Evaluation of Business Link in the East Midlands Between 2007/08 and 2009/10

A report prepared for *emda*

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Report for the East Midlands Development Agency

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East Midlands Development Agency (*emda*) commissioned Ecorys (formerly ECOTEC Research and Consulting) in January 2009 to undertake an evaluation of its Business Link Service since April 2007.

Evaluation Context

This Final Evaluation follows the Interim Evaluation, completed in March 2009. This explored the main impacts and achievements of activities delivered through the service between April 2007 and January 2009, and whether the benefits originally identified in the justification for a single regional Business Link provider had been realised. Its evidence helped to inform *emda's* decision to extend the delivery contract of East Midlands Business (EMB) for a further two years beyond March 2010.

This Final Evaluation has explored the principal impacts and achievements of the service over the period April 2007 to March 2010, both in terms of the success of the support provided to trading entities and the success of the start-up support activities.

The evaluation has had three principal areas of focus:

- The net economic impacts on the East Midlands region, particularly in terms of jobs and Gross Value Added (GVA) created.
- The Strategic Added Value (SAV) achieved.
- Potential lessons that can be learned for the future of Business Link services and their delivery.

Study Approach

The study approach has involved:

- A review of relevant documentation.
- A review of monitoring data covering key outputs and expenditure.
- A review of the quarterly Customer Satisfaction Surveys and Mystery Shopping Surveys carried out on behalf of Business Link since March 2009.

- Telephone interviews with 698 users of the Business Link service (including 502 trading entities and 196 users of the start-up service) as well as a control group of 350 non-users.

- Detailed case studies of ten beneficiaries.

- A range of supporting analysis.

Following guidance from the Department for Business, Innovation and Skills (BIS), the planned programmes of stakeholder consultations and SAV case studies were not taken forward.

Key Findings

Outputs and Expenditure

- The Business Link service delivered within budget during each financial year. The proportion of expenditure devoted to front line delivery staff has also increased since 2007/08, suggesting that the service is achieving one of its original objectives of increasing the level of front line delivery.

- The success of the programme in achieving higher levels of front line delivery is also reflected in the overachievement against target of core outputs during both the 2008/09 and 2009/10 financial years.

- Reflecting the increases in efficiency and higher outputs generated than originally anticipated, the Business Link service has achieved its business assist outputs at lower unit cost than national benchmark figures.

Customer Satisfaction

The findings of the Customer Satisfaction and Mystery Shopping Surveys indicate that customer satisfaction levels were high, generally around the 90% mark (which was the initial target for customer satisfaction).

- On a sub-regional basis, the highest levels of satisfaction were reported in Leicestershire and Derbyshire.

- Satisfaction levels were higher for the intensive support, skills based support, and events provided through Business Link during the 2009/10 financial year.

- Satisfaction rates for the enquiry responses exceeded 84% in each sub-region during each quarter of the 2009/10 financial year.

- The likelihood of re-using the Business Link Service amongst customers is high.

- The vast majority of Business Link customers also indicate that they would recommend the services to colleagues.

Beneficiary Feedback

The key findings from the consultations with trading entities using the support services were that:

- The information and advice service and seminars delivered through the Business Link service have been successful in meeting the needs of more than half of the businesses. Support delivered through advisors was also successful in meeting their needs, with more than half indicating that advisors had understood the needs of the business "very well". Seven in ten users thought that the support could not have been improved in any way.

- Trading entities are generally satisfied with the customer journey and referral process between different levels of support. 85% of trading entities did not feel that this process could have been improved in any way.

- More than half of the businesses supported had made an improvement to their business at the time of reporting, with those receiving more in-depth support more likely to report improvements. The most common types of improvements involved marketing and management processes. Many beneficiaries report a range of impacts, with 48.2% witnessing increases in sales and 42.8% seeing increases in productivity.

The consultations with users of the start-up support services also indicated that:

- The start-up service has largely been successful in meeting the needs of users, with both the Information and Advice provision and seminars meeting either all or most the needs of more than two in three users. Almost nine in ten beneficiaries of this support thought that the advisor understood their individual needs either "very well" or "well".

- The customer journey process has again met the needs of the pre-starts, with three in four recipients indicating that they were either "very satisfied" or "fairly satisfied" with the referral process.

- The start-up support services have helped beneficiaries to improve their understanding on how to start a business and the most appropriate structure for their business. 21.9% of respondents indicated that they have already started a business.

Economic Impacts Generated for the East Midlands Economy

The net impacts on support for trading entities are summarised in Table i (below).

Table i Net additional impacts on the East Midlands economy generated through support schemes targeted at trading entities

	Net additional jobs created	Net additional jobs safeguarded	Net additional created or safeguarded GVA (£m per annum)
Level 1	5,100	2,700	228.3
Level 2	300	0	4.4
Level 3	8,700	800	276.4
Total	**14,100**	**3,500**	**510.4**

Source: ECOTEC analysis (2010)

The survey also suggests the potential of 14,400 jobs and £309 million in GVA per annum from businesses making improvements over the next 12 months.

It needs to be noted that the control group analysis does not find a strong link between the receipt of support and business performance. The estimates of potential future impacts are also subject to particular uncertainty.

The net additional impacts of the start-up support services, as suggested by the survey evidence, are set out in Table ii (below).

Table ii Net additional impacts generated through start-up support

	Jobs created (excluding business owners)	GVA created (£m, per annum)
Gross additional impact	1,500	56.8
Leakage	0.00	0.09
Displacement	0.56	0.56
Multiplier	1.41	1.41
Net additional impact	946	32.0

Source: ECOTEC analysis (2010)

The survey suggests that the pre-start programme will have a net additional potential impact of 1,500 jobs and £51m GVA per annum through businesses established over the next 12 months. However, there is no guarantee that such plans will actually go ahead so, again, such estimates should be treated with caution.

Strategic Added Value

The Business Link programme achieved Strategic Added Value in the following areas:

- *Strategic influence and catalyst* –delivery through a single regional provider has helped ensure a more consistent service across the region. The detailed diagnostic process has played a key role in achieving high customer satisfaction levels.

- *Leverage* – elements of the Business Link service have been successful in securing leverage from other public and private sector sources. For example, the programme has been successful in levering in some £4.2 million of European Regional Development Funding (ERDF) funding and £1 million from the private sector.

- *Synergy* – Business Link has developed strong working relationships with the MAS East Midlands programme. A Memorandum of Understanding has also been developed between Business Link and the iNets. The introduction of the Regional IT platform, the Regional Business Support Information System (RBSIS) has helped to facilitate the cross-referral process between business support programmes.

- *Engagement* – Business Link has successfully engaged the private sector in the design of its activities.

- *Innovation* – the introduction of the Learning Academy has ensured that all advisors are trained to obtain the Institute of Learning and Development Level 5 Diploma (ILM Level 5). The RBSIS system was also a forerunner within the RDA 'family'.

Conclusions

Achievement of Objectives

The service in the East Midlands has achieved its key objectives (see Table iii).

Table iii Realisation of Anticipated Benefits

Anticipated Benefit	Achievement
More front line support available and improved local delivery as a result of diverting funding from "back office" activities.	The proportion of the Business Link budget spent on back office costs has decreased as the scheme has evolved. Expenditure patterns show an increasing focus on front line functions, with staff salary costs and staff training forming an increasing proportion of total expenditure.
Improved quality and consistency of the customer offer as a result of a single, focused management team supported by a dedicated IT Platform.	This has been achieved, with customer satisfaction rates consistently around the 90% level since April 2007. The appointment of EMB as the single managing agent for the service has helped to ensure the delivery of high quality consistent services.
Customers and partners able to more easily engage with, and influence the development of, the service through working with a single regional management team rather than the previous five county-based teams.	Partner organisations have developed successful working relationships with the pan-regional Business Link, with evidence of cross-referrals taking place between different support programmes. *Emda* held an extensive consultation process to shape the development of the new pan-regional Business Link service, and the public and private sector bodies were able to influence its development.
The delivery of IDB services under the Business Link brand made more responsive to the needs of businesses.	The stakeholder consultations for the Interim Evaluations and Business Link Customer Satisfaction Services indicate that the IDB service is meeting the needs of businesses, with satisfaction rates consistently around the 90% mark.
The Regional IT Platform (RBSIS) improving the accessibility of IDB Business Support in the region, as well as in terms of access to relevant information for business customers.	The development of the Regional IT platform is one of the most innovative elements of the Business Link service, in that it provides a significant level of information on the business support services available in the region. The Service Provider Register also extracts a minimum of three records to assist business advisors in finding appropriate service providers for client businesses.
More rigorous training of Business Advisers.	The development of the Learning Academy and the compulsory training programmes for Business Link advisors in the region (giving Institute of Learning and Development Level 5 Diploma - ILM Level 5) has been instrumental in the high levels of customer satisfaction.
Quality assurance of a single provider leading to better advice being provided to businesses.	The Customer Satisfaction Surveys and beneficiary surveys demonstrate a high quality consistent offer of support relevant to businesses' individual needs.

Anticipated Benefit	Achievement
Other business support services have become more closely aligned with the Business Link brand.	The region's other key business support services have become more closely aligned with the Business Link brand. One of the key determining factors has been that EMB has also delivered the Train to Gain and UKTI programmes.
Better partnership working with other business service providers.	Levels of partnership working between Business Link and other business support programmes have increased since the inception of the new Business Link delivery model.

Source: Ecorys Analysis (2010)

Value for Money

The Business Link Service in the East Midlands has achieved strong value for money:

- *Economy* – The development of a pan-regional Business Link service has enabled *emda* to achieve savings of more than £1 million per year with an increasing proportion of expenditure allocated towards front-line delivery.

- *Efficiency* – Outputs for business assists have been achieved at considerably lower unit costs than the national benchmark guide, which suggests strong value for money from an efficiency standpoint.

- *Effectiveness* – the effectiveness of the Business Link service in the East Midlands is highlighted by the high returns on investment recorded. Allowing for 'persistence' effects, the total GVA that can be attributed to Business Link support services is estimated at £2.4 billion (rising to £3.8 billion if anticipated future impacts are factored in). Each £1 of *emda* expenditure on services targeted at trading entities may have generated £88 in net additional GVA (this increases to £138 if anticipated future impacts are also considered). This is significantly higher than the reported average return on investment for business support programmes in England as a whole (£12 for every £1 of public sector expenditure).

  It is estimated that the start-up support provision has generated £122 million in net additional GVA (rising to £306.9 million if anticipated future impacts are factored in). This indicates that each £1 of *emda* investment on the start-up support services has generated nearly £19 in net additional GVA (this increases to £47 per £1 of *emda* investment if anticipated future impacts are included in the analysis).

Future Implications of Study Findings

New government policies may lead to changes in the scale, badging and delivery of business support services. However, the research process has identified a number of potential issues for the future delivery of Business Link services in the East Midlands.

- Further consideration could usefully be given towards potential ways in which follow-on support could be improved after that provided by Business Link is completed.

- Following the completion of the diagnostic process, it is important that all businesses and individuals are provided with as much information as possible on the core competencies of the advisors.

- Consideration should be given to potential methods of improving the marketing of Business Link services to help improve its effectiveness in reaching new businesses and individuals.

- In the future, the service will need to increase levels of engagement with local authorities across the region to help ensure that support services reflect the needs of all localities.

- Linkages between Business Link and other prominent business support programmes within the East Midlands need to be maintained and enhanced.

- The range of services delivered through Business Link will need to evolve to reflect changes which emerge in the national economic context.

1.0 Introduction

East Midlands Development Agency (*emda*) commissioned Ecorys (formerly ECOTEC Research and Consulting) in January 2009 to undertake an evaluation of its Business Link Service since April 2007.

1.1 Study Context

This Final Evaluation follows the Interim Evaluation of the service, which was completed in March 2009. This explored the main impacts and achievements of activities delivered through the Business Link service in the East Midlands between April 2007 and January 2009. It also explored whether the benefits originally identified in the justification for a single regional Business Link provider had been realised, and evidence of the impacts generated for the wider East Midlands economy. The evidence provided in the Interim Evaluation report also helped to inform *emda's* decision to extend East Midlands Business' (EMB) contract for delivering the Business Link service for a further two years beyond March 2010.

Following on from the Interim Evaluation, the Final Evaluation has explored the principal impacts and achievements of the Business Link in the East Midlands service between April 2007 and March 2010. The evaluation has focused on the level of success of the Information, Diagnostic and Brokerage (IDB) Business Link model within the region over the period, and economic impacts generated by the Business Link service in the East Midlands. It has also placed an emphasis on evaluating the success of the start up support activities delivered through the Business Link model.

It is noted that a single provider was appointed to deliver the start up service from April 2010 onwards; however, it has not been within the remit of this evaluation to measure the achievements generated by this single provider (as it falls outside the Business Link delivery period that is being evaluated).

1.2 Analytical Framework

The analytical framework for this evaluation has followed the logic chain approach detailed in Figure 1.1 (below). This logic chain, developed during the Interim Evaluation, traces the causal mechanisms through which Business Link activities and their associated outputs are expected to impact on the regional economy.

The logic chain highlights in schematic form the main potential stages of the 'customer journey' through the available support programmes, the linkage to the various service performance measures and the analytical steps in estimating the net impacts of the outputs delivered through Business Link.

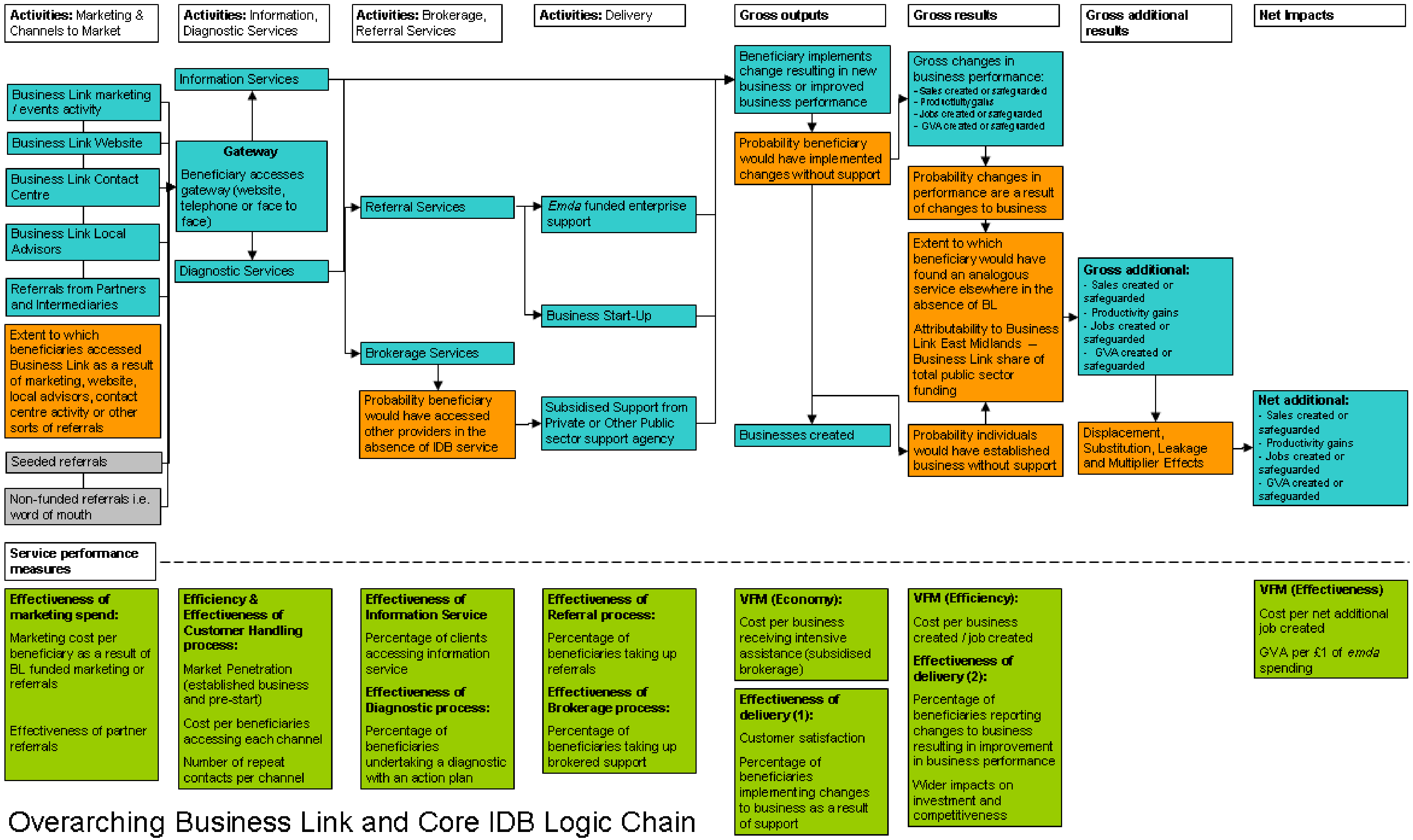
Business Link services have been intended to generate impacts in a number of ways. Beneficiaries enter the Business Link service via the Gateway, from a range of marketing channels, including face to face contact with advisors, telephone contact centres handling in and out bound calls, events, websites and referrals. On reaching the Gateway, there are four potential routes for a beneficiary through the service:

- **Information:** Provision of information relevant to beneficiary enquiries may be sufficient to meet the needs of the business.

- **Diagnostic:** A beneficiary business or individual may move to a diagnostic assessment that leads to an action plan where the provision of information is insufficient.

- **Brokerage / Referrals:** The action plan may identify needs that require support from a specialist advisor, at which point the following services can be brokered to the beneficiary:
  - ► **Referrals:** A start up or business may be referred to one of Agency's support initiatives;
  - ► **Brokerage:** A business or start-up may be brokered to another public or private sector provider.

Figure 1.1 Overarching Business Link and Core IDB Logic Chain



In line with the logic chain approach, three core issues have been analysed throughout the Final Evaluation (in line with Impact Evaluation Framework[1] compliance criteria):

- The economic impact for the East Midlands region that can be attributed to Business Link activities between April 2007 and March 2010. This approach involved identifying the gross economic impacts of the Business Link service, and factors in deadweight, leakage, displacement and multiplier effects (plus an attribution of impacts between Business Link services and other publicly funded elements of the "customer journey") to calculate the net economic impacts of the Business Link service, in terms of net additional jobs and GVA created. A fuller description of the approach is included in Annex Three.

- The nature and scope of the Strategic Added Value achieved by the Business Link service in the East Midlands between April 2007 and March 2010. The Interim Evaluation explored the success of the IDB model relative to the model that was adopted prior to April 2007, and whether the original anticipated benefits of the IDB model were being realised. The Final Evaluation has explored the success of Business Link in the East Midlands in realising these benefits over the three-year period, with particular regard to:

  - ► The level of front line support being offered;
  - ► The quality and consistency of support being provided across the region, through EMB acting as the managing agent;
  - ► The extent to which customers have been able to shape the Business Link service;
  - ► The success of the IDB model in responding to the needs of East Midlands businesses over the three year period;
  - ► Alignment of the Business Link service with other support services in the region (e.g. Manufacturing Advisory Service and UKTI services).

  The extent to which the Final Evaluation has been able to focus on the Strategic Added Value achieved by Business Link in the East Midlands has been lower than originally anticipated. This is because the stakeholder consultation stage of the research was abandoned, based on guidance from the Department for Business, Innovation and Skills (BIS), which indicated that the policies of the new Coalition Government on regional economic development may influence the responses of consultees. As a result, the report contains an assessment of Strategic Added Value, which is essentially derived

[1] DTI (2006), "Evaluating the Impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework"

from the stakeholder consultations undertaken for the Interim Evaluation and the survey evidence.

- Potential lessons that can be learned for the future delivery of Business Link services within the East Midlands, both in terms of types of services being delivered, and the nature of delivery mechanisms.

