequency of contact from mentor / adviser and referrals on to other business support providers were all useful. The company have identified support such as one-to-one sessions as particularly useful and workshops as useful.

The main objectives for the firm's involvement with Start and Grow were to win contracts from regeneration companies / agencies and increase sales. The company maintain that they have achieved their objectives to a small extent, however, they also highlighted that improved promotion of the business / marketing is likely to happen in the future. The business has not increased its employment as a result of the support from Start and Grow and does not expect to increase employment within the next 12 months. The firm does postulate that they have seen / are likely to see improvements in business outcomes since their participation on the Start and Grow programme but acknowledged that it is too early to tell if the business performance aspects have improved since participating in Start and Grow.

The respondent claims that they would've achieved similar business outcomes without their involvement in Start and Grow, but the overall support received through Start and Grow has been somewhat effective."

2020

The company has stated that they found the advice that was provided around marketing and boosting their online presence to be of particular use. They appreciated the signposting that their adviser provided to other business support (the local Chamber of Commerce and a digital marketing skills resource) and were keen to express how useful this was. They achieved their marketing targets and have stated that they are the “top local result” on search engines for a variety of searches relating to the company’s work.

Since the initial year the company had become involved in Start and Grow, this company has increased turnover by 45%. They have not employed any further employees, stating that they prefer the bespoke offering that they know they can provide themselves. The company had previously forecasted further growth in turnover for 2020/21, however are concerned that Covid-19 will have a considerable impact.

The respondent gave particular praise to their original adviser for how committed and enthusiastic they were in providing support. The respondent claimed that, when the adviser was replaced, there was a notable drop in quality and frequency of support provided. Nevertheless, they were still satisfied that support provided was accessible, appropriate and effective. The company has grown into a viable and successful business since availing of Start and Grow services. The 45% increase in turnover is attributed majorly to a “better online presence” and for a self-confessed “not overly techy” individual, the role Start and Grow played in enabling this was hugely impactful.

6.1.3 Case Study 3

2016

“This is a business service company in the East Midlands, which has not yet set up in business. The proposed business has found the business planning, finance proposals and signposting, leadership and management development topics particularly useful; they found business operations and cost savings advice useful; and they particularly appreciated the objective critique, networking with other business owners, and social media strategies. The business considered the support and advice from the assigned mentor / adviser in the one-to-one sessions and continued contact by email and telephone particularly useful, and strongly agree that it was appropriate to their business. Their main objectives were to start the business, manage and access finance, get advice on skills and participate in networks. Their main performance objectives were to create the capacity to start up well and run successfully. They declare they have partially achieved these objectives, and there have been positive changes to make the business plan more effective. They are currently working on start-up capital through the scheme. Once the business is operational they aim to create two full-time equivalent posts. Without the support of Start and Grow they would not have achieved these outcomes as quickly and their scope would have been smaller. The business would like more workshops to be offered.”

2018

“The business has not yet started trading but that it currently has 1 full time employee. The respondent has taken part in the following topics of support: business planning; legal matters; business operations; sales and marketing; cost savings and enhancing profitability; finance proposals and financial sustainability; and leadership and management development – identifying the support as useful or particularly useful.

The respondent identified the Start and Grow post start support as useful, having received support from Start and Grow through one to one sessions; workshops; and masterclasses. The main business objectives for the business’s involvement with Start and Grow were to: create a business plan; start the business; improve management / business skills; and raise finance. The main performance objectives for the business’s involvement with Start and Grow were to

increase sales, increase productivity and improve financial viability of the business / business plan. The business has achieved their objectives to a small extent so far.

The respondent contends that the following aspects of business performance are likely to happen as a result of participating in the programme: increased sales; increased profits; increased productivity; and increased overall value of the business. However, the respondent inferred that Start and Grow support could be improved through the introduction to finance by pre / start-ups."

2020

RSM reached out to the company to continue this longitudinal case study but were unable to receive a response from the company on multiple attempts.

As the company were unable to provide further information in 2020, and as of 2018 it had yet to begin trading, it was not possible to evaluate the impact of the programme on this business.

6.1.4 Case Study 4

2018

"The business had not started up when it became involved with Start and Grow. The company is now described as a registered company with employees, employing 5 FTEs.

The business has received the following areas of support: exploring business ideas; business planning; legal matters; business operations; sales and marketing; finance proposals and finance signposting; cost savings and enhancing profitability; and leadership and management development, finding these all particularly useful. The business has used prestart support, namely, advice on changes to a business plan following a funder referral which they found useful. The business has also received post start support, namely, advice from an assigned mentor / adviser which they describe as useful, moreover, they also described the frequency of contact from their mentor / adviser as useful.

The main business objective for the firm's involvement with Start and Grow was to start the business. The main performance objectives for the firm's involvement with Start and Grow were: increase sales; increase employment; increase profits; increase productivity; and increase the overall value of the company. The firm states that they have achieved their objectives entirely so far. Furthermore, the firm predicts that they are likely to meet the following business objectives in the future: better positioning in the supply chain; improved management / access to finance; and become more innovative.

The business has increased its employment as a result of the support from Start and Grow, it has created 4 full time equivalent jobs. The firm expects to increase its employment by a further 5 full time equivalent jobs within the next 12 months.

The company asserts that it definitely would not have achieved their business outcomes without being involved in Start and Grow, they state that any business outcomes achieved would have been on a smaller scale and smaller scope. The business stated that the support received was highly effective, appropriate for their business and easily accessible."

2020

The business, working within the education services sector, had not started trading when it became involved with Start and Grow. It now employs 15 FTEs.

The business has increased its turnover year-on-year. In their first year of operations, turnover was £16,000. By Year 2 this had become £151,000, and the business reported that this year's (Y5) turnover was around £200,000. Looking

to the future, the respondent expects to see turnover increase further, despite the current economic circumstances. This revenue was “far greater” than the respondent envisaged when starting out. The respondent is satisfied and maintains that the company would not have achieved their objectives without being a part of the Start and Grow Programme, stating that they were appreciative of the vast business knowledge that their adviser displayed and were able to support the company with in setting up the business.

The business maintains that the support they received was highly effective, appropriate for their business and easily accessible. The respondent praised their adviser highly, stating that “I may have the heart of the business, but [my Start and Grow Advisor] was definitely the brains behind it all at the very start.”

The respondent noted that they would have benefitted from being informed of the wide range of additional services available as they would have accessed even more. Over the 5 years of trading, this business has generating significant turnover and high levels of employment. The support received by Start and Grow is deemed to be “crucial” in reaching this level.

6.1.5 Case Study 5

2016

“This is a small company operating in the creative industries sector in the South East. At the time of their involvement with Start and Grow, the business was a pre-start. The company started trading in February 2016, has two FTE employees and a current turnover of 5K.

They found the business planning support and legal and financial advice particularly useful. They also felt that their adviser was supportive and enthusiastic about their project, and that was particularly useful. The advice was delivered in on-to-one sessions with the adviser. The quality and frequency of the advice was strongly appreciated as well as referrals on to other business support providers such as accountants.

The main objectives for their involvement with Start and Grow were to start, promote and market the business. They were also looking to obtain advice on sales, skills and on their legal and fiscal obligations. The company also felt that they needed to have “someone on hand” to discuss any questions they had. They have largely achieved their objectives and stated: “Our business is performing better at this stage that we had allowed for in the business plan”. In addition to Start and Grow, they have received advice from other business owners. They have found the Start and Grow advice particularly useful, especially the advice given in the assessment meeting, as well as the advice and guidance received at stage 2 and 3. They said: “Our adviser was a huge support to us, both answering our questions and highlighting our responsibilities”.

They have already seen improvement in their business outcomes since their participation in Start and Grow. They have improved the way in which the company is promoted and have improved their skills, especially their management and business skills. They felt that the Start and Grow support received will result in improved products and services and in better information on new market opportunities. Their involvement in the programme actually resulted in increased sales, profits, employment and productivity. Without the Start and Grow support, they thought they would have achieved similar business outcomes but not as quickly.

The Start and Grow programme has been highly effective. The company strongly agreed that the support package was appropriate to their business and easily accessible. They suggested that increased access to courses would be beneficial. Their adviser was described as having been “a rock”.