1.3 Study Approach

In order to meet the objectives of the evaluation, the study approach consisted of both desk research and consultations. The desk research entailed:

- A review of the key documentation produced through the Business Link programme detailing the programme deliverables. This includes Business Link Delivery Plans.

- A review of the key strategic policy documents produced since the completion of the Interim Evaluation, particularly the Solutions for Business Products, which were published by the Department for Business, Innovation and Skills (BIS) in 2009[2].

- A review of the monitoring returns which indicate the key outputs and expenditure levels generated by the Business Link service in relation to its targets and budgets.

- A review of the quarterly Customer Satisfaction Surveys and Mystery Shopping Surveys carried out on behalf of Business Link since March 2009.

Consultations were also carried out with beneficiaries as follows:

- Telephone interviews with 698 users of the Business Link service (including 502 trading entities and 196 users of the start-up service)[3]. Telephone interviews were also held with a control group of 350 non-users to provide the basis for an analysis of the differences in company performance between those businesses that had accessed Business Link support and those that had not. It should be noted that the response rates which were achieved (as a proportion of the total number of individuals contacted in the first instance) were 21% for the trading entities, 37% for the pre-starts and 20%

[2] Department for Business, Innovation and Skills (2009), "Solutions for Business Funded by Government: Government Funded Business Support"

[3] The original target was to interview 555 trading entities; however, the finite timescale for undertaking the interviews (5 weeks) resulted in the total target for completed interviews for those receiving Level One support not being achieved.

for the control group. The questionnaires used for the interviews are included in Annex One.

The sample frames for both the trading entities and pre-starts were agreed between Ecorys and *emda* at the Inception Meeting, and were intended to be representative of the beneficiary 'populations' in terms of:

- ► The level of interaction with Business Link;
- ► The number of interactions with Business Link;
- ► Quarter in which the business accessed support;
- ► Geographical sub-region;
- ► Economic Sector;
- ► Size;
- ► Age of business.

Annex Two provides a full breakdown of the sample frames for each of the three surveys.

- Follow-up consultations were undertaken with ten beneficiaries to facilitate the development of case studies on the different ways in which Business Link services have impacted on existing businesses, and how they have led to the creation of successful start-ups.

It was also envisaged that five case studies would be developed from the consultations to outline examples of the strategic added value achieved through the service. However, as indicated, in light of the election of the Coalition Government in May 2010, and subsequent changes in policies relating to regional governance structures, it was decided that, in line with BIS guidance provided to *emda,* these consultations would not take place.

1.4 The Structure of the Report

The remainder of the report is structured as follows:

- Section Two reviews the key features of the economic and policy contexts that have driven the development of the Business Link programme.

- Section Three analyses expenditure on Business Link and the outputs achieved.

- Section Four sets out the customer feedback previously provided through Business Link's Customer Satisfaction Surveys and the Mystery Shopping Surveys.

- Section Five sets out the customer feedback evidence from the trading entities.

- Section Six considers the customer feedback on the start-up services.

- Section Seven assesses the economic impacts of the start-up service delivered through Business Link.

- Section Eight assesses the economic impacts of the support services delivered to trading entities.

- Section Nine considers the Strategic Added Value achieved by the service between March 2007 and April 2010.

- Section Ten contains the principal conclusions arising from the evaluation.

The report also contains three annexes:

- Annex One contains the questionnaires used for the beneficiary surveys;

- Annex Two contains the sample frames used for the business surveys;

- Annex Three incorporates further information on the technical aspects of the economic impact analysis.

- Annex Four provides further detail on the analysis of the findings from the control group survey of non Business Link users.

2.0 The Economic and Policy Contexts

This section summarises the range of activities delivered through the Business Link East Midlands service, and some of the key economic and policy drivers that have influenced the commencement and subsequent evolution of the service.

2.1 The Business Link Service in the East Midlands

The Business Link service in the East Midlands has five over-riding aims:

- Increase the quality, accessibility and consistency of Business Link services;
- Strengthen the Business Link brand and increase awareness of business support;
- Increase the number of existing and potential businesses using business support;
- Make use of resources to ensure maximum benefit to businesses and the maximum value for money for stakeholders;
- Put the needs of the customer first at all times[4].

The Business Link service operates through an Information, Diagnostic and Brokerage (IDB) model:

- *Information* – a non-competitive channel to market all information relevant to the businesses;
- *Diagnostic and Action Planning* – analysis of client needs and brokerage to those services which are expected to have the greatest beneficial impacts;
- *Brokerage* – helping clients choose the most appropriate providers.

The IDB process seeks to encourage customers to engage in productive change through the help of third party business support services to help them identify new market or product opportunities, skills needs, and to highlight any gaps in their overall business strategy.

Through the IDB process, Business Link services are delivered through three principal levels of engagement with the businesses:

- *Level One* – basic information that is provided through customer service advisors.
- *Level Two* – engagements delivered through events and workshops, with activities managed through a central event function.

[4] East Midlands Development Agency (2009), "Business Link East Midlands Delivery Plan 2009/10

- *Level Three* – engagements delivered by business support brokers either working face-to-face, by telephone or e-mail. The brokers can deliver either a light touch one-to-one service, or more intensive support.

Within the Business Link service, there are some functions that are delivered centrally (including enquiry helpline, finance, ICT, contract management and grant administration), whilst much of the support is delivered locally (including the one-to-one business support, action planning, diagnostics and brokerage).

2.2 The Economic Context and its Evolution

To help demonstrate the need for a Business Link service in the East Midlands, it is important to consider the extent and structure of the existing business base in the region, and the extent to which this has evolved in recent years. It is also important to consider the region's performance in terms of start-up activities, as a means of demonstrating the need for the start-up service.

2.2.1 Introduction

In many respects the structure of the East Midlands economy and its performance reflect those of the UK as a whole. On the key indicator of GVA per capita, at £18,041, the East Midlands lagged behind the UK average of £20,420 by around 13% in 2008[5]. The region's relative performance in terms of this indicator worsened over the period 1998 to 2008; however, this figure is the fifth highest of all English regions and higher than the other Midlands and Northern regions. In a wider EU context the GVA per capita of the East Midlands substantially lags behind that of the leading regions but this is true to varying degrees of virtually all parts of the UK.

The RES Evidence Base[6] argues that the economy is characterised by a 'low wage, low skill, low productivity equilibrium', a diagnosis that has also been made in relation to the UK as a whole[7].

2.2.2 The East Midlands Business Base

The information on the existing business base within the East Midlands and sector trends is derived from existing published statistical sources. It should be noted that the most recent available statistics for these indicators is 2008. One of the main implications is that

[5] http://www.statistics.gov.uk/cci/nugget.asp?id=2282
[6] The East Midlands in 2006, Evidence Base for the East Midlands Regional Economic Strategy 2006-2020, *emda*.
[7] For example, Feingold and Soskice, D "The Failure of Training in Britain – Analysis and Prescription", Oxford Review of Economic Policy, Autumn 1988

the data do not fully take account of the recent recession, and the effects on the business base and its performance which may have resulted from the downturn.

2.2.2.1 *Business Units*

Table 2.1 (below) indicates that overall, there were over 170,000 businesses in the East Midlands region in 2008, although these statistics do not include non VAT registered businesses, and the total number of businesses in the region is therefore substantially higher than these figures suggest.

Table 2.1 Workplaces by sector

Number of workplaces by sector in East Midlands	2008	% of total East Midlands Businesses	% of total England Businesses
Agriculture and fishing	1,810	1.1	0.9
Energy and water	335	0.2	0.2
Manufacturing	13,959	8.1	6.4
Construction	19,368	11.3	10.2
Distribution, hotels and restaurants	48,178	28.1	26.8
Transport and communications	8,326	4.9	4.2
Banking, finance and insurance, etc	49,638	29.0	34.3
Public administration, education & health	17,465	10.2	8.7
Other services	12,258	7.2	8.3
Total	*171,337*	*100.0*	*100.0*

Source: ONS Annual Business Inquiry 2008

Reflecting national trends, the highest number of business units fall within the Banking, Finance and Insurance SIC codes, although the overall proportion of East Midlands businesses falling within these sub-sectors (29%) is lower than the national average (34.3%). Of the 4,300 East Midlands businesses operating within in this sector, the most common type (1,160) are deposit and credit holding institutions: banks, building societies and credit unions.

Manufacturing represents 20.5% of total regional output[8] and accounts for almost one in ten East Midlands workplaces (8%), a higher proportion than in England (6%).

8 The East Midlands in 2009- The updates RES evidence base

Manufacturing employed 15% of the East Midlands labour force in 2008, a proportion that was significantly higher than the England overall average (6%), as reflected in Table 2.2. The total number of workplaces in manufacturing in the East Midlands decreased by 6% between 2005 and 2008, although this rate of decrease was similar to the national average.

The construction sector also contained a relatively high proportion of the region's total business units (11.3% of the region's workplaces, compared to 10.2% nationally). The sector employs over 5% of the regional workforce, and between 2005 and 2008, the number of workplaces and individuals employed within the sector increased by 13% and 7%, respectively (mirroring national trends).

2.2.2.2 *Employees*

Table 2.2 illustrates that with a workforce of over 500,000, the public sector is the East Midlands biggest employer, with the number of workplaces and employees increasing at a faster rate than the England average in recent years (Table 2.3). Within the public sector, hospital activities employ nearly 80,000 (in addition to which a further 28,000 is employed in other human health activities). Primary education headcount is in the region of 70,000, whilst secondary education provides employment for around 43,000 people.

Distribution, hotels and restaurants sector is the second biggest employer in the East Midlands accounting for 28% of the region's workplaces and nearly 25% of its workforce, mirroring its contribution in the wider England economy. The number of workplaces grew marginally between 2005 and 2008 but employed slightly less people at the end of the period.

Although the East Midlands financial sector (banking, finance, insurance, etc) accounts for more workplaces (29%) than any other sector, it is the region's third largest employer, providing work to 18% of the East Midlands workforce. Proportionately, the sector's contribution to total workplaces and employment is below the England average.

Table 2.2 Employees by sector

Number of employees by sector in East Midlands	2008	% of total East Midlands	% of total in England
Agriculture and fishing	6,192	0.3	0.3
Energy and water	16,620	0.9	0.5
Manufacturing	280,792	15.0	10.2
Construction	98,909	5.3	4.6

Number of employees by sector in East Midlands	2008	% of total East Midlands	% of total in England
Distribution, hotels and restaurants	440,605	23.5	23.6
Transport and communications	104,245	5.6	6.0
Banking, finance and insurance, etc	337,869	18.0	22.9
Public administration, education & health	504,048	26.9	26.6
Other services	85,502	4.6	5.3
Total	1,874,783	100.0	100.0

Source: ONS Annual Business Inquiry 2008

2.2.2.3 *Sectors Growing and Declining*

The information in Table 2.3 (below) illustrates that the trends affecting many sectors in the East Midlands between 2005 and 2008 largely mirrored the national picture in terms of changes in numbers of both business units and employees.

However, both the number of business units and the numbers in employment in the public sector industries and banking, finance and insurance increased at a higher rate than the national average between 2005 and 2008. It was also noticeable that the increase in employment in construction exceeded the national average over this period. The energy and water sector experienced a rapid increase in employment but from a relatively low initial base figure.

Table 2.3 Workplaces and labour force percent change 2005-2008

% change 2005-2008	% change East Midlands workplaces	% change England workplaces	% change East Midlands employees	% change England employees
Agriculture and fishing	183%	148%	-3%	28%
Energy and water	-7%	-6%	21%	5%
Manufacturing	-6%	-6%	-7%	-8%
Construction	13%	14%	7%	4%
Distribution, hotels and restaurants	2%	1%	-3%	-3%
Transport and communications	2%	2%	4%	-2%
Banking, finance and insurance, etc	14%	11%	14%	7%

% change 2005-2008	% change East Midlands workplaces	% change England workplaces	% change East Midlands employees	% change England employees
Public administration, education & health	6%	2%	3%	1%
Other services	3%	2%	0%	4%
Total	7%	6%	2%	1%

Source: ONS Annual Business Inquiry 2008

2.2.3 Business Sizebands

The breakdown of East Midlands businesses by number of employees illustrates that the East Midlands' business structure broadly reflects the England average. The main difference is that the East Midlands contained a lower proportion of micro-businesses than the national average in 2008, with a slightly higher proportion of businesses employing between 11 and 49 people.

Table 2.4 Company size (employment in 2008)

Company size (number of employees	East Midlands	England
	%	%
1-10 employees	84.1	85.3
11-49 employees	12.4	11.2
50-199 employees	2.9	2.8
200 or more employees	0.7	0.6
TOTAL	100.0	100.0

Source: NOMIS Annual Business Inquiry, sizeband analysis (2010)

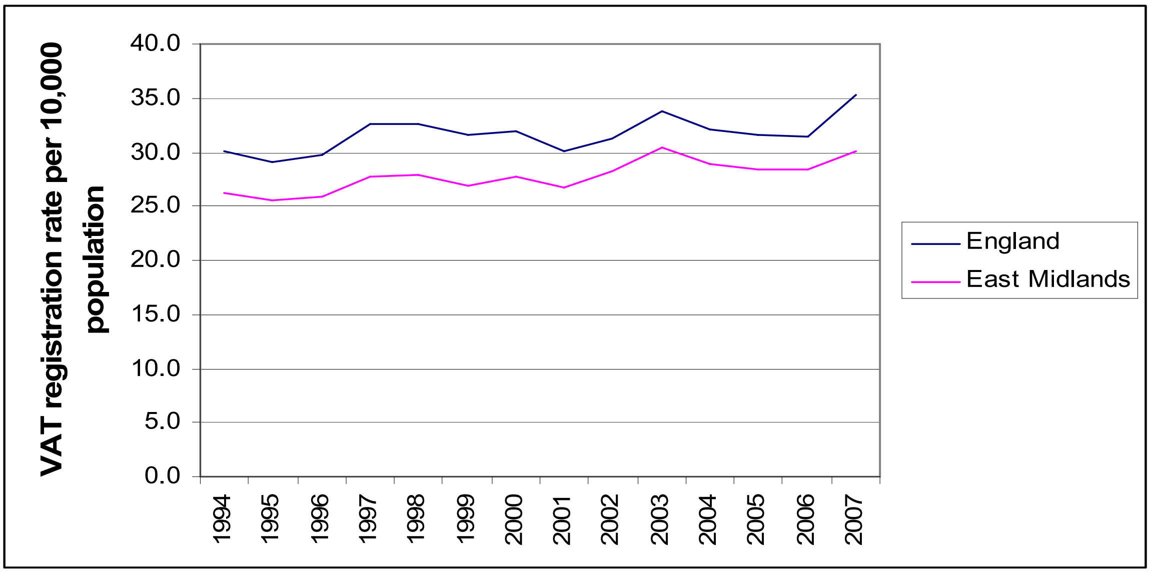
2.2.4 Business Start-up and Survival Rates

Although not without limitations, the most commonly used indicators for measuring business start-up and survival rates are VAT registrations and de-registrations.

2.2.4.1 *VAT Registration Rate*

The VAT registration rate (measured by the number of VAT registrations per 10,000 population) provides an indication of the level of new business start-ups in an area[9]. The VAT registration rate in the East Midlands has historically been below average and VAT registrations have risen more slowly than the national average – by 15% compared with 17% over the period 1994-2007 (Figure 2.1). This would suggest that the rate of business start-ups in the East Midlands was historically lower than the national average, prior to the commencement of the regional Business Link service. It therefore demonstrates the particular need for the provision of start-up support through the Business Link service.

Figure 2.1 VAT registrations per 10,000 population



Source: BERR, ONS

2.2.4.2 *VAT De-registration Rate*

While the VAT registration rate is lower in the East Midlands than across England, the region has sustained a low VAT deregistration rate in comparison to the nation as a whole (a measure of the rate at which businesses fail). In line with the national picture, deregistration rates have been falling. In 2007, 21.7 firms deregistered for VAT per 10,000 residents in the East Midlands, compared to 24.9 across England (Figure 2.2).

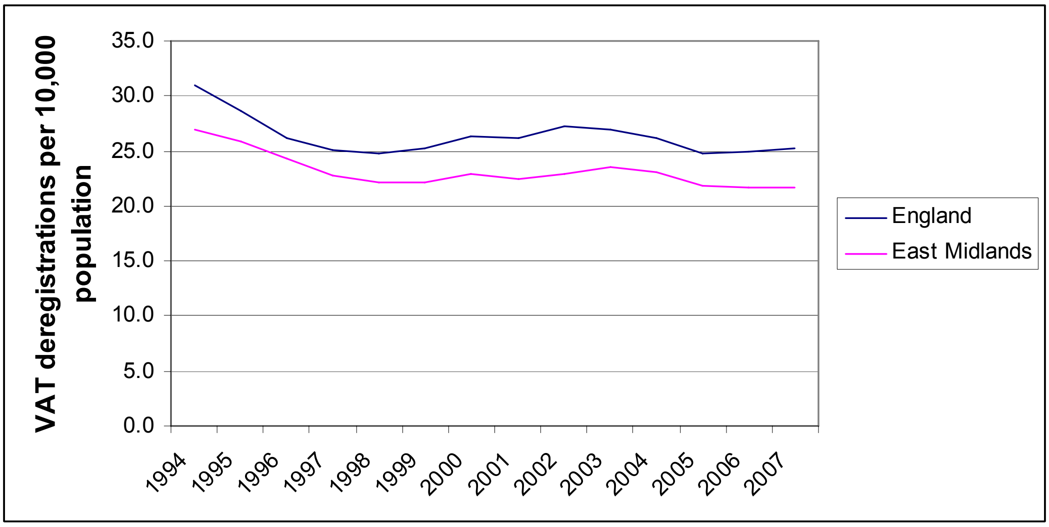
2.2.4.3 *Net VAT Registration Rate*

The net VAT registration rate - the VAT registration rate minus the VAT deregistration rate – shows that overall business density in the region is growing. The net VAT registration rate increased from -0.7 per 10,000 residents to 8.5 per 10,000 residents in the East

[9] A business with an annual turnover exceeding £67,000 is required to register for VAT.

Midlands between 1994 and 2007. Across England, the net VAT registration rate rose from -0.9 per 10,000 residents to 10.0 over the same period.

Figure 2.2 VAT de-registrations per 10,000 population

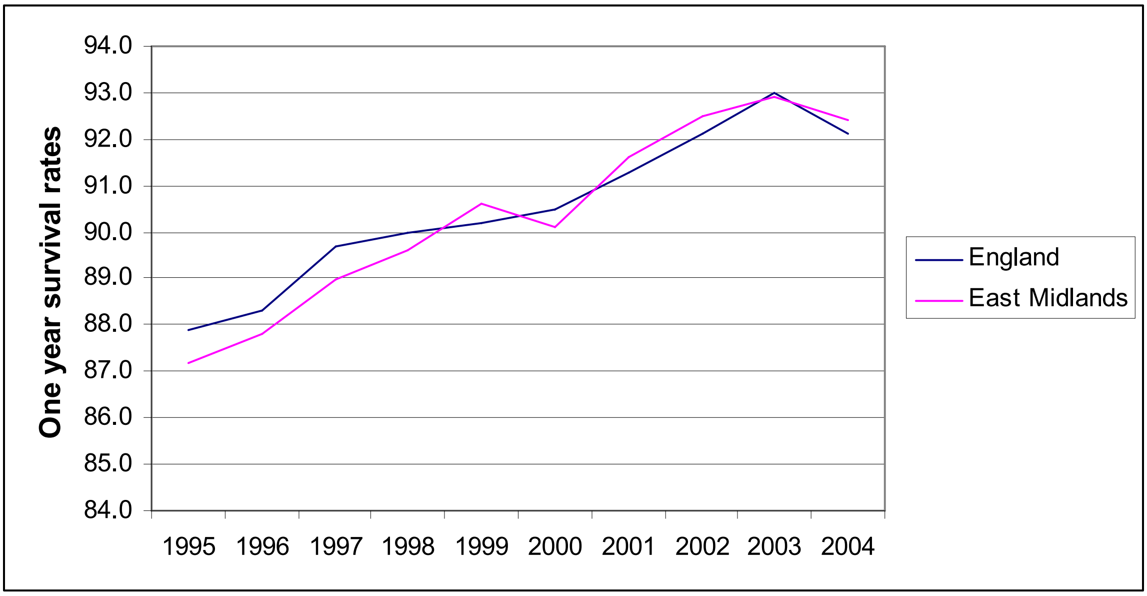


Source: BERR, ONS

2.2.4.4 *Business Survival Rates*

The percentage of VAT registrations that survive for one year indicates that business conditions became increasingly stable in the East Midlands in recent years, at least until the current recession which will not yet be reflected in the data. One year survival rates increased from 87% in of those registered in 1995 to 92% of those registered in 2004. This mirrors trends across England, where one year survival rates also increased from 88% to 92% over the same period (Figure 2.3).