2020

The company weren't operating prior to Start and Grow but in every year of operation they have increased their turnover. The respondent estimates that last year's turnover was between £25,000 and £30,000.

The respondent noted that their adviser was particularly helpful in "verifying" the company's business plan and offered reassurances that their proposals were legitimate. The quality and frequency of the advice was strongly appreciated as well as referrals on to other business support providers such as accountants and support with banks. The respondent's involvement in the programme resulted in increased sales, profits, employment and productivity. They have been able to increase their capacity by obtaining a larger space. Without the Start and Grow support, the respondent maintains they would have achieved similar business outcomes but not as quickly.

The Start and Grow programme has been highly effective for this company. The company continue to strongly agree that the support package was appropriate to their business and easily accessible. They suggested that increased access to courses, more specific financial advice and a more sector-appropriate advisor would have been beneficial.

As a company that has accessed services from the pre-start stage, its satisfaction in Start and Grow's impact in their business lies in the fact that turnover has increased year-on-year, market engagement has been successful and they increased their capacity, meeting their business objectives. Start and Grow gave the respondent the "confidence to push ahead" with her business idea.

6.2 New Case Studies

6.2.1 Case Study 6

This company, working in the food and drink production sector, is based in the South West of England. The company began trading in 2016, a few months prior to accessing Start and Grow services and discovered the Programme via their business support company. The company had accessed business support in the form of private investment before joining Start and Grow but have not required other assistance since. The company was originally set up as a part-time hobby for the two directors, however they have now become 2 FTE of the company. The company has reported an overall turnover increase of 350% since joining the Start and Grow programme. For 20/21, the respondent stated that they are expecting to continue to grow their turnover despite initial concerns regarding Covid-19.

The company has accessed advice regarding business planning, export markets and financial advice throughout the Programme from their adviser. They were very satisfied by how accessible, effective and relevant this support was. The respondent noted that while their advisor was not sector-specific to them, the advisor was able to give appropriate advice that was applicable to their situation. The company also attended some masterclass training (export markets, leadership and Human Resources) which the respondent also found useful. The respondent noted that the quality of instructors was particularly high. The respondent placed equal weighting to the master classes and one-to-one advice, however, acknowledges the outcomes of these support services differs greatly.

The respondent believes that they probably would have achieved some of their business objectives without the support, but not all. They state that they have used the advice they have received to become a much more successful company, particularly in the export market. The respondent did not note any unintended benefits of their involvement with the Start and Grow programme, claiming it to be "exactly what we were looking for".

The respondent stated that they would have appreciated more following-up from their business support organisation to ensure the support that they have received has benefitted the company.

With a hugely significant increase in turnover since accessing Start and Grow services and supporting now 2 FTEs, the impact of the programme – particularly in relation to the advice and guidance given – is evident, turning a part-time hobby into a viable business for the respondent.

6.2.2 Case Study 7

This company, working in the engineering sector, is based in the South East of England. The company began trading in 2017 and had begun accessing Start and Grow services prior to trading. This was the only support accessed by the company, and now, after 3 and a half years of trading, employ 12 individuals. The company reported an increase in turnover of 50% in their second year and 20-25% in their third. The company has seen “exponential growth” and in relation to the Covid-19 crisis, have managed to survive and continue a pattern of growth.

The main objective of the company’s involvement with Start and Grow was to help initially with the financial side of the business and to access financial advice and appropriate start-up loans. This came through the local area representative in mostly face-to-face sessions. They were very satisfied by how accessible, effective and relevant this support was. The respondent noted that while their advisor was not sector-specific to them, this was not deemed a disadvantage as the sector was “our thing” and the general support regarding finance was of greater benefit. In particular, the accessibility of the local representative who “could have been available every day if you needed them” was praised.

The respondent believes the business objectives could have been achieved without Start and Grow but not in the short timeframe achieved as a result of being part of the programme. The early financial support received was deemed essential to the rapid growth of the business. In terms of unintended outcomes, the respondent noted that the programme had been very useful for marketing. Their local representative put them in touch with someone to help market the business on social media; a strategy which they employ commonly now to access new markets.