Figure 2.3 One year survival rates



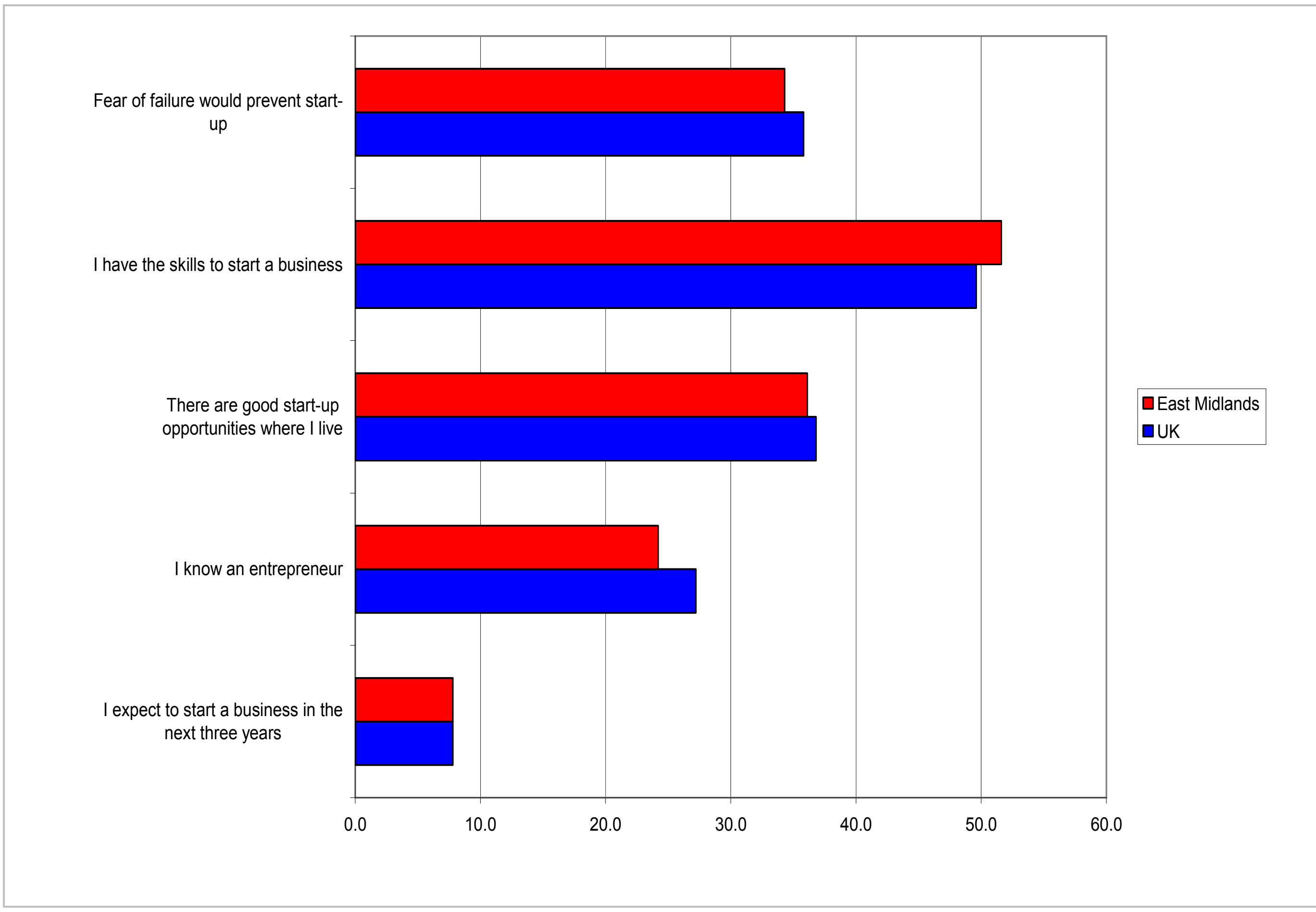
Source: BERR, Small Business Service

2.2.5 Attitudes to Enterprise

One signal of entrepreneurialism is the attitude to and propensity for setting up an enterprise amongst residents. The annual Global Entrepreneurship Monitoring (GEM) Survey tracks prevailing attitudes and propensities as well as constraints and barriers towards entrepreneurial behaviour amongst the population.

Figure 2.4 (below) shows the results of the 2006 GEM Survey for the East Midlands and the UK. The figures reveal that attitudes towards enterprise in the East Midlands were broadly in line with the national average. Respondents in the East Midlands were slightly more likely than average to indicate that they had the skills to start a business, but were less likely to know an entrepreneur and to feel that start up opportunities were good in the area. A large barrier to enterprise recorded over the GEM surveys is the fear of failure, with over one in three suggesting this prevents them setting up in the first place.

Figure 2.4 Attitudes towards Enterprise, East Midlands and UK, 2006

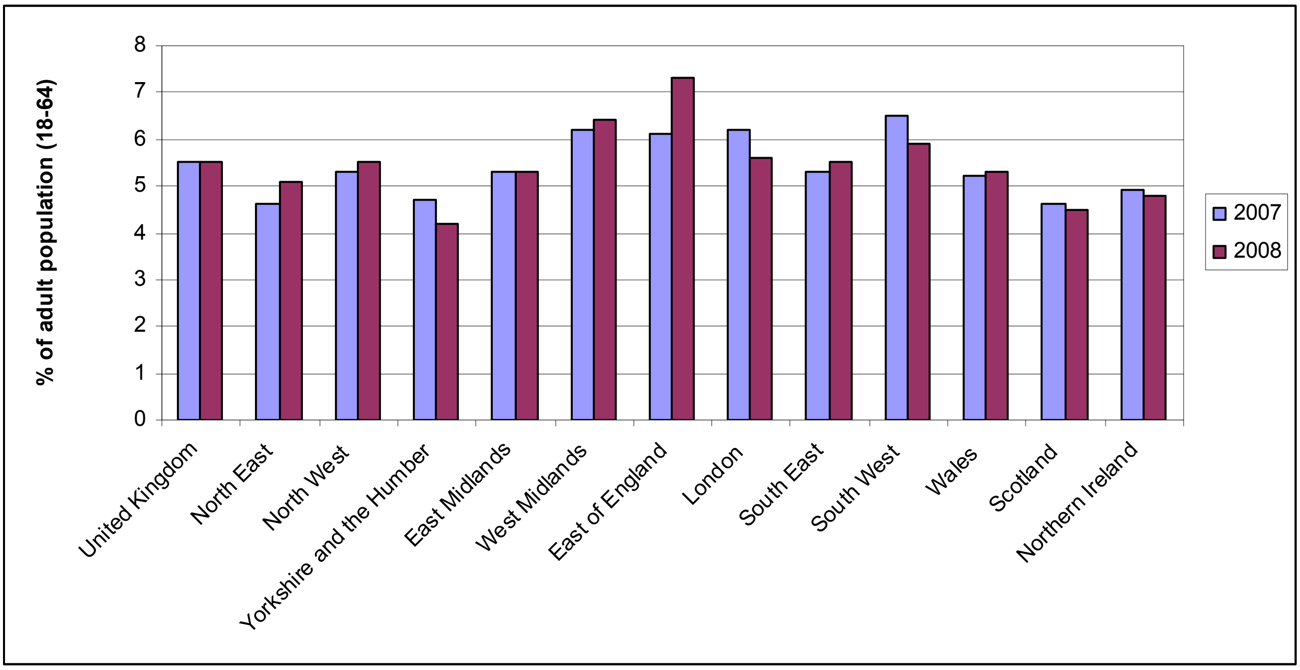


Source: Global Entrepreneurship Monitoring Survey, London Business School

In 2007, total early stage entrepreneurial activity (TEA)[10] in the East Midlands was 5.3 per cent, which is lower than the 2006 figure of 6.07 per cent. The UK average in 2008 was slightly higher than the East Midlands figure at 5.5 per cent.

[10] TEA is calculated based on a survey conducted with a sample of the adult population. It is based on responses to three questions, and includes nascent entrepreneurs who have been paying salaries for less than three months, and new business owner managers who have been paying salaries for between three and 42 months. For more details see the United Kingdom Monitoring Report, 2008.

Figure 2.5 TEA, UK regions, 2007-08



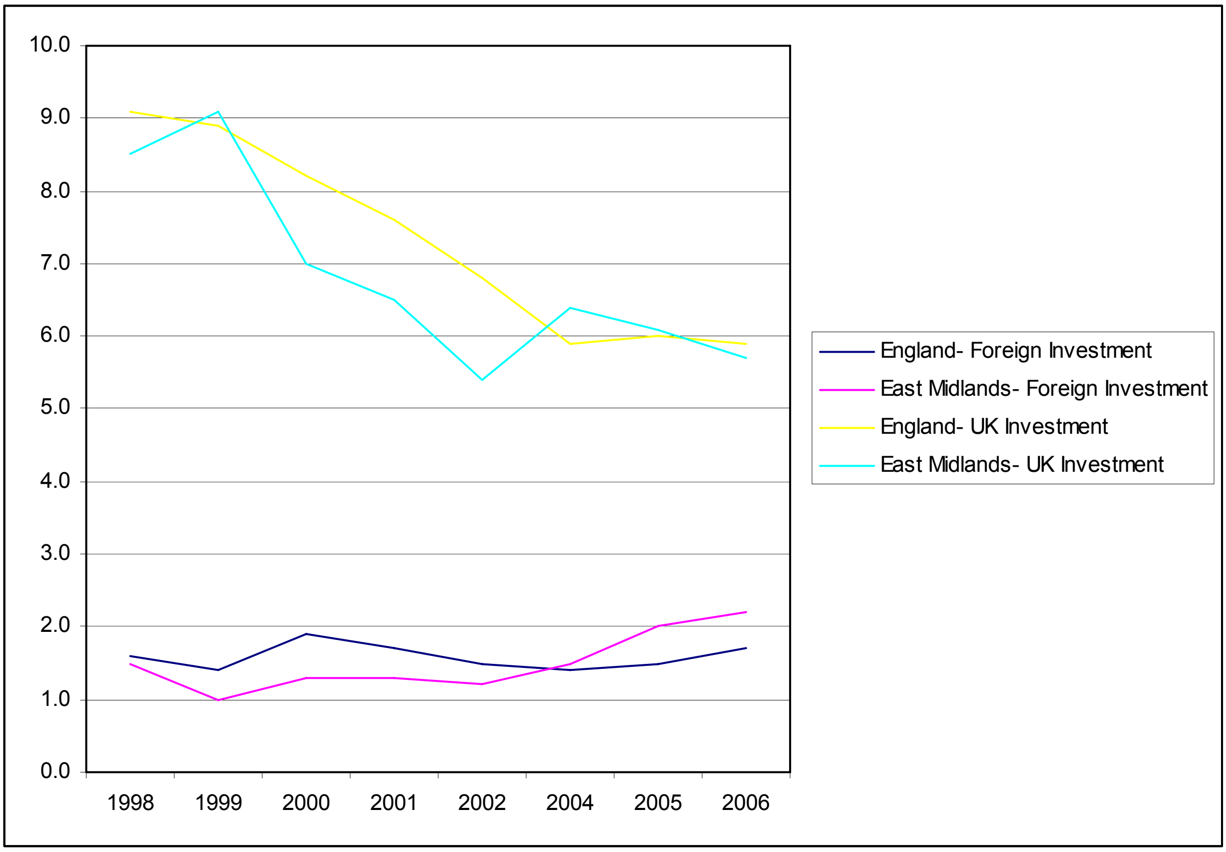
Source: *Global Entrepreneurship Monitor UK 2008*, *BERR in: Regional Competitiveness and State of the Regions (2008)*

2.2.5.1 *Investment*

Overall levels of *investment* are relatively low and have been falling (Figure 2.6). UK owned businesses in the Region invest less than their foreign owned counterparts. UK investment in the East Midlands as a proportion of GVA was below (5.7%) the average of domestic investment. across the UK (5.9%)[11] in 2006. In comparison with other regions, UK investment in the East Midlands as a proportion of regional GVA was higher than in the South West, London, the East of England and the North East. However, it is lower than in the North West, West Midlands and the South East. Foreign-owned investment levels are more encouraging: the East Midlands enjoys one of the highest proportions of foreign investment as a proportion of GVA, second only to the North East.

[11] 2006 data, ONS, Annual Business Inquiry (2010)

Figure 2.6 Investment by UK and Foreign Owned Businesses as a % of Regional GVA



Source: Annual Business Inquiry & Regional Accounts, Office for National Statistics (2008)

2.3 Innovation

Investment in research and development (R and D) in the UK is lower than in comparable economies. Business enterprise research and development in the Region has been consistently higher than the UK average[12]. In 2005, it stood at 1.4% of GVA, down from 1.8% in 2000, representing a steeper decline than in the UK as a whole[13]. The RES Evidence Base argues that this investment is concentrated in a small number of large global R and D intensive companies, with most East Midlands companies undertaking little such investment. Levels of public/higher education funded research are also low.

2.4 The Evolving Policy Context

It is clearly important that the Business Link service is aligned with the key regional and national policy frameworks in the field of business support. It should be noted that the key

[12] The East Midlands in 2006, Evidence Base for the East Midlands Regional Economic Strategy 2006-2020, *emda*
[13] The East Midlands in 2009- The Updated RES Evidence Base

policy frameworks within which the Business Link service was aligned between April 2007 and March 2010 pre-date the policies of the new Coalition Government. The content within this section therefore reflects the key policies of the previous administration in respect of business support, although it is acknowledged that Government policy towards business support may well change in the near future, reflecting the new Coalition Government's emerging approach to local and regional economic development.

2.4.1 National Policy Context

The main national policy developments that have driven the development of the Business Link service in the East Midlands have included the delegation of the management of Business Link activities to the Regional Development Agencies (RDAs) and the development of the Business Support Simplification Programme (BSSP). The most recent relevant national policy in the field of business support has been the development of the Solutions for Business Products with which all business support programmes were expected to be rapidly aligned.

2.4.1.1 *RDA Responsibility for Business Link Services*

From April 2005 onwards, responsibility for managing the Business Link branded IDB service has been delegated to Regional Development Agencies (RDAs) in order to drive greater synergy with regional economic development strategies. As a result, each RDA pursued a programme of redesign, specification, open procurement and implementation of largely regionalised services, tailored to support the priorities identified in its Regional Economic Strategy (RES).

Initially, *emda* operated a model involving five county level Business Link operators delivering core IDB services with the aim of providing an enhanced diagnostic and brokerage service, and enhanced networking between enterprise support agencies in the region. Alongside the core IDB offer, *emda* also funded a range of advisory services and support projects, such as the Universal Start-up Offer, the High Growth Company Programme, Mentoring Escalator, and Innovation East Midlands, to provide higher intensity support.

A review of the service in 2005 indicated that, although there were many benefits of this approach, there was a need for greater consistency in the quality of support across the five counties, that a more effective brokerage service was required. In response, *emda* adopted and a regional model operated by a single operator from 2007/08 onwards with an integrated IT platform (RBSIS), designed to realise the following benefits:

- More front line support available and improved local delivery as a result of diverting funding from “back office” activities.

- Improved quality and consistency of the customer offer as a result of a single, focused management team supported by a dedicated IT Platform.
- Customers and partners able to more easily engage with, and influence the development of, the service through working with a single regional management team rather than the previous five county-based teams.
- The delivery of IDB services under the Business Link brand being more responsive to the needs of businesses.
- The Regional IT Platform (RBSIS) improves the accessibility of IDB Business Support in the region, as well as in terms of access to relevant information for business customers.
- A single provider ensuring the more rigorous training of Business Advisors.
- The quality assurance of a single provider leading to better advice being provided to businesses.
- Other business support services to become more closely aligned with the Business Link brand.
- Improved partnership working with other business service providers.

2.4.1.2 *National Business Support Simplification Programme*

In November 2005, after the allocation of management of Business Link activities to the RDAs, a major review of review of Business Support services across government was initiated with the objective of simplifying the range of support products available to business at national, regional and local level. The result was an announcement as part of the 2006 Budget of a commitment to reduce the number of publicly funded business support schemes from approximately 3,000 to 100 by 2010. The aim of this initiative was to ensure the more joined-up delivery of business support services, whilst allowing RDAs and other providers to continue to respond to specific local needs.

Subsequently in 2008, the Government published 'Simple Support, Better Business: Business support in 2010'[14]. This document set out the plans for simplifying public sector business support in the future, to make it more accessible to small businesses and encourage enterprise.

Two Government papers produced in 2008, further influenced national approaches to facilitating enterprise and providing business support services. The National Enterprise Strategy[15] contained a number of objectives that included developing a culture of enterprise; knowledge and skills; access to finance; the regulatory framework; and, business innovation.

[14] Department for Business, Enterprise and Regulatory Reform (2008), "Simple Support, Better Business: Business support in 2010", March 2008

[15] Department for Business, Enterprise and Regulatory Reform (2009), "Enterprise: Unlocking the UK's Talent", March 2008

The Innovation White Paper[16] focused on ways in encourage innovation in order to increase productivity, and improve aspects where the UK lags behind, such as skills levels. One aspect of this was the need for changes in public sector procurement, in order to stimulate innovation in private sector businesses.

2.4.1.3 *Solutions for Business Products*

The Government's approach to BSSP resulted in the reduction of publicly funded grants, subsidies and advice to a portfolio of 30 products under the banner of 'Solutions for Business[17]. With input from business and industry representatives, the Solutions for Business products were finalised in March 2009 and embedded within business support services over a twelve month transition period. By March 2010, Solutions for Business was intended to be the primary channel through which government-funded businesses support would be delivered.

Table 2.5 (below) presents the portfolio of products which are included within Solutions for Businesses package.

Table 2.5 Solutions for Business

Themes	Overview of the support available
Starting Up a Business	The range of products under this theme includes advice and information on starting a business, intensive start-up support, and support with starting a high growth business.
Grow Your Business	Advice from specialist advisors on accessing finance, the provision of small loans of up to £50,000 for businesses, a range of finance funds for SMEs with viable business plans, and innovation, advice and guidance support for SMEs.
Improve the Efficiency of Your Business	Advice, guidance and support on improving resource efficiency, Train to Gain, and the Manufacturing Advisory Service (MAS).
Develop and Test New Products and Markets	Support with developing international trade potential, market research and advice on finding opportunities in overseas markets, Knowledge Transfer Partnerships, Innovation Vouchers, grants to support collaborative Research and Development activities between businesses (and facilitate collaborations between businesses and higher education institutions), grants for Research and Development, and support with transformational ICT.
Other Support	This includes: • Government guaranteed bank lending and insurance, through Enterprise Finance Guarantee and Export

[16] Department for Innovation, Universities and Skills (2008), "Innovation Nation", March 2008

[17] Department for Business, Innovation and Skills (2009), "Solutions for Business Funded by Government: Government Funded Business Support"

Themes	Overview of the support available
	Credit Insurance; • Funding for intermediaries to provide infrastructure, including networking for innovation, Business Collaboration Networks, facilities and environments for stimulating business growth, and business premises; • Low carbon energy demonstration; • Enterprise Coaching; • Maximising Foreign Direct Investment.