When asked if they could think of any improvements, the respondent replied saying they didn’t think so, noting “we’ve had a great deal of support; when we’ve asked, it’s been there, and we’ll continue to use the service” and throughout emphasised their experience with the service had been “outstanding”. A closing comment from the respondent noted that they felt the service needed to be more widely advertised that more could avail of it in their businesses.

In the 3 and a half years since the company started trading, growth in employment and turnover has been significant and despite the Covid-19 crisis, the respondents confidence in the business further evidences its viability. Start and Grow is reported to have been vital for this rapid and continuing success, with the respondent keen to avail of the services as long as they are available.

6.2.3 Case Study 8

This company, working in the hospitality sector, is based in the North East of England. The company began trading in 2016, roughly the same time as first accessing Start and Grow services. They discovered the Programme via their business support company. The company had accessed financial support from friends and family before joining Start and Grow but did not require further external assistance before Covid-19 occurred and have since accessed UK Government grant support for businesses. When the company was originally set up, they relied on friends and family “to help out with deliveries and food prep” alongside the two directors, however they have now employed 9 people of the company. The company has reported an overall turnover increase of 115% since joining the Start and Grow programme. For 20/21, the respondent stated that they are expecting to continue to grow their turnover despite initial concerns regarding Covid-19 and were particularly grateful for the Eat Out to Help Out scheme.

The company has accessed advice regarding business planning and financial advice throughout the Programme from their adviser. It was through this advice when drafting their business plan that they were successful in receiving a loan from their business support service. Their advisor was also useful for signposting to other areas such as financial grants and loans available (within the support service) to them. They were very satisfied by how accessible, effective and relevant this support was. The respondent noted that they were originally assigned a different advisor, however the directors of the company had previous experience with the one that was eventually assigned to them and were grateful of this. The respondent also attended some masterclass training; however the respondent found the accessibility of these to be limited (due to now operating a 7-day schedule) but would have liked to have attended more. The respondent noted that their one-to-one advisor was on-hand at any time and would often “pop in for a chat” if he was in the local area.

The respondent believes that they probably would have achieved some of their business objectives without the support, but not as quickly. They state that they have used the advice they have received to become a much more successful company, particularly in the export market. The respondent did not note any unintended benefits of their involvement with the Start and Grow programme, although they noted that the support that they did receive was of higher quality than expected.

The respondent could not think of anything that could be improved about the programme and expressed gratitude for being a part of Start and Grow.

The company accessed Start and Grow services from the point that began trading, at which it was still receiving family and friends support in food preparation and delivery. 5 years on, it employs 9 people and turnover has increased 115%. The respondent attributes the rapid success of the company to their participation in the programme, with advice in the export market particularly key to their growth.

6.2.4 Case Study 9

This company, working in the private healthcare sector, is based in the North East of England. The company had been registered in March 2015, a few months prior to accessing Start and Grow services and were referred via a bank they had attempted to seek funding from. During their first year of operations, the company had 5 FTE employees. Now, the company employ 70 people. The company reported turnover of less than £100,000 in the first year of operations but has since grown to £800,000 in 19/20 (Year 4). For 20/21, the respondent stated that they are aiming to reach £1,000,000 in turnover.

The company has accessed funding and application advice, and were very pleased with how accessible, effective and relevant this support was. The respondent noted that their advisor was quick to respond to any queries and that, whenever they needed to explain something about their company (or the sector), the advisor was able to understand everything and give relevant advice. The company also accessed some masterclass training (reporting to HMRC, cashflow and negotiation skills) which they also found useful, however the respondent noted that they were unable to attend as many masterclasses as they would have liked due to unavailability. The company are also appreciative of the business networks they have become part of as a result of taking part of the Start and Grow programme, with the respondent claiming that they would have “existed in a vacuum” otherwise. Overall, the respondent found the one-to-one sessions with financial advice to be more useful than the masterclasses but still appreciated what they had learned.

The respondent believes that they would have achieved their business objectives without the support, however it would have taken much longer to achieve these without it. They noted that, because of the support, they were able to grow massively over a relatively small period of time. The respondent states the only thing the Start and Grow programme could improve is in their marketing, as they had only heard about the programme via a referral from the bank.

The company has seen significant increases in employment and turnover since accessing the services, with a 1,400% increase in employment and over 800% increase in turnover since accessing Start and Grow services. The speed in which these business aims were achieved is attributed as an impact of participation in the programme.

6.2.5 Case Study 10

This company, working in the hospitality sector, is based in the North East of England. The company began trading 2015, a few months prior to accessing Start and Grow services and discovered the Programme through online searches. The company had not accessed other support before joining the Programme, however, has since accessed other entrepreneurial support programmes since joining. The company has consistently employed 1 FTE (2 part-time employees) throughout the Start and Grow programme. The company has reported fluctuating turnovers between £20,000 and £40,000 with an annual turnover of £34,000 in 19/20 (Year 4). For 20/21, the respondent stated that they are expecting to grow their turnover marginally despite initial concerns regarding Covid-19.

The company has accessed advice regarding the appropriate routes to market, business planning and were offered general advice throughout the Programme from their adviser. They were very pleased with how accessible, effective and relevant this support was. The respondent noted that their advisor was able to understand their sector and position of the company within the market well and was able to give appropriate and easily understandable advice. The company also accessed some masterclass training (business strategy, marketing and logistics) which the respondent also found useful. The respondent is also grateful for the business networking opportunities and informal contact with other businesses through the masterclasses they attended. Through these connections, the company has received private investment from the director of another local company. Overall, the respondent found the masterclasses to be slightly more effective than the one-to-one advice due to the combined impact of networking and learning, however still found the advice from their advisor to be incredibly important.

The respondent believes that they probably would not have achieved their business objectives without the support, as they considered all business advice and support that they received as a result of Start and Grow to be extremely useful in guiding their overall strategy. They considered the indirect contact and networking opportunities with other local businesses to be an unintended benefit of their involvement with the Start and Grow programme.

Due to the quality of support received, the respondent stated that they have recommended their business support organisation to any friends or family that have “the seed of an idea” in the hope that they are able to develop their own business effectively.

This company has accessed Start and Grow services from close to when it began trading. It has not increased its employment levels but has managed to attain a steady annual turnover, and despite Covid-19, project growth for 20/21. The respondent cites the impact of the programme as the key factor in achieving the business outcomes and success. Start and Grow were able to offer relevant and impactful advice as well as opportunities for networking to allow a viable business to develop.

6.3 Summary

Of the case studies presented, all were supportive of the programme and reported positively on their experiences. Across the 10 case studies, only one felt that the programme had little bearing on their company's outcomes. Five companies responded that their business goals would have been met, but that the Start and Grow programme allowed these goals to be met in a much faster time period that would have otherwise been possible. Four responded stating that their business goals would not have been possible, or only some would have been possible, without the help of the programme.

With regard to the potential improvements to the services offered, three respondents offered comment, citing specific financial training, sector-specific advice and increased follow-up as potential areas of further support. Two further

respondents suggested that improvement was needed only in the marketing of the programme so that more potential start-ups could avail of the services on offer.

Aspects of the services offered that received particular praise included the business-knowledge and networks made available through the local advisor, with six respondents specifically highlighting this aspect of the service. The local advisor was viewed as always accessible and willing to help. The pre-start up support was also deemed a significant part of the Start and Grow offering, with most finding this service beneficial.

Therefore, on balance, the case studies demonstrate the positive impacts of the programme, particularly in relation to the pre-start support and the quality of local advice offered. It should be noted that the selected case studies are not necessarily representative of the wider client population, however, have been selected to provide qualitative information to illustrate the impact of the programme on those individual businesses.

7. SWOT ANALYSIS

This section presents a SWOT analysis of the programme, based upon the key findings from participant surveys, case studies and stakeholder consultations.

Key Strengths

The amount of support that could be given to a client was a strength of the project. An advisor could work one-to-one with a client and deliver specifically what the client wanted or needed. The level of one-to-one contact meant that there was feedback to help the service be adapted to new clients. Furthermore, the length of support available to businesses, over a 3-year period, was a key advantage over other programmes.

The extended term of support was valued by the right type of client – the support was not suitable for “lifestyle” businesses without potential to grow. The 3-year term was unique to Start and Grow. Furthermore, support at different stages of a business life cycle was important i.e. pre-start and post start, enabling delivery partners to become trusted advisors to the businesses.