Source: BIS (2009)

2.4.2 Regional Policy Context

The two key regional policy frameworks which set the context for Business Link activities are the Regional Economic Strategy and Regional Business Support Strategy.

2.4.2.1 *Regional Economic Strategy*

'A flourishing region'; Regional Economic Strategy for the East Midlands 2006-2020[18] sets out the overarching vision that: "*By 2020, the East Midlands will be a flourishing region. Increasingly prosperous and productive, we will enjoy levels of sustainable economic well-being and a quality of life higher than the European average and comparable with the best in the world*."

In line with the vision, the Business Link service in the East Midlands is intended to contribute towards this by "supporting enterprise and business support" in order to increase wealth by making the East Midlands and its people more productive. In contrast to previous iterations of the RES, the 2006 Strategy contains an emphasis on realigning the Region's employment profile towards knowledge intensive sectors; and a greater emphasis on increasing the proportion of business turnover attributed to new products and processes. This reflects the particular concern that the East Midlands should capitalise on investments made in R&D through commercialisation. Other priority actions under this theme include:

- Harness a culture of enterprise by creating a continuous path of enterprise awareness and education throughout the region;
- Targeted provision to improve business creation by creating a co-ordinated long-term campaign to develop enterprise skills, raise the profile of enterprise and help identify opportunities;

[18] East Midlands Development Agency (2006), "A Flourishing Region, Regional Economic Strategy for the East Midlands 2006-2020

- Increase business survival by providing best practice support through the Business Link brand;
- Supporting innovation and diversification in manufacturing through the Manufacturing Advisory Service;
- Providing high quality business support by developing a business support network to help SMEs overcome the barriers that prevent them from maximising growth opportunities and provides access to relevant advice and guidance;
- Improving access to finance so that businesses have access to finance as they grow and develop;
- Increasing international trade.

2.4.2.2 *Encouraging Business Success; Business Support Strategy, 2008-11*

The delivery of the East Midlands' Business Link service forms a key element of the region's Business Support Strategy[19], particularly in terms of creating new businesses and assisting existing businesses to improve their performance. The strategy sets out plans to provide a comprehensive yet simple to access portfolio of publically funded support for businesses in the East Midlands, and has five main objectives which are: Environment for Enterprise; New Businesses; Using External Support; Continuous Improvement and Creating Opportunities.

[19] East Midlands Development Agency (2008), "Encouraging Business Success; Business Support Strategy, 2008-11"

3.0 Analysis of Outputs and Expenditure

This section sets out the recorded expenditure profile of the Business Link service in the East Midlands, together with the key outputs achieved by the service.

3.1 Expenditure

The table below provides an overview of Business Link's areas of expenditure between 2007/08 and 2009/10. The expenditure profile illustrates that expenditure levels have remained relatively stable during this period of time. During 2007/08, 8% of the total Business Link budget in the East Midlands was allocated to restructuring costs to facilitate the transformation in delivery from five sub-regional Business Links to a single regional Business Link.

Staff salaries have taken up the highest proportion of all costs during each of the three financial years. However, between 2007/08 and 2009/10, both salaries and the learning academy took up an increasing share of the total budget. Conversely, the proportion of the overall budget taken up by building management costs and operational costs decreased. This suggests that the proportion of the total Business Link budget in the East Midlands allocated to front line delivery has increased since the start of the 2007/08 financial year.

Table 3.1 Expenditure

Area of Expenditure	2007/08		2008/09		2009/10	
	Actual (£000s)	% of Budget	Actual (£000s)	% of Budget	Actual (£000s)	% of Budget
Salaries	5,358	62.2%	6,544	76.0%	6,150	71.4%
Admin	72	0.8%	124	1.4%	85	1.0%
Sub-contract Service Delivery	0	0.0%	10	0.1%	-40	-0.5%
Operational costs	115	1.3%	138	1.6%	55	0.6%
Promotion & Publicity	765	8.9%	727	8.4%	653	7.6%
Restructuring Costs	690	8.0%	-	0.0%	-	0.0%

Area of Expenditure	2007/08		2008/09		2009/10	
	Actual (£000s)	% of Budget	Actual (£000s)	% of Budget	Actual (£000s)	% of Budget
Professional Fees	127	1.5%	137	1.6%	187	2.2%
ICT	285	3.3%	410	4.8%	352	4.1%
Building Management Costs	940	10.9%	627	7.3%	510	5.9%
Learning Academy & People Management	52	0.6%	111	1.3%	144	1.7%
Other Expenditure (Bank charges, depreciation)	206	2.4%	152	1.8%	712	8.3%
Total:	*8,610*	*100.0%*	*8,980*	*104.3%*	*8,808*	*102.3%*
Net Surplus/Deficit	890		520		698	
Grand Total:	9,500		9,500		9,505	

Source: emda (2010)

In addition, Business Link allocated an additional pot of funding towards delivering the start-up support activities. Broken down by financial year, the level of funding allocated towards the start-up services were as follows:

- £2,051,748 during 2007/08;
- £2,336,648 during 2008/09;
- £2,338,583 during 2009/10.

3.2 Key Outputs Achieved

The table below provides an overview of achievements against target outputs. Over the three year period, the Business Link service has been in contact with almost 250,000 clients, as reflected by the hybrid penetration levels. The service also undertook more than 70,000 business assists over the three year period, with the service achieving more than double the annual target for this indicator during 2009/10. In cumulative terms, over the three year period, the Business Link service has over-achieved against all core output targets set.

When examining the key achievements broken down by financial year, it is notable that the service over-achieved in terms of each individual output target during both 2008/09 and 2009/10. This may, in part, have been a reflection of the economic downturn, and need for a higher number of businesses to seek support provision.

Table 3.2 Outputs Achieved by Business Link in the East Midlands (April 2007 to March 2010)

	2007/08		2008/09		2009/10		2007/08 to 2009/10		
Output	Target	Achieved	Target	Achieved	Target	Achieved	Total Target	Total Achieved	% Variance on overall target
Hybrid Penetration	67,438	63,410	67,500	82,165	83,000	101,924	217,938	247,499	113.6%
Intensive Assistance	2,044	2,170	2,450	2,766	5,000	5,531	9,494	10,467	110.2%
Jobs Created/ Safeguarded	4,436	3,583	3,607	4,297	4,106	5,046	12,149	12,926	106.4%
Businesses Created	1,736	1,715	1,582	1,759	2,287	2,310	5,605	5,784	103.2%
Businesses Assisted	14,459	15,910	16,462	18,437	17,000	35,813	47,921	70,160	146.4%
Customer Satisfaction	91.00%	91.00%	90.00%	90.00%	90.00%	90.10%	-	-	-
Indicative (LSC) Learners	-	-	-	-	21,004	24,979	21,004	24,979	118.9%
Skills Proposals	-	-	-	-	2,300	2,746	2,300	2,746	119.4%
Skills IA	-	-	-	-	2,300	4,496	2,300	4,496	195.5%

Source: emda (2010)

3.3 Value for Money

To explore the extent to which the Business Link service has represented value for money, we have applied a simple but standard analysis of resource allocation. This enables comparison to be undertaken with benchmark figures[20] provided by *emda*[21]. It should be noted, however, that this is only a very approximate method of understanding efficiency, as programmes deliver a range of activities. The results should be viewed alongside the

[20] Only 'current' unit cost output figures have been applied reflecting the minimal capital costs associated with Business Link's activities.
[21] Data supplied by *emda,* based on information provided by the former Small Business Service

overall quality of the Business Link service which explored in the wider evaluation. For the purpose of analysis, we have only been able to estimate unit cost based on actual outputs against overall expenditure levels, using current national benchmarks for Business Link.

Table 3.3 Unit costs of Business Link activity

	Unit Cost (£)	Benchmark Guide (£)
Jobs Created	9,945	4,141
Businesses Assisted	576	3,710

Source: emda (2010)

The figures in Table 3.3 indicate that the unit cost for business assists is noticeably lower than the benchmark guide (see point above about the validity of figures). This suggests that good value for money is being achieved from Business Link interventions. The job creation unit costs are higher than national benchmark figures, although during a period of recession, job creation outputs are more difficult to attain, and this statistic should not reflect entirely negatively on the Business Link service. Furthermore, the nominal costs of delivering the Business Link service have remained constant throughout the three-year period, and the real costs have decreased (without taking account of inflation).

3.4 Summary Findings

The findings in this section illustrate that:

- The Business Link service has delivered within budget during each financial year. The proportion of expenditure devoted to front line delivery staff has also increased since 2007/08, suggesting that the service is achieving one of its original objectives of increasing the level of front line delivery.

- The success of the programme in achieving higher levels of front line delivery is also reflected in the overachievement against target of core outputs during both the 2008/09 and 2009/10 financial years.

- Reflecting the increases in efficiency and higher outputs generated than originally anticipated, the Business Link service has achieved its business assist outputs at lower unit cost than national benchmark figures.

4.0 Customer Feedback

It was anticipated that the pan-regional Business Link service would lead to a higher quality and more consistent customer offer across the East Midlands region than the former system of five Business Links within the sub-regions. The sections that follow explore the extent to which these anticipated benefits have been realised.

This section details the key findings from the Customer Satisfaction Surveys and Mystery Shopping Surveys that have previously been undertaken by Business Link. It should be noted that, unlike the surveys of beneficiaries carried out by Ecorys for this evaluation, the Customer Satisfaction and Mystery Shopping Surveys do not draw a distinction between the feedback from trading entities and that provided by users of the start-up service.

4.1 Evidence from the Customer Satisfaction Surveys

Business Link undertakes quarterly Customer Satisfaction Surveys and Mystery Shopping Surveys. The surveys explore the extent to which the Business Link delivery mechanisms are meeting customer needs. These surveys are delivered independently[22] through telephone interviews. On a quarterly basis, a minimum of 650 businesses are consulted through the surveys, with the sample stratified to reflect the different levels of customer contact.

This section summarises the findings of the Customer Satisfaction Surveys carried out between Quarter One 2007/08 and to Quarter Four 2009/10.

The principal topics covered by the surveys include:

- Levels of satisfaction amongst businesses with the service received;
- The likelihood of clients re-using Business Link services;
- Likelihood to recommend Business Link services;
- The perceived benefits of the Business Link assistance to the clients' business;
- The suitability of the brokered service to the business (where appropriate);
- The quality of the customer service provided.

It is notable that the nature of questions covered in the Customer Satisfaction Surveys has changed since the surveys commenced (with some new questions being added and others being removed). The format of the response templates also changed, with customers

[22] *Emda commissions Critical Research to undertake the surveys independently.*

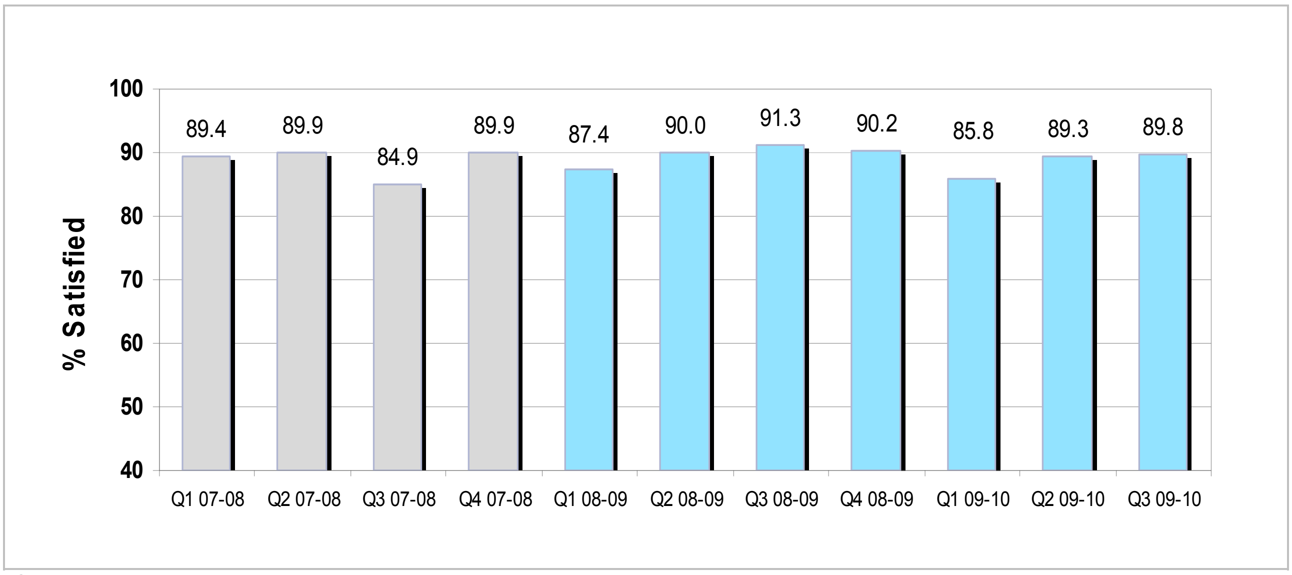
invited to respond on a 1-10 scale from 2008/09 onwards, as opposed to a 1-5 scale during the 2007/08 period. In 2009/10 the overall satisfaction question was moved to the start of the questionnaire. These changes make it difficult to accurately make comparisons of levels of satisfaction over time.

4.1.1 Overall Satisfaction

A recurring trend throughout the series of Customer Satisfaction Surveys between 2008 and 2010 is the strong level of satisfaction reported among Business Link clients. Figure 4.1 shows that the proportion of respondents reporting that they are very or quite satisfied with the service they have received remained around the 90% mark between April 2007 and March 2010 (although during three quarters, the overall satisfaction rate was below 88%).

When examining the proportion of respondents indicating that they were "very satisfied" with the services, the survey findings indicate that for the majority of surveys, the proportion of respondents citing very high levels of satisfaction ranged between 55% and 60%.

Figure 4.1 Overall customer satisfaction (% of respondents very or quite satisfied with the service they received)[23]



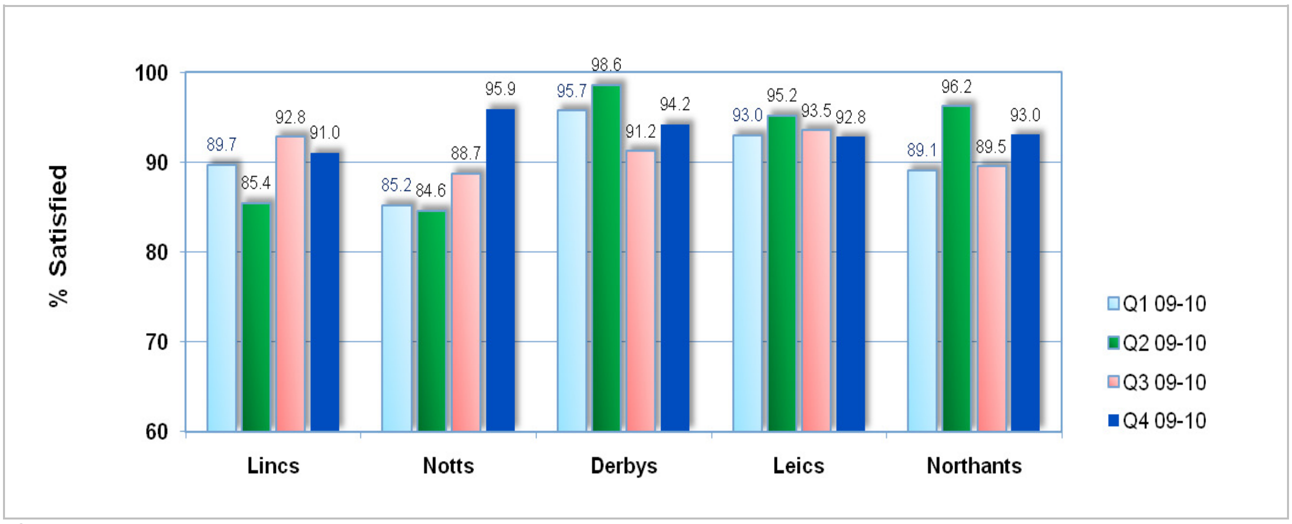
Source: emda (2009)

Overall levels of satisfaction have been high across all sub-regions. For example, Figure 4.2 below illustrates that throughout the 2009/10 period, overall levels of satisfaction were above 90% in Derbyshire and Leicestershire. The lowest satisfaction levels were in Nottinghamshire for the first three quarters of the 2009/10, where the level of satisfaction

[23] Changes introduced to the survey in Q1 2008/09 and Q3 08/09 mean that these results are not directly comparable, and are indicative only

recorded during each quarter was lower than the 90% target, although satisfaction levels increased significantly in Quarter 4 to 95.9%.

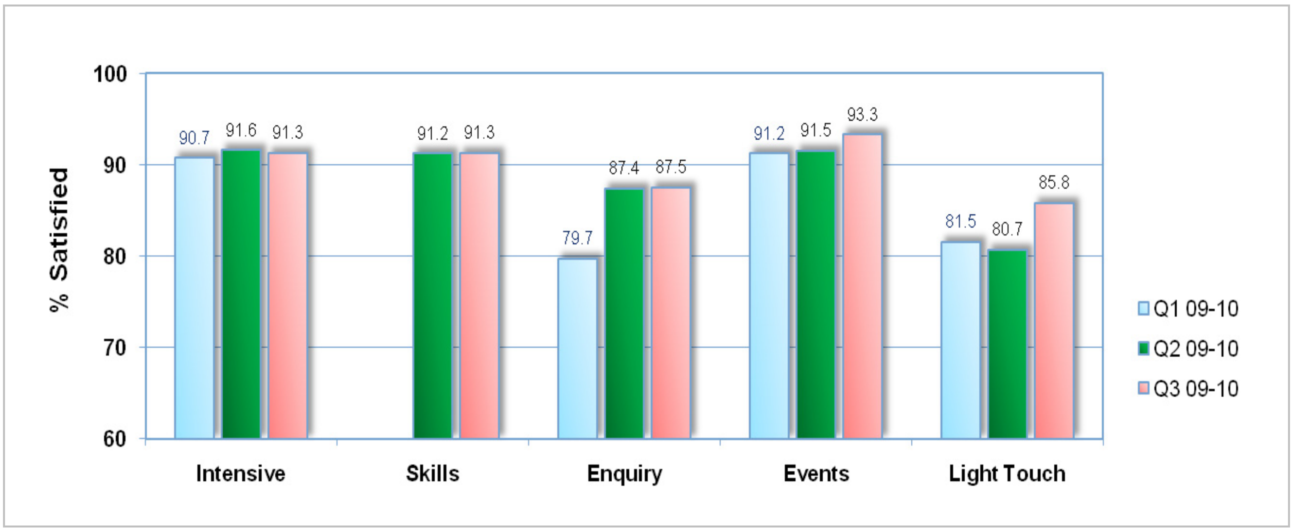
Figure 4.2 Satisfaction by sub-region during 2009/10



Source: emda (2010)

When examining satisfaction levels for the different types of support, the highest levels of satisfaction during 2009/10 were for the intensive support, skills-based support and the events (see Figure 4.3 below), with recorded satisfaction levels exceeding 90% during each quarter. Levels of satisfaction with the light touch services were generally lower, with the recorded satisfaction levels ranging from 80.7% to 85.8% during 2009/10. The satisfaction levels for the enquiry service remained around 87.5% during 2009/10.

Figure 4.3 Satisfaction by Type of Support



Source: emda (2010)

The survey findings indicated that the main reasons for satisfaction amongst customers with the more intensive forms of support was the fact that the advisor was able to respond to all questions asked by the business, and that they were genuinely interested in the needs of the business. The main reason given for dis-satisfaction amongst customers was that the advisor was unable to help the business or tell them information that they did not already know.