The service was available in many areas of the country, despite the constraints on geography. Altering the programme to permit 10% of outputs to come from outside RGF areas increased the coverage. Furthermore, a business in an RGF area may hire commuters from neighbouring districts, spreading the benefits from employment centres to more rural areas.

From BEIS’ perspective, effective processes and procedures were in place together with mechanisms to ensure consistency in the quality of service provided by the different partners.

Positive client feedback to programme delivery agents suggests that that support has made a real difference and is highly valued.

Satisfied clients were reported to be spreading the word on Start and Grow themselves, making themselves into public case studies. This is particularly effective for Start and Grow as the support was distinctively intensive and the programme was not centrally marketed.

Key Weaknesses

The design of the programme was resource-intensive relative to other Regional Growth Fund programmes as it dealt with a large number of small clients.

The CRM system was a hindrance due to the requirements to provide verification of outputs.

The £100 fee was identified as a weakness in that it could prove to be an obstacle to recruitment in some instances.

As companies were being targeted for growth potential, there was a chance that they would have achieved jobs growth and leverage without the support; as a result, the additionality of the programme may be low. However, this is difficult to assess (refer to the assessment of the counterfactual).

The initial constraints from BEIS on the programme made it hard to find clients, although those constraints were subsequently relaxed somewhat. Even so, delivery partners still experienced difficulties in finding clients in most areas – a national marketing budget may have alleviated this to an extent (whether delivered by BEIS or Cavendish Enterprise centrally).

Some clients reported problems in accessing help through the scheme. Some failed to recognise the Start and Grow branding, although they did recognise their mentors and delivery organisations.

A structure whereby there is a fixed period for finding new clients was found to be limiting, particularly given that knowledge of the scheme was spreading, relationships with private sector referrers developing, and case studies of successful businesses were becoming available and could have been used to attract new participants.

Opportunities

The business networks developed by participants were found to be effective and could be sustained, whether formally or informally, beyond the end of the programme.

There are opportunities to be had from economic shocks such as Brexit and the outbreak of Covid-19 – people may be willing to take a risk and start a business in response, although the external economic conditions have made risk-taking less attractive.

Several businesses asked for more sector-specific help and felt the advisors did not fully understand particular industries. Augmentation of sector specific knowledge / expertise in future support programmes would provide further opportunities to add value.

The outbreak of Covid-19 has resulted in a move towards remote delivery of support. This was found to be an effective method of engaging with businesses and participants on the programme were receptive to this approach. This provides an opportunity to potentially increase the catchment area of programmes such as Start and Grow and to reduce the requirement for advisors / participants to travel.

Threats

Future funding for a programme such as Start and Grow. Given the uncertainty surrounding Brexit, funds similar to the ERDF may not be available in the future and this is dependent upon the Government's proposals to replace these funding streams.

A key RGF requirement is that jobs are to be monitored and maintained for a minimum period of 3 years. Non-delivery of the jobs and PSL KPIs could trigger the grant claw back and needs to be monitored.

Key partners are crucial to marketing and referrals (e.g. Start-Up Loans) – if delivery partners were to lose their relationships with these key partners that would be a huge threat to the potential recruitment and effectiveness of future programmes.

8. CONCLUSIONS AND RECOMMENDATIONS

This section draws together the key findings from the consultations with programme management and delivery staff, analysis of the management information on KPIs, and the survey research with participating businesses and the comparison group. The intention of this section is to highlight areas the key findings and recommendations that Cavendish Enterprise can utilise to inform the design and / or improve the effectiveness of future business support programmes.

8.1 Key Findings

The programme has supported the creation of 1,619 new businesses, created 4,821 additional FTE jobs and secured £49.0 million private sector investment, surpassing their respective programme targets:

- Jobs Created – target has been exceeded (124%); and
- Leverage – target has been exceeded (100.0%).

These KPIs were exceeded despite the programme not achieving the KPIs in relation to recruitment. This suggests a stronger performance per business than projected at the outset of the programme.

Regional performance differs markedly, with the South West, North-East and East of England regions consistently producing the strongest and earliest outputs. The East of England region was the best performing region in relation to leverage of private sector funding (33% of total leverage secured) as they were particularly successful with one case.

A key success of the programme has been its impact on the business survival rates of programme beneficiaries, with the participants of Start and Grow recording higher survival rates on average when compared to the national average and the average for other deprived areas. As highlighted in Table 9.1, businesses supported through the Start and Grow programme were more likely to survive at 12, 24 and 36 months, with the exception of 12 months compared to a deprived area. The percentage of businesses surviving to 36 months is 8.1% higher than the national average, which suggests that the programme has been effective in ensuring that businesses continue to grow.

Table 9.1: Business Survival Rates

	Start and Grow Participants	National Average (England)	Deprived Areas Average (England)
Survived at least 12 months	91.5%	90.7%	92.5%
Survived at least 24 months	78.3%	72.1%	74.1%
Survived at least 36 months	63.8%	55.7%	59.1%

This clearly evidences the success of the programme. Survival rates of 6.2% and 8.1% above national average after two years and three years respectively demonstrates the added value of the programme in ensuring businesses survive and thrive.

The following salient points should be noted in relation to VfM:

- at a programme level, the Start and Grow programme has achieved an FTE per business average of 3.0;
- the programme has also exceeded the target for average leverage per business (£30,255);
- regionally, the VfM findings present a mixed picture:

- in relation to FTEs per business, four of the nine regions exceed the target of 3.0 per business; however
- in relation to leverage secured, seven of the nine regions exceed the target of £17,500 per business.

The total GVA created through the programme is estimated to be c. £29.900 million. When supply chain impacts are also considered, the total employment impact is estimated to be 3,519 job-years and the GVA impact is estimated to be £51.726 million. This, along with the regional breakdown below, shows the size and reach of the programme and its impact on the wider economy in addition to those directly accessing its support.

Table 9.2: Total impacts (direct programme impacts and supply chain impacts)

	E	EM	L	NE	NW	SE	SW	WM	Y&H
Employment	469	272	245	793	568	223	715	67	168
GVA (£ million)	£7.0	£3.5	£6.4	£9.7	£8.2	£3.7	£10.1	£0.9	£2.2

Stakeholder consultation revealed that:

- it is perceived that service quality levels and continuity is enhanced by direct delivery when compared to sub-contractors;
- building on/ rolling out some of the mechanisms and good practice in place to maintain business engagement and relationships beyond the programme i.e. formal / informal business networks would provide a relatively low-cost mechanism to maintain business contact and deliver business benefits;
- online / remote delivery should be considered for delivery of support; and
- facilitating the submission of electronic documents for providing evidence would mitigate against current constraints in evidence gathering.

The analysis of surveys undertaken with programme participants since 2016 highlighted that nearly three fifths of the participants (58% on average) said they had seen or were likely to see improvements in their business outcomes since their participation in Start and Grow. The business performance measures which had already improved or were likely to improve in the future included increased profits (73% on average); increased productivity (72% on average) increased overall value of the company (72% on average); increased employment (72% on average) and increased sales (71% on average).

It should be noted that, every aspect of business performance measures improved year-on-year. The largest difference was in relation to winning contracts from new markets. In Year 1 (2016), 38% claimed this had improved or expected it to improve since participating in Start and Grow. By Year 4 (2019), this had increased to 82%.

Further considerations to be noted:

- the programme appears to be an effective form of support for people aiming to start high-growth businesses and has a specific and unique market “niche” to exploit. As a result of this, the people targeted by the support can be hard to find;
- as companies are being targeted for growth potential rather than need, there is a chance that they may have grown successfully anyway and as a result the additionality of the programme may be low. However, our survey finds that a significant number of businesses continue to state they would not have achieved business outcomes

on the same timescale, and one eighth of respondents had achieved unexpected business outcomes such as access to further funding and networking opportunities;

- the review of best practice shows that Start and Grow encapsulated many of the principles that are associated with a successful ‘business advice and mentoring’ programme. Sustained engagement is viewed as important, and ongoing evaluation will test how effective the long-term support will be; and
- improvements suggested by businesses include better access to mentors (in some cases), sector-specific advice from experts in their own industries, different tiers of support for “traditional” and “high-risk” businesses and facilitated networking between Start and Grow companies in similar or complementary fields. The importance of business-to-business networking within the pool of supported companies in a large-scale, regionally-organised programme is also highlighted in the review of best practice.