4.1.2 Likelihood to re-use

Throughout the period April 2007 to March 2010, intentions amongst customers to re-use the Business Link service have remained high[24]. Within each sub-region, the mean scores given (in terms of intentions to re-use the service) were between 8.3 and 9.0 throughout 2009/10. Broken down by sub-region, the highest scores allocated to this question were within Derbyshire and Northamptonshire, with customers in Nottinghamshire less likely to use the service.

Broken down by type of service used, the findings largely reflect the ratings on satisfaction, with recipients of the intensive services and the events more likely to re-use the Business Link service than those using the light touch support and enquiry service.

It should be noted that this measure is one of several, and in isolation could simply reflect how far respondents foresee the need for further support.

4.1.3 Likelihood to Recommend

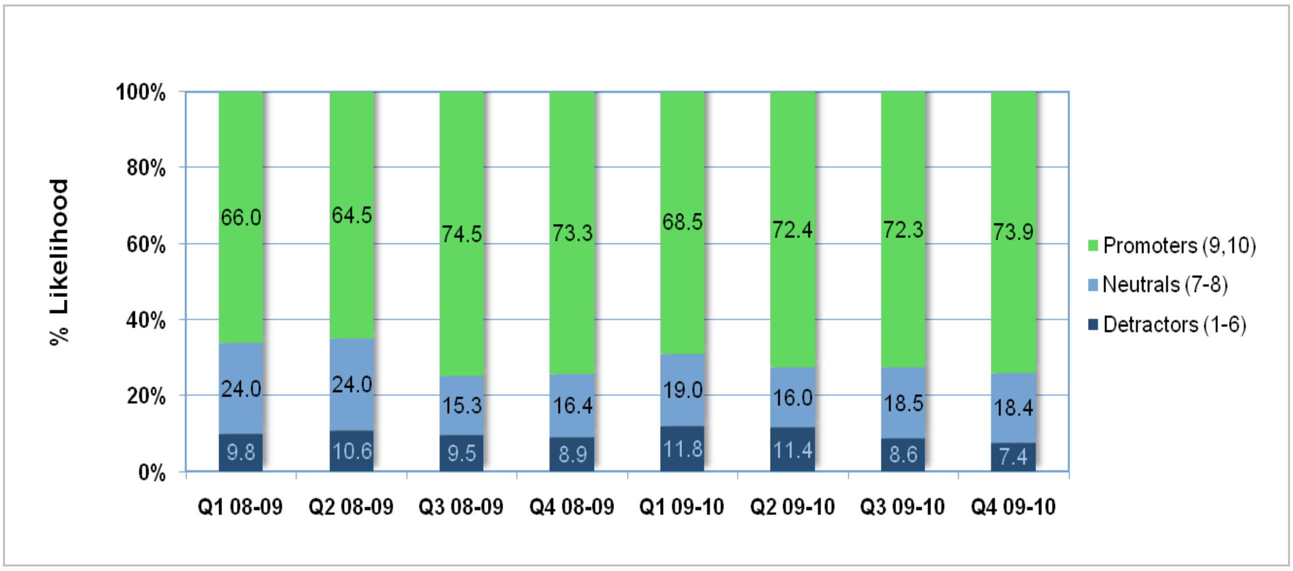
The high levels of satisfaction were also re-emphasised by the fact that the vast majority of Business Link users indicate that they would recommend Business Link's services to colleagues. Based on a ten point scale, with one being unlikely and ten being very likely[25], the average scores have remained above 8.5 since the start of the 2008/09 financial year.

Since the start of the 2009-2010 there has been a significant increase in the Net Promoter Score (NPS), which demonstrates the likelihood of companies recommending Business Link services to other businesses. The proportion of promoters (i.e. those allocating a score of 9 or 10) has increased and the proportion of detractors has decreased. By the end of Quarter Four 2009/10 the level of detractors was at its lowest level for two years.

During 2009/10, the NPS score varied by county, with Lincolnshire and Leicestershire's scores being lower than those for the other counties (Lincolnshire's net promoter score was 69.8 and Leicestershire's was 67.1, compared to Derbyshire's score of 77.9). Nottinghamshire had the lowest proportion of detractors (those scoring 1-6 out of 10).

[24] Each customer was invited to allocate a score on a scale from 1-10 for the question relating to their intention to re-use the service, with a score of 1 representing unlikely and score of 10 representing highly likely.
[25] Before the 08/09 surveys, a five point scale was used. The score is calculated by taking away the % of detractors away from the % of promoters.

Figure 4.4 Recommend over time: Net promoter score (NPS)



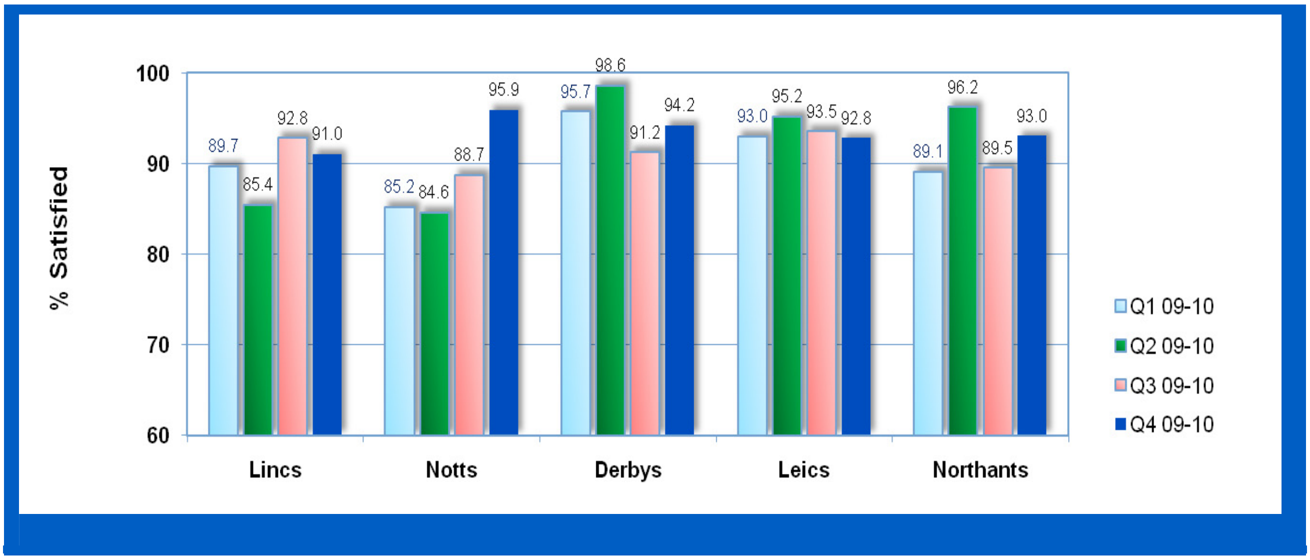
Source: emda (2010)

4.1.4 Intensively Supported Customers

Intensively supported customers are those who have agreed Business Action Plans with Business Link advisors. Respondents who had received intensive support were asked to identify areas where they were satisfied with the service they had received, and those where improvement could be made.

There were consistently high levels of satisfaction across the region during 2009/10, with counties achieving the 90% target. The key strength of the service provision cited by intensively supported customers was the high levels of knowledge, and subsequent good service provided by the staff. Nottinghamshire has witnessed a significant improvement in satisfaction from 88.7 in Quarter 3 to 95.9 in Quarter 4, which contributes to the increase in overall satisfaction. Performance levels in Derbyshire and Leicestershire have been the most consistent during 2009/10, with both sub-regions achieving satisfaction rates of over 90% in all quarters.

Figure 4.5 Satisfaction Levels for Intensive Support



Source: emda (2010)

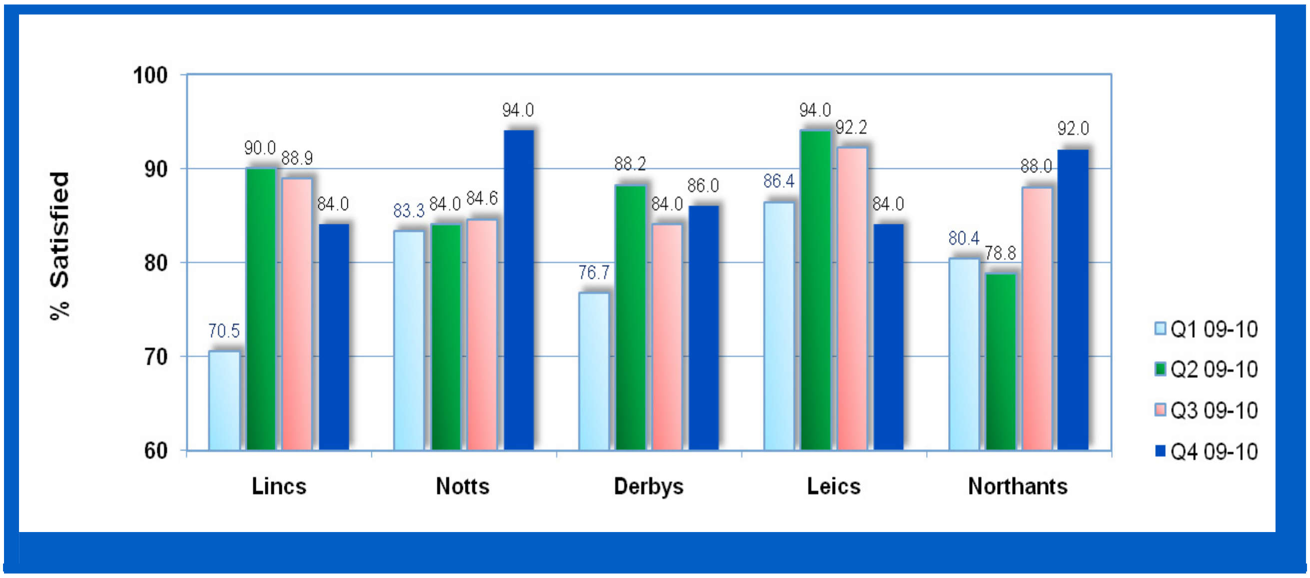
4.1.5 Enquiry Responses

Satisfaction levels were high amongst all levels of enquiries, and increased at all levels throughout the 2008/09 financial year. Satisfaction levels remained high throughout the 2009/10 financial year, although levels of satisfaction have fluctuated somewhat in each county between quarters.

It is notable that during Quarter Four 2009/10, satisfaction rates across each county were 84.0% or higher. It was also notable that in many counties, levels of satisfaction increased as the financial year progressed.

When examining the breakdown in satisfaction by type of enquiry, it was notable that the enquiries handled by the specialist advisors received the highest satisfaction levels (89.3%). The satisfaction levels for enquiries handled by general advisors, the customer service team and face-to-face advisors ranged from 83.2% to 84.4%.

Figure 4.6 Satisfaction Levels for Enquiries by County



Source: emda (2010)

4.2 Mystery Shopping Surveys

As part of the Customer Satisfaction Surveys, a 'mystery shopping' exercise is carried out every month across the five Business Link service 'nests' run by EMB Ltd and reported quarterly. The surveys involve 50 telephone and 50 e-mail contacts with EMB, an increase from the 32 contacts made during previous financial years.

The aim of the surveys is to measure the customer service standards of the telephone switchboard service, the direct dial links to EMB staff and the e-mail enquiry service. Typical business queries were made to the EMB switchboard and e-mail address, designed to measure the quality of customer service.

4.2.1 Telephone Services

Generally, the quality of the customer service was rated very highly for both speed of response, and the information provided. For example, during quarter three of 2008/9 and quarter two and three 2009/10, all telephone calls were answered within five rings. Calls and emails were answered promptly and in a polite and efficient manner.

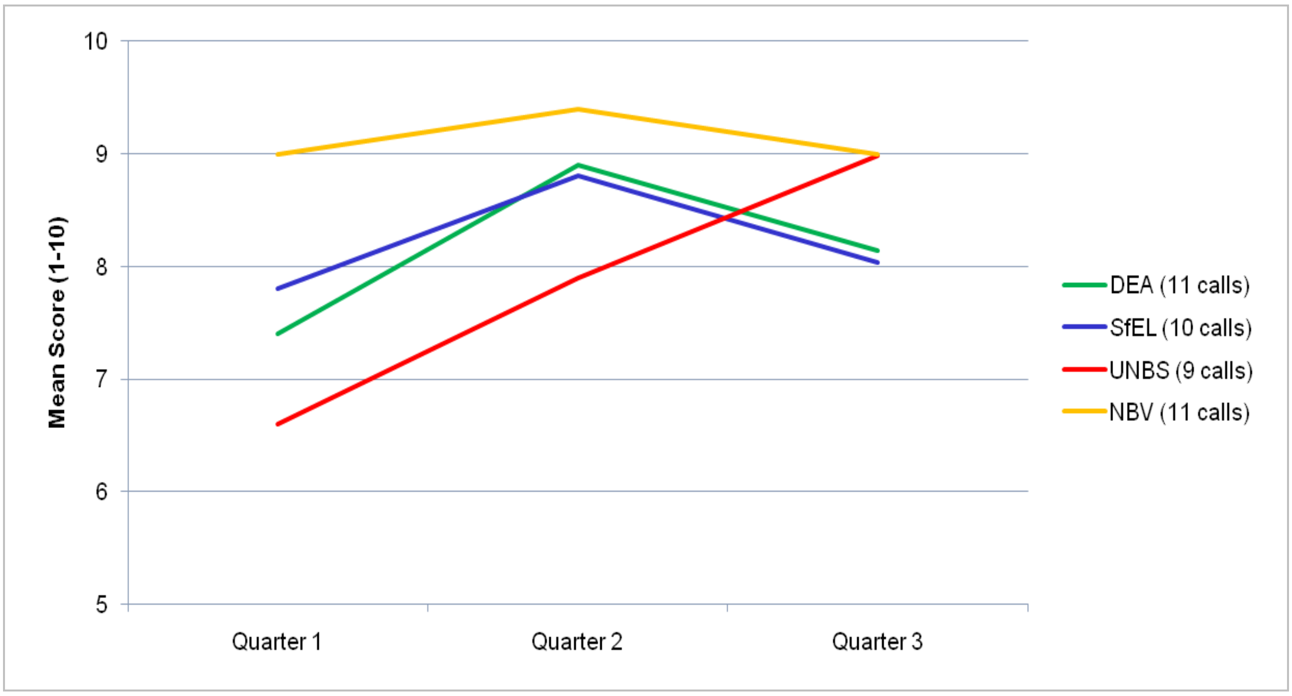
The chart below shows the average score for each location across all five customer service aspects, plotted over the three Quarters in 2009/10[26]. The findings illustrate that satisfaction levels for the telephone services in Nottingham Business Ventures remained

[26] In the Mystery Shopping Surveys, the codes given for each provider are Derbyshire Enterprise Agency (DEA), Skills for Enterprise Leicestershire (SfEL), University of Northampton Business School (UNBS) and Nottinghamshire Business Venture (NBV).

high during 2009/10. It was also notable that satisfaction levels with University of Northampton Business School increased as the year progressed in terms of all aspects of the telephone contact.

The most common outcome of the telephone calls with the three of the four providers was that operatives were told that they could make an appointment with a Business Advisor to discuss their needs further. However, the most common response to questions directed at Nottingham Business Venture was that information would be sent by post/email.

Figure 4.7 Table Average Satisfaction Scores Over time

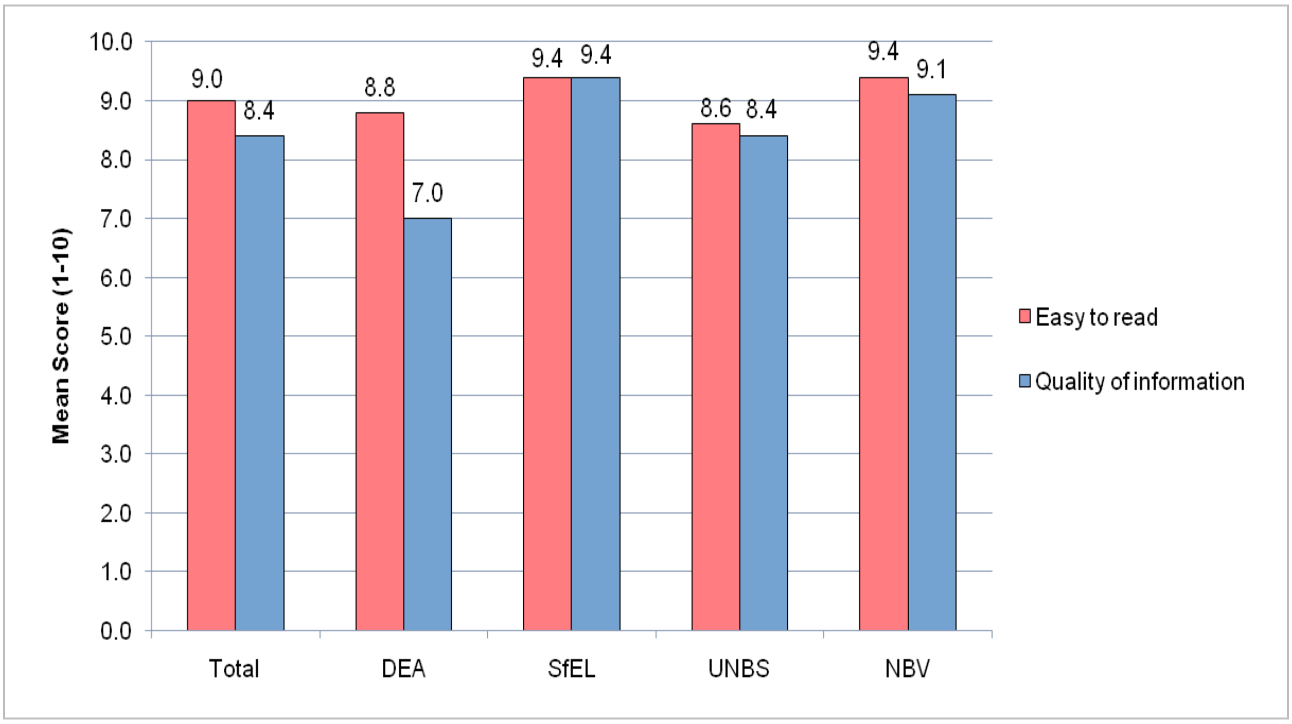


Source: emda (2010)

4.2.2 E-mail Services

The levels of satisfaction with the e-mail services were relatively high during 2009/10. Figure 4.8 (below) indicates that the total satisfaction rating for ease of reading was 9.0 and total rating for quality of information was 8.4. Of the four providers, only Derbyshire Enterprise Agency recorded a score of below 8 (this was for quality of information).

Figure 4.8 Levels of Satisfaction With E-mail Contact



Source: emda (2010)

4.3 Summary Findings

The key findings to emerge from the Customer Satisfaction and Mystery Shopping Surveys that were carried out between 2007/08 and 2009/10 are as follows:

- The overall level of satisfaction reported during this period has generally remained around the 90% mark (i.e. levels of satisfaction have generally been very high and on target). Although the overall satisfaction level fell below 88% during three out of the eleven quarters for which results have been available, the rate also exceeded 90% during three of the quarters. Broken down on a sub-regional basis, the highest levels of satisfaction were reported in Leicestershire and Derbyshire, with lower levels of satisfaction reported in Nottinghamshire.

- It is notable that the satisfaction levels were higher for the intensive support, skills based support, and events provided through Business Link during the 2009/10 financial year. The ability of the Business Link advisors to respond to questions posed by the businesses has been a key contributing factor to these satisfaction levels. The satisfaction levels recorded for the less intensive forms of support (the light touch support and initial enquiry) were lower during 2009/10 than for intensive support or relative to previous levels.

- Satisfaction rates for the enquiry responses exceeded 84% in each sub-region during each quarter of the 2009/10 financial year. The satisfaction rates were higher for the enquiries handled by specialist advisors than those handled by more general advisors.