A counterfactual impact assessment was carried out through a data matching exercise to compare the performance of Start and Grow beneficiaries with a control group and to provide further information on the additionality of impacts. However, the results at this stage were inconclusive as: (1) given that the Start and Grow beneficiaries are start-ups, many of the beneficiaries do not appear on the ONS BSD and only c. 45% of beneficiaries were able to be matched; and, (2) due to the lags in the BSD, it is difficult to undertake rigorous econometric analysis for a treatment period so close to the available outcome period.

8.2 Recommendations

We present our recommendations to inform the design of future business support programmes, drawing upon the primary and desk research undertaken since 2016 and the review of policy and best practice in other interventions.



Management and feedback: the management structure of Cavendish Enterprise and Start and Grow offered the individual delivery partners the latitude they needed to exploit local opportunities and develop their own customised service offerings, which was a key strength of the programme. The lessons learned from this approach should inform the development of management and governance of future programmes, particularly in relation to the flexibility afforded to delivery partners to affect outcomes locally and become the ‘trusted advisor’ that businesses value.



Marketing: issues have been identified in relation to the marketing of the scheme and it is recommended that an increased provision of resources / funding is allocated to future programmes at the outset, with a specific budget allocated to fund the marketing activity of delivery partners.



Monitoring and engagement: the low response rates experienced for the business surveys undertaken since 2016 are indicative of the feedback that has been received from delivery partners, highlighting that there are difficulties with engagement and a feeling of “survey fatigue” and an onerous administrative burden associated with the programme. It appears that in some instances, businesses that are still engaged in the programme and those that have disengaged with the support are unwilling to provide monitoring data or participate in the ongoing evaluations. The Board, in consultation with BEIS and the programme delivery partners, should consider a less demanding approach to the monitoring and evidencing of outputs to support detailed evaluation.



Targets / KPIs: consultation with the Board and the delivery partners highlighted that there were conflicts in some of the targets identified for the programme, particularly in relation to the number of businesses recruited. There was a focus on achieving the number of businesses enrolled on the programme, which may have negatively impacted the value for money of the programme as the job creation potential (within the evaluation period) was lower for the businesses recruited later in the programme. For future programmes, consideration should be given to developing complementary targets that seek to maximise delivery of impacts and, therefore, value for money by focussing on the potential beneficiaries that are best suited to the programme. In essence, KPIs should target the quality of impacts and outputs delivered, with less emphasis on quantity of outputs.



Evaluation approach: the evaluation has experienced deteriorating response rates from programme beneficiaries, partially as a result of “survey fatigue”. In future programmes, the appropriateness and proportionality of evaluation requirements should be aligned with the spending associated with the programme to ensure that the commitment required from beneficiaries and delivery partners is pragmatic and feasible. This will help to improve the quality of the evaluation that can be produced.



Service provision: business surveys confirmed that one-to-one sessions were valued more than any other form of business support. Particularly useful topics for developing sessions around were business planning, sales and marketing, financial proposals / signposting, and legal matters. Leadership and management development were not so highly rated, however, there is a lag between growth in employment and the demand for effective leadership and management and the evidence on best practice suggests that they are crucial for small businesses. Flexibility is also required as a number of the survey respondents and consultations with delivery partners indicated that ongoing access to mentors was a key strength of the programme as mentors took on a role of a strategic advisor. Furthermore, the outbreak of Covid-19 and the growing prevalence of remote service delivery has highlighted that this is a viable route that clients are becoming more accepting of. Research on the effectiveness of this approach should be undertaken, and if it is found to maintain the effectiveness of face-to-face delivery, this should be incorporated into future programme delivery.



Networking: networking was an active ingredient in the Start and Grow programme, but the evidence from other business support programmes is that it can be of great value to build client networking into a self-sustaining community which is a constant source of advice and motivation to the businesses that will have gone through the programme. This was reflected in the findings of the participant surveys, case studies and consultations. This should feature in future support programmes and the networks established through Start and Grow should be maintained / facilitated, either formally with the support of business partners, or informally by the businesses themselves.

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