- Throughout this period, the likelihood to re-use the Business Link Service amongst customers has remained high, with the mean scores given by customers being between 8.3 and 9.0 during the period in question. Reflecting the overall satisfaction ratings, the ratings given were highest amongst users of the intensive Business Link support and skills based support.

- Reflecting this likelihood to re-use the service, the vast majority of Business Link customers also indicated that they would recommend the services to colleagues, with the surveys recording average scores of 8.5 or higher for this indicator during each quarter since the start of the 2008/09 financial year.

- The Mystery Shopping survey results reported high levels of satisfaction for the telephone service, both in terms of speed of response and the quality of information provided. The satisfaction ratings for the e-mail services were also high during this period, both in terms of ease of reading the information and the quality of information provided.

5.0 Beneficiary Survey - Trading Entities

To obtain a greater understanding of the extent to which the Business Link activities had fulfilled the needs of existing trading entities in the East Midlands region, telephone interviews were undertaken with 508 trading entities that had received business link support. Broken down by level of support:

- 278 (54.7% received Level One support);
- 22 (4.3% received Level Two support);
- 208 (40.9% received Level Three support).

5.1 Rationale for Contacting Business Link

Before exploring the types of support that the businesses received, all beneficiaries were asked about the reasons why they contacted Business Link, and the importance of Business Link's marketing mechanisms in encouraging businesses to engage with the Business Link service.

5.1.1 Reasons for Contacting Business Link

One of the core aims of the research was to understand the main reasons for the companies contacting Business Link. The research findings indicated that not all beneficiaries knew about the exact type of support they required from Business Link, given that:

- 16.7% of interviewees did not realise that they had to make changes to their business;
- 20.1% knew they needed to make changes to their business but were unsure of the precise changes required;
- Just 44.5% had a strong idea on the nature of changes they required to their business, and the types of support they might require.

There was little variation in the responses between companies receiving different levels of support.

5.1.2 Importance of Business Link Marketing

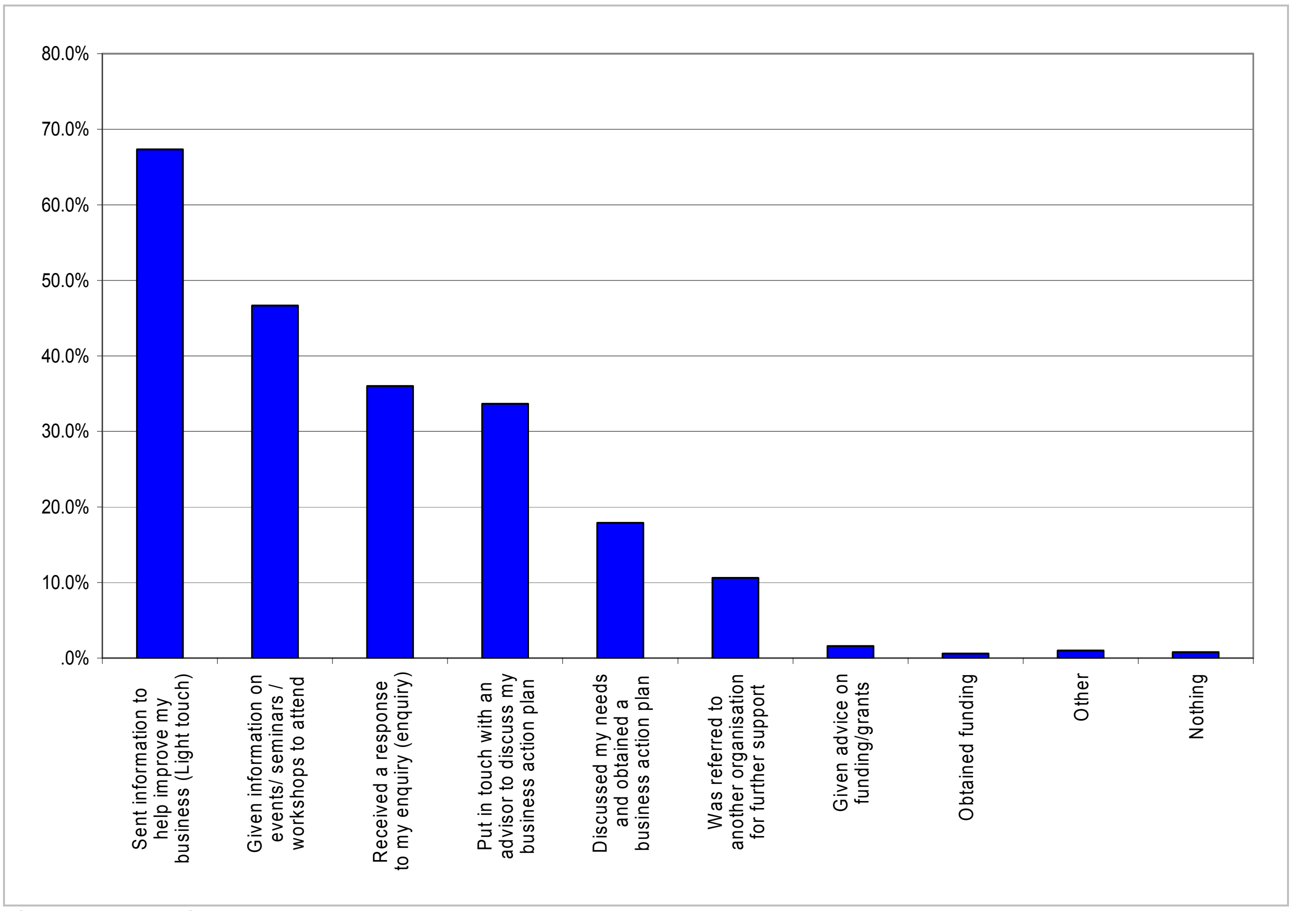
The research findings indicate that, as in the case of respondents receiving start-up support (see Section Six), many beneficiaries were already aware of the service, which would suggest that market awareness of the service in the region was strong. For example, just 7.7% of Business Link respondents did not know of the service previously and 41.5% had known about the service for more than five years.

Furthermore, when asked about the role the marketing mechanisms played in the business' decision to engage with Business Link, just 10.4% indicated that the marketing was "very important" and 22.2% thought it was quite important. Conversely, 45.3% of beneficiaries indicated that the marketing was of no importance in influencing the businesses' decision to engage with the service and 22.0% indicated that it was only of some importance.

5.2 Nature of the Support Received

All businesses were asked about what happened as a direct result of their contact with Business Link. Figure 5.1 (below) indicates that the most common type of result was that the businesses were sent information on potential ways to improve their business (67.3% of beneficiaries). However, almost half of the beneficiaries were given information on events and seminars.

Figure 5.1 Activities Delivered Immediately After Contacting Business Link (Base: 508 beneficiaries)



Source: Ecorys Survey (2010)

It is also apparent that some businesses received more than one type of support. Indeed, 7.7% of the beneficiaries had accessed three different levels of support (namely accessed information, registered for an event/seminar, and received one-to-one support).

The principal types of support given to beneficiaries at each Level were:

- *Information and advice* – businesses received a wide range of information and advice. The most common was general advice on accessing finance (34.0%). The other most common types of advice and information related to sales and marketing.

- *Workshops and seminars* – similar to the pre-starts, the two most common types of workshops and seminars attended were sales and marketing (27.6% of respondents attending workshops/seminars) and finance and accountancy (23.1%). However, beneficiaries attended a wide range of other seminars and events, including setting up businesses (14.9%), online trading (11.9%) and management and IT skills (11.2%).

- *Support from advisors* – these beneficiaries received a wide range of advice. The most common was in the field of financial management (34.7% of respondents supported by advisors), followed by sales and marketing (32.7%), workforce development/recruitment (23.8%) and business planning (22.3%).

5.3 Satisfaction With Delivery Mechanisms

5.3.1 Ability of Support to Meet Business Needs

All beneficiaries were asked to provide their views on the extent to which the support received met their needs. Table 5.1 (below) illustrates the extent to which each Level of support met the needs of the beneficiaries.

Table 5.1 Ability of Support to Meet Beneficiary Needs (Base: 508 beneficiaries)

	Information and Advice	Seminars
Met all needs	28.6	38.8
Met most needs	30.9	31.3
Met some needs	17.3	18.7
Met no needs	17.6	9.0

	Information and Advice	Seminars
Don't know	5.7	2.2
Total (%)	*100.0*	*100.0*

Source: Ecorys Survey (2010)

Reflecting the findings of the customer satisfaction surveys, the support has been successful in meeting the needs of more than half of the beneficiaries.

The one-to-one support delivered by the Business Link advisors has also been successful in meeting the needs of the businesses. 51.5% of beneficiaries thought that the advisor understood the needs of their business "very well" and 36.6% thought they understood their business needs "well". One factor explaining this picture was that in 36.6% of the cases, the advisor made the business aware of needs of which they were not previously aware.

Furthermore, 49.5% of respondents indicated that all actions suggested by the advisor were a reasonable means of improving their business idea, whilst 16.3% thought that most of the actions were reasonable.

5.3.2 Potential Improvements to Services

The high level of success of the services is emphasised by the fact that 79.1% of those attending the seminars and 73.8% of those receiving support from the Business Link advisors did not feel that the support could have been improved in any way.

Of those businesses that indicated that the seminars could have been improved, the most common suggested improvements were the provision of information that was more bespoke to the businesses and for more detailed information, although it is recognised that in group format the provision of more tailored bespoke information is difficult.

Of the businesses indicating that the support from the advisors could have been improved, the most common suggested improvements were for the support to be delivered by advisors with a stronger understanding of the business, and the need for a more detailed follow-up process.

The businesses were also asked if there were any types of support that they did not receive that should have been provided through Business Link. The findings indicate that 11.9% of beneficiaries surveyed would have liked additional support. The most common types of additional support required were assistance with funding/finance and mentoring/training.

5.3.3 Referrals Between Different Levels of Support

Given that 34.2% of all trading entities had received support at more than one Level, a core aim of the evaluation was to understand the success of the programme in referring businesses between the different levels of Business Link support.

The findings indicate that the customer journey appears to have been successful, with 42.5% of businesses receiving more than one level of support indicating that they were very satisfied with the process and 32.5% indicating that they were fairly satisfied.

Table 5.2 Satisfaction Levels With Customer Journey (Base: 174 responses)

Satisfaction	%
Very satisfied	42.5
Fairly satisfied	32.2
Nether satisfied nor dis-satisfied	5.7
Fairly dis-satisfied	4.0
Very dis-satisfied	5.2
Don't know	10.3
Total	*100.0*

Source: Ecorys Survey (2010)

The high levels of satisfaction with the customer journey are further emphasised by the fact that 85.1% of these respondents did not think that the customer journey process could be enhanced in any way. Furthermore, the majority of the businesses proposing potential improvements mainly cited enhanced outcomes (such as ensuring the business received grants) as potential improvements, as opposed to improvements to the customer journey process itself.

5.4 Actions Taken to Improve Businesses

After using the Business Link services, more than half of the businesses surveyed (51.2%) had made an improvement to their business. This varied significantly between recipients of different levels of support, with the businesses receiving the more in-depth support (i.e. Level Three support displaying a higher tendency to make improvements). For example:

- 37.8% of those receiving Level One support had made an improvement;
- 50.0% of those receiving Level Two support had made an improvement;
- 63.5% of those receiving Level Three support had made an improvement.

A wide range of improvements were made to the businesses concerned. Table 5.3 (below) details the improvements that were made by the beneficiaries, and indicates that the most common types of improvements were improvements to marketing, improvements to management processes, and reducing costs.

Table 5.3 Improvements Made to Businesses (Base: 248 Responses)

Improvement	%
Improved marketing	51.2
Trained workforce	33.5
Improved management processes	25.4
Took actions to reduce costs	24.2
Obtained new clients or customers in the UK	19.4
Invested in new machinery or technology	13.7
Increased research and development	8.9
Started business plan	6.9
Obtained new clients or customers outside the UK	4.4
Entered into e-commerce	4.4
Restructuring	1.2
Other	4.8

Source: Ecorys Survey (2010)

These actions resulted in a range of benefits for the businesses interviewed. The most common were:

- Increase in sales (reported by 48.2% of those making improvements);
- Increase in productivity (reported 42.8% of the respondents making improvements);

- Reducing in costs (reported by 25.2%);
- Increase in employment (reported by 14.4%).

The beneficiary survey provided two examples of companies that had successfully implemented improvements to its marketing approaches, which in-turn generated short-term improvements in sales figures and turnover.

CASE STUDY – LINCOLNSHIRE BEDROOM FURNITURE MANUFACTURER

This company had been trading for 21 years prior to contact with Business Link in 2007/08. Its core area of business was the manufacturing of bedroom furniture for wholesale. The business was exploring various options for introducing new financial systems, and was also exploring new methods for marketing, including the development of a new website. The company responded to a mailshot from Business Link, and was put into contact with a Business Link advisor.

The main impact of the Business Link support was that the company's sales increased significantly and that the new website developed through Business Link's assistance made an important contribution to this. Its turnover increased five-fold (£100,000 to £500,000), and the number of staff doubled (from three to six staff members).

The company believes that in the absence of Business Link support, the company's marketing would not have been as strong, and the new website would have been less professional. A particular strength highlighted was that Business Link provided the company with a shortlist of three web designers from which they would select one. The business considers that the impartiality of Business Link was a particular strength of the service. A further strength of the support was that Business Link provided the company with access to an advisor with significant knowledge of web design, who could therefore provide authoritative and impartial advice in this area.

CASE STUDY – HAIR DRESSING TRAINING BUSINESS

The manger of this business approached Business Link because he was looking for help to widen its market because he saw that the performance of the economy was starting to worsen and the business needed advice on other funding and support that may be available. The firm has now been receiving support from Business Link for the past four years.

The business manager approached Business Link because he had previously worked with Government organisations, such as the Learning and Skills Council (LSC), and viewed approaching Business Link as a natural step.

A Business Link advisor visited the business manager twice at the businesses' premises. The business manager had strong levels of confidence in the advisor because the advisor had been in business himself. Furthermore, the advisor was able to familiarise himself with the business, and the key issues facing it in a short time period.

The main outcome of the support was that the business advisor referred this business manager directly to a different advisor who could provide the company with assistance in marketing. This marketing support helped the business to adopt new approaches to advertising. The impacts that resulted were that the business secured new customers from different geographical areas. The business manager thought that these impacts would not have materialised in the absence of Business Link support.

More than half of the businesses interviewed (50.6%) also expect to make improvements to their business in the future. The most common types of anticipated improvements included entry into new markets and the upgrading of equipment. Although it was notable that the beneficiaries reported that Business Link support has played a limited role in their businesses instigating what to potentially improve – i.e. the business already knew what they needed to improve prior to contacting Business Link (54.5% of these respondents indicated that Business Link support was not at all important in influencing this issue), the assumption is that the Business Link service will have played some role (in some cases, a key role) in supporting the business on how to make the necessary improvements.

5.5 Additionality of Business Link Services

The survey findings indicate that Business Link services have played a significant role in the improvements being made to the businesses. For example, 11.2% of beneficiaries indicated that they would definitely not have made the above improvements in the absence of Business Link support, 14.0% would have made the improvements but implemented them less effectively, and 21.6% would have made similar improvements but at a later date.

It is also notable that 55.3% of beneficiaries indicated that they would not have been able to access a similar service elsewhere. Furthermore, half of the beneficiaries indicated that it would have been unlikely or highly unlikely that they would have accessed support had they not contacted Business Link.

5.6 Summary Findings

The surveys undertaken with trading entities have generated the following key findings:

- Many beneficiaries had been aware of Business Link for a long period of time and the marketing of Business Link services has played only a fairly limited role in ensuring that they became engaged in the programme. Furthermore, less than half of the businesses were aware of the changes they needed to make to their businesses and the types of support they required prior to their contact with Business Link.

- Across all three levels of support, the most common types of support accessed by the businesses were in the fields of access to finance, financial management, and sales and marketing.

- The information and advice service and seminars delivered through the Business Link service have been successful in meeting the needs of more than half of the businesses (i.e. the support met either all or most of their needs). Many businesses receiving support from the Business Link advisors also indicated that the support provided had met the needs of the business, with more than half of the respondents indicating that the advisors had understood the needs of the business "very well".

- The success of the Business Link services in terms of meeting the needs of the businesses is further emphasised by the fact that more than seven in ten users of both the seminars and support from Business Link advisors did not feel that the support could be improved in any way.

- The trading entities have been generally satisfied with the customer journey process, given that three in four respondents that had received more than one level of support were either "very satisfied" or "fairly satisfied" with the referral process between the different levels of support. The high levels of satisfaction are re-enforced by the fact that 85.1% of trading entities did not feel that this process could have been improved in any way.

- More than half of the businesses supported had made an improvement to their business at the time of reporting. The businesses receiving the more in-depth support from the Business Link advisors were more likely to report improvements. The most common types of improvements made through Business Link support were improvements to marketing and improvements to management processes.

- Having made the improvements, many beneficiaries have already reported a range of impacts, with 48.2% witnessing increases in sales and 42.8% witnessing increases in productivity.

6.0 Beneficiary Survey - Start-Ups

This section summarises they key research findings relating to the success of the start-up services. The findings are largely based on the survey of 196 beneficiaries that were supported through the Business Link start-up programmes.

The sample of interviewees broke down as follows:

- 107 respondents (54.6%) received Level One support;
- 28 respondents (14.3%) received Level Two support;
- 61 respondents (31.1%) received Level Three support.

6.1 Reasons for Contacting Business Link

Before detailing the types of support the individuals received from Business Link, it is important to consider the reasons why they contacted Business Link and the role that the marketing of the service played in this.

6.1.1 Levels of Awareness of Business Link

It is notable that 33.7% of respondents had been aware of Business Link for less than six months, whilst 18.9% had been aware of Business Link for longer than five years.

It is also notable that word of mouth has been the most common mechanism by which start-up beneficiaries became aware of the Business Link service. 29.1% of respondents indicated that they first became aware of Business Link through this mechanism. The other most common types of awareness raising mechanisms were referrals by other business support agencies (13.3%) and through the internet, specifically the Business Link website (12.8%).

The responses also indicate that the marketing of Business Link played only a very limited role in the beneficiaries' decision to make contact with the service. For example, 50% of start-up service users considered the marketing of the service as "not at all important" (this rises to 57.4% of those using Level Three support) in terms of influencing their decision to contact Business Link, whilst 24.5% indicated that it was of some importance. Given that many users of the start-up support were already aware of Business Link prior to using the service, this would suggest a high level of market awareness of the service amongst individuals intending to start a business.

6.1.2 Rationale for Engaging with Business Link

Unsurprisingly, the main rationale for these beneficiaries engaging with Business Link was that they felt that the organisation could provide advice on starting a business (55.6% of beneficiaries) and advice on the feasibility of the beneficiaries' business idea (30.1%).

Many beneficiaries of the start-up service did not have clear plans in place for their potential business. This is reflected by the findings that:

- Just 15.3% of respondents had a full business plan in place;
- 39.8% had worked out their business idea but did not know how to go about it;
- 40.3% were still researching their business idea.

6.2 Nature of the Support Received

A range of activities took place after beneficiaries had contacted Business Link. Table 6.1 (below) illustrates that the activities largely reflected the different levels of support that the businesses received, although a small number of beneficiaries were immediately referred to other support providers.

Table 6.1 Activities Delivered Immediately After Contact with Business Link (Base: 196 respondents)

Action	% of Respondents
Sent information about starting a business (Light touch)	37.8
Given information on events/ seminars / workshops to attend (Events)	36.7
Discussed my needs and obtained a business action plan	3.1
Put in touch with an advisor to discuss my business action plan (intensive / brokered support)	43.4
Received a response to my enquiry (enquiry)	14.3
Was referred to another organisation for further support / guidance (brokered support)	2.0
Other	2.0
Put onto mailing list	2.0
Nothing/decided not to continue	3.6
Total	*100.0*

Source: Ecorys Survey (2010)

The principal types of support to beneficiaries at each Level were:

- *Information and advice* – the most common type of advice received by the beneficiaries was general advice on starting businesses (56.1% receiving information and advice). The other most common types of advice and information given was on the feasibility of the business idea (15.8% of Level One respondents), advice on legal structures (14.0%), and advice on producing a business plan (12.8%).

- *Workshops and seminars* – the two most common types of workshops and seminars attended covered sales and marketing (59.2% of respondents attending workshops/seminars) and finance and accountancy (53.1%). The other most common types of workshops/seminars attended related to general advice on starting a business (30.6% of these respondents) and management and IT skills (18.4% of these respondents).

- *Support from advisors* – these beneficiaries received a wide range of advice. Although, again, the most common type of advice received related to the general development of business ideas (64.9% of those receiving one to one support), significant numbers of respondents were also given support with accessing finance (36.4% of those supported one-to-one), support with business planning (36.4%) and advice on legal structure (31.2%).

6.3 Satisfaction With Delivery Mechanisms

This section summarises the degree of satisfaction expressed by the beneficiaries of each of the three Levels of Business Link support, and the process of referral between the three levels.

6.3.1 Ability of Support to Meet Individual Needs

Table 6.2 (below) illustrates the extent to which each Level of support met the needs of the beneficiaries.

Table 6.2 Ability of Support to Meet Beneficiary Needs (Base: 196 beneficiaries)

	Information and Advice	Seminars
Met all needs	17.5	32.7
Met most needs	49.1	34.7

	Information and Advice	Seminars
Met some needs	22.8	28.6
Met no needs	3.5	4.1
Don't know	7.0	0.0
Total (%)	*100.0*	*100.0*

Source: Ecorys Survey (2010)

Reflecting the more general findings of the customer satisfaction surveys, the start-up support has been successful in meeting the needs of the beneficiaries. For both types of support, the support provision met either all or most the needs of at least two in three beneficiaries.

For the information and advice, there was some variation in satisfaction levels across the different geographical sub-regions. Reflecting the findings of the Customer Satisfaction Surveys, the information and advice provided to individuals in Derbyshire and Leicestershire met the needs of a higher proportion of respondents (i.e. it either met all or most the needs of over three in four respondents) than in the other sub-regions. The feedback from Leicestershire-based beneficiaries attending the workshops was also more positive than in the other sub-regions in this respect.

In terms of the one-to-one support, the support provided through the Business Link advisors was successful in meeting the needs of the businesses. This is reflected by the finding that 45.5% of beneficiaries thought that the advisor understood their individual needs "very well" and 42.9% thought they understood their needs "well". The feedback provided by Derbyshire-based beneficiaries was particularly positive in this respect, with more than three in five recipients of this support indicating that the advisor understood their needs "very well". One factor explaining this trend was that in half of the cases the advisor made the individual aware of ways of improving their business idea of which they were not previously aware.

Furthermore, 46.8% of respondents indicated that all actions suggested by the advisor were a reasonable means of improving their business idea, whilst 13.0% thought that most of the actions were reasonable.

6.3.2 Potential Improvements to Services

The success of the seminars and workshops is highlighted by the fact that 77.6% of those using these services could not identify any areas in which the service could be improved. Of those beneficiaries that did suggest improvements, the most common type of improvement suggested was the need for a reduction in the number of topics covered within each seminar and, potentially, the need for a higher number of seminars as a result.

In addition, 76.6% of the beneficiaries receiving start-up support from Business Link advisors thought that the support could not have been improved in any way. Of those who cited potential improvements, the most common improvements was for the advice to be more detailed.

6.3.3 Referrals Between Different Levels of Support

18.9% of the beneficiaries interviewed received more than one level of support. The overall consensus from the interviews is that the beneficiaries of the start-up programme were relatively satisfied with the referral process between the different levels, with 54.1% of those beneficiaries receiving more than one level of support indicating that they were very satisfied and 21.6% being fairly satisfied.

The success of the start-up programme in referring beneficiaries between different levels of support is reflected by the fact that 89.2% thought that the programme could not be improved in any ways in this respect.

6.4 Benefits to Individuals

Sections Seven and Eight detail the principal impacts of the Business Link activities on the region's economy. Before detailing the wider impacts of the support on the region's economy, it is important to consider the immediate results the activities have generated for the individuals supported.

All beneficiaries were asked about the main benefits they incurred through participating in the start-up programme. The most commonly cited were:

- Helping the individual to understand how to start a business (44.9% of respondents);
- Helping the individual to develop the necessary structure for their business (20.4% of overall respondents, rising to 41.0% of those receiving Level Three support);
- Helping the individual to understand how to access finance (17.3% of beneficiaries, rising to 31.1% of those receiving Level Three support).

The beneficiary survey provided an example of an individual who indicated that partaking in some of the seminars and training events played an important role in helping them to start their business.

CASE STUDY – SUCCESSFUL START UP

This individual recently started up a business in trace heating, which is a type of cable used mainly for industrial use but also in temperature maintenance. He approached Business Link recently when he was looking for general information about starting a business; even though he had previously run his own business, and was therefore not starting from scratch.

Initially the individual had a one-to-one interview with a Business Link advisor and following on from that he has attended a number of events and workshops mainly around IT training which proved useful in helping to start their business. The training courses were about marketing through the internet and using 'Ad Words' to increase the hits the business receives on search engines such as Google, and sales through eBay.

Although this individual was confident in setting up their business, they found that the additional training helped them to run their new business more effectively. Although there may have been other places from which to get the support, the individual thought the advantage of Business Link was that it is acts as a "one stop shop" where a number of business needs or enquires can be addressed.

The individual suggested that more courses in accounting may be helpful for start ups and that it would be useful if in the initial one to one interview the advisor found out all the start-up's strengths and weaknesses and then tailored the training and support accordingly. This individual concluded by indicating that they are planning to attend more Business Link training courses in the future.

6.4.1 Beneficiaries that Started a Business

21.9% of those interviewed have successfully started a business, although the findings suggest that Business Link activities played a limited role in this, given that 69.8% would definitely have started a business anyway, and 11.6% would probably have started up. However, it is possible that the Business Link service helped these individuals to create more sustainable businesses (previous research, including that quoted by the National Federation of Enterprise Agencies indicates that people who take advice from an Enterprise Agency have a 20% better chance of survival and 20% faster growth[27]). The beneficiary survey also provided some evidence that Business Link activities have helped workless residents in the region to develop business ideas further and pursue self-employment as a career option, as demonstrated by the case study below.

[27] Quote from George Derbyshire, CEO of the National Federation of Enterprise Agencies – source: http://www.mind.org.uk/help/social_factors/realising_people_s_potential

CASE STUDY – INDIVIDUAL RECENTLY MADE REDUNDANT WHO BENEFITED FROM START-UP SUPPORT

This individual was referred to Business Link by Jobcentre Plus. A qualified plumbing and heating engineer who has recently been made redundant, he needed support in all areas of setting up a business.

To date, he has held a meeting with a Business Link advisor and attended four courses. One was entitled "Is this for me?" Another on "Managing Money" and another on "Finding and keeping customers."

The individual has found most of the courses useful and feels that they have given him greater confidence in handling his finances and accounts. He has also found the process of accessing the courses to be easy.

This individual has yet to start the business, mainly due to issues in securing grants or loans; however he is still in contact with Business Link and is in the process of completing a Business Plan. He is hoping that financial support may be forthcoming in the future.

The businesses started by these beneficiaries operate across a wide range of industrial sectors, with the most common type of sector being retail and wholesale (23.3% of those who had established a business are operating in this sector). Unsurprisingly, it is apparent that the businesses established by these beneficiaries are relatively small, with almost half reported to have an annual turnover or less than £50,000, and three in five having no employees apart from the individual who was interviewed.

6.4.2 Beneficiaries that had yet to Start a Business

A wide range of reasons were given for not having started up. The most common reason given was that the respondent was still in the process of developing their business idea. This is reflected by the fact that 32.7% of these respondents were very likely to start a business in the future, and 26.8% were likely to do so.

It is possible that the Business Link service in the East Midlands could generate significant further impacts in terms of new start-ups fairly quickly given that more than half expected to start a business during this financial year. The findings would suggest that the Business Link activities played some role in influencing this, with 12.4% citing Business Link as important in this respect and 32.7% citing it as being of some importance.

6.5 Summary Findings

Based on the findings from the survey of pre-starts, it is possible to draw the following conclusions on the success of Business Link's start-up services between 2007/08 and 2009/10.

- The start-up service has largely been successful in meeting the needs of service users. This is demonstrated by the fact that both the Information and Advice provision and seminars met either all or most the needs of more than two in three users. The start-up support provided through Business Link advisors has also been successful, given that almost nine in ten beneficiaries of this support thought that the advisor understood their individual needs either "very well" or "well". For each type of support more than three in four beneficiaries thought that the service could not have been improved in any way.

- Similar to the support that was provided to trading entities; the customer journey process has met the needs of the pre-starts, with three in four recipients of more than one level of support indicating that they were either "very satisfied" or "fairly satisfied" with the process of referral between the different levels of support.

- Unsurprisingly, the start-up support services have been influential in helping the beneficiaries to improve their understanding on how to start a business, and in terms of developing the most appropriate structure for their business. 21.9% of survey respondents indicated that they had started a business. It is also anticipated that additional businesses will be started in the future by individuals receiving start-up support, with 32.7% of survey respondents yet to start a business stating that they were "very likely" to do so in the future, and 28.6% "likely" to do so.

- The survey findings have indicated that the support services have been more successful in meeting the needs of the individuals in Derbyshire and Leicestershire than the other sub-regions, although it should be recognised that all types of support services have performed well in terms of meeting the needs of beneficiaries in all sub-regions.

- As in the case of the trading entities, there was a high level of market awareness amongst beneficiaries, in the sense that many users were aware of the Business Link service prior to using it.

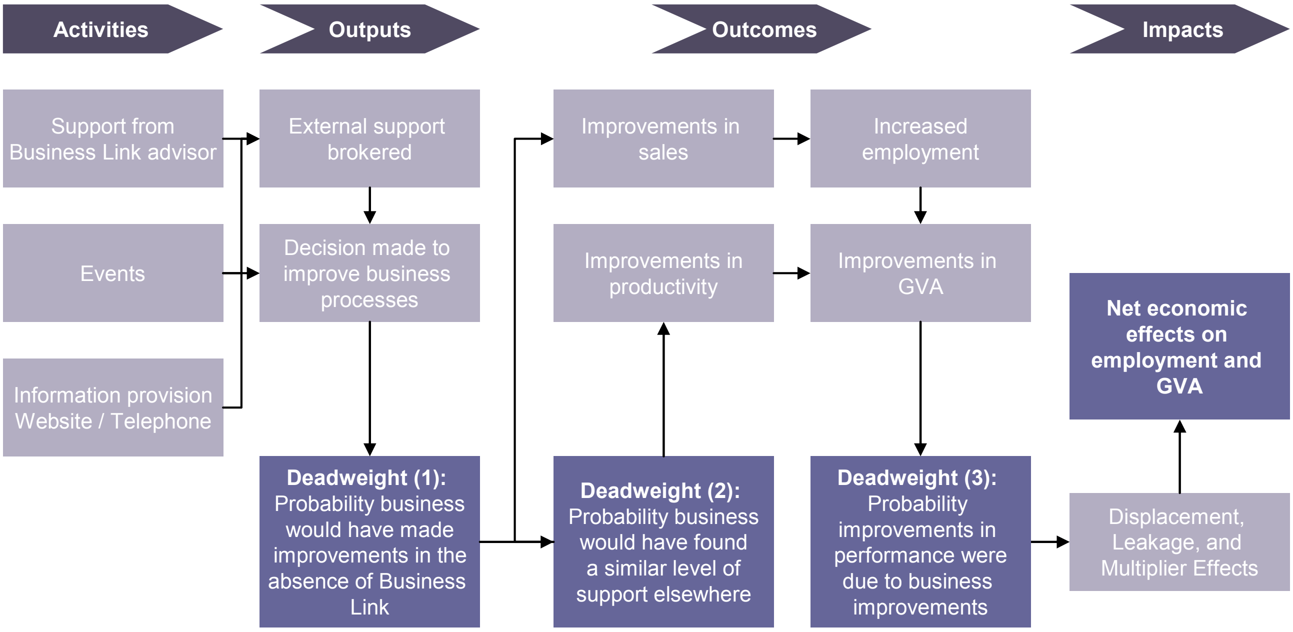
7.0 Economic Impacts of Support Provided to Trading Entities

This section provides an assessment of the wider impacts of the Business Link service in the East Midlands support on the regional economy.

7.1 Analytical Framework

The diagram below sets out our analytical framework for assessing the economic impact of Business Link support on established businesses.

Figure 7.1 Analytical framework for measuring economic impact of support to trading entities



Source: ECOTEC (2010)

The process by which Business Link generates impacts is assumed to be as follows:

- **Businesses supported:** Beneficiary businesses contact Business Link (or are contacted by Business Link) to access the range of support available (including external support provided by other agencies).

- **Decision to make an improvement:** Following delivery of support, the business makes a decision to improve its business processes.

- **Improvements in business performance:** Improvements in business performance (either in terms of new sales or productivity) are observed following the delivery of support, which translate into economic impacts in terms of increased employment and GVA[28].

- **Deadweight:** In order to establish how far observed improvements would not have happened in the absence of the support delivered by Business Link, three aspects of deadweight are taken into account:

  - ► **Additionality of improvements:** The probability that beneficiaries would have taken steps to improve their business in the absence of the support received by Business Link.

  - ► **Additionality of support:** The probability that beneficiaries would have taken up similar alternative support if Business Link support was not available (and leading to similar outcomes).

  - ► **Additionality of outcomes:** The extent to which beneficiaries report that improvements in business performance were a direct result of the improvements made to businesses.

- **Leakage:** The extent to which additional economic impacts have benefited other regions outside the East Midlands. Employment impacts leak outside the region where new jobs created are taken up by non-residents, while GVA impacts (workplace based) leak outside the region where beneficiary firms are either based outside the region, or potentially in the future if they have plans to relocate outside of the region.

- **Displacement:** Displacement occurs where firms have been able to improve their sales at the expense of other firms based in the East Midlands. We assume here that displacement only occurs with respect to sales within the region.

- **Multiplier effects:** Multiplier effects occur where other firms in the region benefit from the increased spending of beneficiary firms as they increase output (supply chain multiplier effects), and the spending of additional employees' wages (induced multiplier effects).

[28] The relationship between employment, productivity, and GVA is assumed to be as follows: $\Delta Y = \Delta(Y / N) \cdot N + \Delta Y \cdot (Y / N)$, where Y = GVA, and N = employment, and Y/N = GVA per worker or productivity. We use the added value measure of GVA, where GVA equals the value of output (approximated by turnover), minus the value of intermediate goods and services.

- **Persistence:** The durability of impacts (i.e. how long benefits of support are expected to last) should also be taken into account in assessing the total benefits of Business Link support.

Net economic impacts are estimated following the approach set out in the Homes and Communities Agency's Additionality Guide[29], BIS' Impact Evaluation Framework+[30] and the *emda* evaluation toolkit[31]:

Net impact = Gross impact (observed improvements in business performance) x (1 – Deadweight) x (1 – Leakage) x (1 – Displacement) x Multiplier Effects

7.2 Number of Businesses Supported

Over the three years 2007/08 to 2009/10, over 100,000 businesses were supported by the Business Link service in the East Midlands. As shown in Table 7.1, the majority of these businesses experienced the Level 1 support.

Table 7.1 Number of businesses supported

Level of support	Number
Level 1	64,246
Level 2	4,600
Level 3	35,222
Total	**104,609**

Source: East Midlands Development Agency, Regional Business Information System (2010)

7.3 Gross Changes in Business Performance

The table below sets out the gross changes in business performance reported by beneficiaries, by level of engagement. In overall terms, employment and GVA[32] increased for all levels of engagement after receiving the support, although those engaging in support at levels 2 and 3 saw productivity decline, suggesting a reasonably high proportion of firms are seeing declining revenues but are retaining staff (possibly related to the

[29] English Partnerships (2008) *Additionality Guide: A standard approach to assessing the additional impact of interventions*
[30] BIS (2009) *RDA Evaluation: Practical Guidance on Implementing the Impact Evaluation Framework*
[31] ECOTEC (2010) *Toolkit for the Evaluation of emda Strategic Programmes 2007/08 – 2009/10*
[32] GVA = Annual Turnover – Spending on inputs / supplies, GVA due to sales growth = Change in employment x GVA per worker, GVA due to productivity growth = Change in GVA per worker x employment

recession). Total gross changes in business performance were estimated by applying average changes reported to the total number of beneficiaries supported.

Table 7.2 Gross change in business performance

Engagement Level	Level 1	Level 2	Level 3	Total
Average change in employment	0.32	0.45	0.78	0.51
Average change in GVA due to sales growth (£ per annum)	4,368	3,899	21,705	12,184
Average change in GVA due to productivity growth (£ per annum)	6,397	-6,821	-5,632	497
Number of beneficiaries supported	64,246	4,600	35,222	104,069
Total gross change in employment	**20,300**	**2,100**	**27,300**	**49,700**
Total gross change in GVA due to sales growth (£m per annum)	**280.6**	**17.9**	**764.5**	**1,063.1**
Total gross change in GVA due to productivity growth (£m per annum)	**411.0**	**-31.4**	**-198.4**	**51.8**

Source: Beneficiary Survey, Gross change = Average change x Number of beneficiaries

7.4 Deadweight

As outlined above, deadweight is comprised of three elements: the additionality of improvements, additionality of support, and additionality of outcomes. This section sets out our estimates of deadweight.

7.4.1 Additionality of Improvements

Beneficiaries were asked to report whether they made any improvements to their business as a result of the support received. The following table shows that businesses receiving higher levels of support were more likely to have made improvements.

Table 7.3 Percentage of businesses making an improvement to the way they operate their business

Engagement level	Percentage of respondents
Level 1	0.38
Level 2	0.50
Level 3	0.63
Total	0.49

Source: Beneficiary survey

Those beneficiaries that made improvements were asked to report how likely they would have been to implement any changes made to their business in the absence of Business Link support. These responses have been used to estimate the additionality of improvements made to their business. Using these responses (shown in Table 7.4) it was estimated that 59 percent of respondents improving their business would not have done so without the support they received.

Table 7.4 Additionality of improvements

Response to question: "How important was the support in your ability to make those changes to your business?"	Percentage of respondents	Assumed additionality
Would definitely have made similar improvements anyway	24	0.00
Would probably have made similar improvements anyway	12	0.25
Would possibly have made similar improvements yesterday	24	0.75
Would have made similar improvements but at a later date[33]	15	1.00
Would have made similar improvements but implemented them less effectively	12	0.50
Would definitely not have made similar improvements anyway	12	1.00
Don't know	8	0.50
Estimated probability businesses would not have made improvements in the absence of support		**0.59**

Source: Ecorys Survey, 2010, Average additionality is weighted average of all responses, base: respondents making an improvement to their business

Clearly, it is difficult to measure the totality of the effects of the support in terms of all improvements made to the businesses. For example, the survey was not able to explore the extent to which companies making alternative improvements would have led to higher performance figures, and improved the companies' chances of achieving their performance targets.

Furthermore, in some cases, the Business Link service played a key role in supporting businesses to make improvements that they had planned to make prior to contacting the Business Link service (i.e. supporting the business with how to make the change as opposed to what to change). Again, the additionality of the support in these cases has been difficult to capture in the beneficiary survey.

Applying estimates of the percentage of businesses making an improvements (see

[33] Although we assume 100% additionality for this group, note that impacts are temporary. This is addressed when we consider accelerated impacts below.

Table 7.5) to the estimated probability that businesses would not have made an improvement in the absence of the support they received (59 percent) provides an estimate of the overall percentage of improvements that would not have happened in the absence of the Business Link service (see table below).

Table 7.5 Estimated additionality of improvements by engagement level

Engagement level	Additionality of improvements
Level 1	0.22
Level 2	0.29
Level 3	0.37
Total	**0.29**

Source: Beneficiary survey, Additionality of improvements by engagement level = Percentage of businesses that have made an improvement (by level) x Additionality of improvements for businesses that have made an improvement (59%)

7.4.2 Additionality of Support

Beneficiaries were asked to report how far they would have been able to obtain a similar level of support from other sources than Business Link, and how likely they would have been to take this support up if Business Link support had not been available. Additionality assumptions associated with beneficiary responses are set out in the table below, and using these responses it was estimated that 78 percent of beneficiaries would not have obtained similar alternative support elsewhere (see Table 7.6 below).

Table 7.6 Additionality of support

Response to question: 'Do you think you could have found a similar service elsewhere?'	Percentage of respondents	Assumed additionality
Yes	27	See below
No	55	1.00
Don't know	17	1.00
If yes, 'how likely is it that you would have accessed this alternative support?'		
Definitely	14	0.00
Likely	7	0.25
Quite Possible	2	0.50
Unlikely	2	0.75
Definitely not	0	1.00
Average additionality of support		**0.78**

Source: Ecorys Survey, 2010, Additionality of support is weighted average of all responses

7.4.3 Additionality of Outcomes

Beneficiaries were asked to report how far observed improvements in business performance were due to the improvements they made to their business:

- **Jobs created and safeguarded:** Where beneficiaries had reported that their employment had expanded, they were asked to report how many of the new positions were due to the improvements they made (treated as jobs created). Where employment had stayed the same or contracted, they were asked to report how much lower employment would have been if they had not made improvements to their business (treated as jobs safeguarded).

- **GVA created or safeguarded:** Reported GVA per worker was applied to reported jobs created and safeguarded to estimate GVA created or safeguarded. Where GVA per worker was unknown (for example, where respondents had refused to report turnover figures), the sample average was applied.

The following table shows the average jobs and GVA created and safeguarded as a result of improvements made to the business.

Table 7.7 Jobs and GVA created or safeguarded attributable to support

Table header	Average Jobs created	Average Jobs Safeguarded	Average GVA created due to sales growth (£)	Average GVA safeguarded due to sales growth (£)
Level 1	0.5	0.3	2,931	1077
Level 2	0.4	0.0	1,732	0
Level 3	1.0	0.1	4,490	285
Total	**0.7**	**0.2**	**3,507**	**707**

Source: Ecorys, 2010

- **GVA created due to productivity gains:** Beneficiaries were also asked to report if the improvements they made had helped them to improve productivity and, if so, how important the changes were in helping them to deliver productivity gains. Additionality assumptions (as set out in the table below) were applied to observed productivity gains and employees to estimate overall gains in productivity due to improvements made to businesses[34].

Table 7.8 Additionality of Productivity Outcomes

Response to question: Has the productivity of your business increased or decreased over the past three years?	Percentage of responses	Assumed additionality
Increased	44	See below
Decreased	15	0.00
Stayed the same	42	0.00
If increased, 'how likely is it that you would have seen these productivity gains if you had not received support from Business Link?'		
Definitely	15	0.00
Likely	12	0.25

[34] Productivity gain due to improvements = (GVA per worker at the time of survey – GVA per worker before support was received) x Additionality of productivity outcomes x Number of workers at the time of survey

Response to question: Has the productivity of your business increased or decreased over the past three years?	Percentage of responses	Assumed additionality
Neither likely nor unlikely	2	0.50
Unlikely	7	0.75
Definitely not	2	1.00
Average additionality of productivity improvements		**0.14**

Source: Ecorys Survey 2010, Average additionality is weighted average of all responses

These results were applied at respondent level to estimate average GVA due to productivity gains attributable to Business Link support provided, as set out in the table below.

Table 7.9 Average GVA due to productivity gains attributable to support

Engagement level	Average GVA created due to productivity gains (£ per annum)
Level 1	6,518
Level 2	0
Level 3	7,221
Total	**6,582**

Source: Beneficiary survey, Average GVA created due to productivity gains = Gross GVA created due to productivity gains x Additionality of productivity improvements (calculated at respondent level)

7.5 Gross Additional Impact

The following table shows the gross additional impact of Business Link on jobs and GVA created or safeguarded by level of support. The highest share of gross additional jobs and GVA created or safeguarded is generated by firms receiving Level 3 support.

Table 7.10 Gross additional impact

Level of engagement	Jobs created	Jobs safeguarded	Total employment impact	GVA created or safeguarded (£m per annum)
Level 1	5,900	3,100	9,000	238.6
Level 2	400	0	400	4.6
Level 3	10,100	900	11,000	288.9
Total	**16,400**	**4,100**	**20,500**	**533.3**

Source: Ecorys Survey 2010, gross additional impact = gross impact attributable to support x additionality of support x additionality of improvements

7.6 Gross Additional Impacts: Comparison with Control Group Findings

A key limitation of impact assessment based on beneficiary survey results alone is the problem of strategic response bias, where respondents overstate the impact of the support, either to please the interviewer, or because they have an interest in the relevant initiative being continued. Equally, respondents may not know the influence of the support they received on their business performance.

A control group survey of businesses that had not received support was undertaken to explore the relative performance of non-Business Link users and identify the impact of support (see Appendix). In marked contrast to the results of above, the analysis suggested that participating in support did not lead to statistically significant impacts on business performance.

While this is a potentially significant finding, there are a range of possible limitations to the control group analysis:

- The sample of beneficiaries included firms supported from 2007/08 to 2009/10, and firms supported in later years may have been less likely to have implemented improvements to their business, reducing the ability of the analysis to isolate the effects of support.

- Beneficiaries may have been composed of both motivated firms looking to improve their business and those that have been struggling in the recession (and evidence relating to the productivity declines of those receiving higher level support would support this). As these characteristics are effectively unobservable, average analysis across the two groups may make it difficult to isolate effects of support on either group and important impacts may be impossible to identify.

- The time period under consideration may be too narrow for the full effects of Business Link to come through, particularly if improvements made by businesses have long time horizons over which impacts may be expected to come to fruition.

7.7 Leakage, Displacement and Multiplier Effects

Leakage, displacement, and multiplier effects were estimated as follows:

- **Leakage:** Leakage of employment impacts was estimated on the basis of beneficiaries reported percentage of employees that lived outside the region. GVA has been estimated on a workplace basis, and as all firms surveyed were based in the East Midlands, leakage of GVA is assumed to be minimal (i.e. zero).

- **Displacement:** Beneficiaries reported that 62 percent of their sales were to firms based in the East Midlands, and that 51 percent of their competition (by market share) was based in the region, suggesting a value of 0.32 for displacement (i.e. 0.62 x 0.51).

- **Multiplier effects:** The multiplier effect.(the extent to which increased GVA and employment has a knock-on effect on the regional economy through the supply chain and increased spending by employees) is estimated using an Experian model for the East Midlands[35] in which an average multiplier is calculated for each sector. We use this model to estimate a weighted average based on the sectoral distribution of the survey sample. On this basis, we assume a multiplier of 1.40[36].

Table 7.11 Multiplier effects

Industry	Percentage of respondents	Type II Multipliers
Primary (SIC Sections A & B)	4	1.33
Manufacturing (SIC Section C)	14	1.35
Construction (SIC Section D)	11	1.51
Private Services (SIC Sections E)	60	1.40
Public Services	12	1.42
Estimated multiplier effects	**-**	**1.40**

Source: emda Evaluation Toolkit and Beneficiary Survey, average multiplier effect is weighted average of all sectors

Estimates of leakage, displacement and multiplier effects are set out in the table below.

Table 7.12 Leakage, displacement and multiplier effects

	Jobs	GVA
Leakage	0.10	0.00
Displacement	0.32	0.32
Multiplier effects	1.40	1.40

Source: Ecorys Analysis (2010)

7.8 Net Additional Impacts

Estimates of the net additional impact of the Business Link service in the East Midlands, in terms of jobs and GVA created or safeguarded (per annum) are set out in the table below.

[35] See *emda* Toolkit table 3.5
[36] It was decided not to use the beneficiary survey to estimate first order supply chain effects as the responses given often seemed implausible

It is estimated that Business Link's support for established businesses has led to the net additional creation of 14,100 jobs and the safeguarding of 3,500 jobs in the East Midlands. Moreover, the total net additional GVA created or safeguarded in the region is estimated to be about £510 million per annum. As we would expect, the largest share of this impact is generated through businesses that engaged with Business Link at Level 3.

Table 7.13 Net additional impacts

	Net additional jobs created	Net additional jobs safeguarded	Net additional created or safeguarded GVA (£m per annum)
Level 1	5,100	2,700	228.3
Level 2	300	0	4.4
Level 3	8,700	800	276.4
Total	**14,100**	**3,500**	**510.4**

Source: Ecorys Survey, 2010, Net additional impact = Gross additional impact x (1-Leakage) x (1-Displacement) x Multiplier

7.9 Potential Impacts

In this section, we consider the potential impact due to beneficiaries that are planning to make improvements to their business in the next 12 months.

7.9.1 Gross Potential Impacts

In addition to impacts associated with businesses that have already made improvements, the activities delivered through the Business Link service may generate further impacts if businesses have been influenced to make improvements in the future.

In order to estimate these potential effects, respondents were asked to report how likely they would be to implement improvements over the next 12 months. As shown in the table below, 51 percent of respondents reported that they planned to make improvements over the next 12 months. Of those that did plan make improvements over the next 12 months, the majority reported that they would "definitely" do so. Using these results, it is estimated that 44 percent of firms that had not made improvements will do so over the next 12 months.

Table 7.14 Probability that beneficiaries will make improvements during the next 12 months

Response to question "Are you planning to make improvements to your business over the next year?"	Percentage of respondents	Assumed probability individual will make improvements over the next 12 months
Yes	51	See below
No	43	0.00
Don't know	6	0.00

Response to question "Are you planning to make improvements to your business over the next year?"	Percentage of respondents	Assumed probability individual will make improvements over the next 12 months
If yes, "how likely do you think you will make this improvement to your business?"		
Definitely	33	1.00
Likely	14	0.75
Neither likely nor unlikely	2	0.50
Unlikely	1	0.25
Definitely not	0	0.00
Average probability		**0.44**

Source: Ecorys Survey, 2010, Average probability is a weighted average of the assumed probability of all the respondents

7.9.2 Additionality of Potential Improvements

To estimate how far these potential improvements could be attributed to the support provided by the Business Link service, respondents were asked to report the importance of the support they received in their plans to make future improvements. Using the additionality assumptions outlined in the table below, it is estimated that 34 percent of these improvements would not have been made in the absence of the Business Link service.

Table 7.15 Additionality of potential improvements

Response to question "How important was the support you received in your plans to establish a business?"	Percentage of respondents	Assumed additionality
Very important	14	0.90
Important	16	0.60
Some importance	14	0.40
Not important	54	0.10
Average additionality		**0.34**

Source: Ecorys, 2010, Average additionality is a weighted average of the assumed additionality of all the respondents

7.9.3 Gross Additional Potential Impacts

Those firms that did express plans to make future improvements reported that they would take on an average 2.7 additional employees as a result As shown in the table below, we apply this figure to businesses that have not yet made improvements but are planning to do so to estimate the number of gross potential jobs created by future improvements. Potential GVA created is estimated by multiplying the potential jobs created by average GVA per worker (note that this assumes no productivity growth in the future).

To estimate gross additional potential impact, estimates of the probability that businesses will make these potential improvements and additionality of support (as estimated above) are applied to gross potential impacts.

Table 7.16 Gross additional potential impacts

	Total
Businesses that have not yet made improvements	53,100
Estimated percentage that will make an improvement over the next 12 months	0.44
Estimated number of businesses planning to make improvements over the next 12 months	23,500
Average reported number of jobs created as a result of potential improvements	2.7
Average GVA created £ (= average jobs created x average GVA per worker, £ per annum)	51,500
Gross potential jobs created	62,700
Gross potential GVA created (= 23,500 x £51,500) (£m per annum)	1,213
Gross additional jobs created (= gross jobs created x additionality of improvements x additionality of support)	16,700
Gross additional GVA created (= gross GVA created x additionality of improvements x additionality of support) (£m per annum)	323

Source: Ecorys Survey, 2010

7.9.4 Net Additional Potential Impact

Applying the same assumptions around leakage, displacement and multiplier effects derived as for actual impacts, it is estimated that the programme will have a net additional potential impact of 16,700 jobs and £309 million GVA per annum from businesses making improvements over the next 12 months (as shown in the table below). There is of course no guarantee that all, or even most, of these planned improvements will actually go ahead and responses to questions regarding future plans may be subject to a substantial degree of optimism bias. Therefore, estimates of potential impacts should be treated with particular caution.

Table 7.17 Net additional potential impacts

	Jobs created	GVA created (£m per annum)
Gross additional potential impact	16,700	323
Leakage	0.00	0.10
Displacement	0.32	0.32
Multiplier	1.40	1.40
Net additional potential impact	14,400	309

Source: Ecorys Survey, 2010, Net additional impact = Gross additional impact x (1 – Leakage) x (1 – Displacement) x Multiplier Effects

7.10 Persistence

In order to estimate the total impact of the Business Link service on cumulative GVA, we must make an estimate of how long impacts could be expected to endure.

7.10.1 Durability of Impacts

Survey respondents were asked to estimate how long they think the impact of Business Link will last. The following table shows that, on average, businesses expect the impacts to last for 4.6 years.

Table 7.18 Duration of impact

Response to 'how long do you expect the benefits of the support you received to last?'	Percentage of responses	Persistence (years)
0-1 years	40	0.5
1-2 years	6	1.5
2-3 years	6	2.5
3-5 years	8	4.0
5-10 years	5	7.5
10 years or more	35	10.0
Average persistence		**4.6**

Source: Ecorys Survey 2010, Average persistence is weighted average of responses

7.10.2 Accelerated Effects

Twelve percent of respondents reported that, in the absence of support from Business Link, they would have made improvements anyway, but at a later date. In these cases, it is assumed that associated employment and GVA impacts are 100 percent additional, but endure only for a short period of time.

Respondents who reported that they would have made improvements at a later date in the absence of Business Link support, were asked to report how much later they would have made improvements. On average, these respondents reported that they would have made improvements about one year later, so it is assumed that 12 percent of GVA impacts will endure for one year only.

Table 7.19 Accelerated effects

Response to question "How much later would you have made these improvements?"	Percentage of respondents	Persistence of accelerated effects (years)
0-6 months	18	0.25
6-12 months	57	0.75
1-2 years	20	1.50

3-4 years	3	4.0
5 years or more	16	5.0
Average persistence of temporary effects		**0.97**

Source: Ecorys Survey, 2010, Average persistence of temporary effects is weighted average of all accelerated effects

7.10.3 Potential Leakage

Impacts may also be temporary if businesses supported leave the region in future years. Respondents were asked to report whether they had any plans to leave the region in the future, and if so, when they were likely to relocate.

About 4 percent of respondents reported they planned to move away from the East Midlands, in an average of 1.86 years (see table below), so it is assumed that in 4 percent of cases impacts endure for 1.86 years.

Table 7.20 Potential leakage

Response to question "Do you have any plans to relocate outside of the East Midlands?"	Percentage of respondents	Persistence of impact (years)
No plans to leave East Midlands	96.4	n/a
Yes – within the next six months	0.8	0.25
Yes – within 6-12 months	0.8	0.75
Yes – in 1-2 years	1.0	1.50
Yes – in 3-4 years	0.4	3.50
Yes – in 5 years +	0.6	5.00
Average persistence		**1.86**

Source: Ecorys Survey, 2010, Average persistence is weighted average of all persistence affected by potential leakage

7.10.4 Overall Persistence

Using these results, we assume that economic impacts are likely to endure for just over four years on average (as shown in Table 7.21).

Table 7.21 Overall persistence

	Proportion of respondents	Persistence (years)
Accelerated effects	12	0.97[37]
Potential leakage	4	1.86
Duration of impact	85	4.60
Overall persistence		**4.07**

Source: Ecorys Survey, 2010, overall persistence is weighted average of the persistence in each group

[37] Note that this assumes that the effects of improvements brought forward effectively endure for longer period in total than those that have not. If these effects were assumed to endure for the same period, then the effect of bringing impacts forward would be to affect the time profile of GVA impacts alone, rather than creating additional impacts. This assumption has only a minor effect on the overall estimates.

7.11 Present Value of GVA Impacts

The table below shows the distribution of the number of gross businesses supported across the three years of the evaluation period, based on management information from *emda*.

Table 7.22 Number of businesses supported

Year	Number of businesses supported
2007/08	47,860
2008/09	28,425
2009/10	27,784

Source: Regional Business Information System (2010)

Applying the persistence assumptions described above, Table 7.23 shows the present value of the GVA impacts due both to businesses already supported to make improvements and potential impacts over the next 12 months. When impacts are discounted at a rate of 3.5% per year (in line with guidance set out in the HMT Green Book[38]), the present value of the total GVA impact is estimated at £2.4bn over the three years (£3.8 billion if potential impacts are included)

Between 2007/08 and 2009/10, *emda* invested about £28.5 million in the support to established businesses, with a present value of £27.5 million. This equates to a return on investment of £88.08 per £1 of *emda* expenditure (£138.29 if potential impacts are included). Although it is difficult to benchmark the achievements of the Business Link service in the East Midlands, given that evaluation reports for the Business Links in other English regions are not publicly available, the findings from the 2009 PWC report on the impacts of spending by England's Regional Development Agencies[39] indicates that each £1 of RDA investment on individual business support generated £12 in GVA. The findings would therefore suggest that *emda's* return on investment for Business Link programmes has been higher than many other enterprise support programmes nationally.

Table 7.23 Present value of GVA impacts (£m)

Year	Discount factor	Businesses supported in 2007/08	Businesses supported in 2008/09	Businesses supported in 2009/10	Potential impacts
2007/08	1.000	234.7			
2008/09	0.965	226.5	134.5		
2009/10	0.931	218.6	129.8	126.9	

[38] HM Treasury (2003) Green Book: Appraisal and Evaluation in Central Government
[39] Department for Business, Enterprise and Regulatory Reform (2009), "Impact of RDA Spending – National Report – Volume One Main Report", Report Produced by PriceWaterhouse Coopers

Year	Discount factor	Businesses supported in 2007/08	Businesses supported in 2008/09	Businesses supported in 2009/10	Potential impacts
2010/11	0.899	210.9	125.3	122.4	278.0
2011/12	0.867	14.6	120.9	118.2	268.3
2012/13	0.837		8.3	114.0	258.9
2013/14	0.808			7.9	249.9
2014/15	0.779				17.2
Total		**1,140.0**	**658.2**	**625.6**	**1,381.8**
Total (actual and potential impacts)					**3,805.6**

Source: Ecorys Survey, 2010

While this suggests very strong value for money, these figures should be treated with a degree of caution in view of:

- **The control group evidence:** The control group analysis, which comes with caveats, means that it is difficult to attribute the impacts to any individual form of business support. The high impact may be driven by issues relating to either strategic response bias (where respondents are acting on incentives to over-state impacts) or simply that respondents were not able to report accurately the influence of business support on their decisions and business performance.

- **The potentially highly optimistic estimates of potential impacts:** On average, those businesses planning to make improvements reported that this would result in an average on 2.7 additional employees. This compares to 0.7 among those that had actually made improvements, suggesting that these estimates are highly optimistic.

- **The uncertainty over persistence:** The high impacts are also driven by the persistence assumptions used for the evaluation. If the persistence assumptions from the IEF+ are used (which imply the impacts of business support endure for 3 years, but are not based on empirical evidence), this would lead to estimates of impact that are up to 30 percent lower than estimated here.

- **Social costs:** The return on investment estimate does not reflect the full social costs of delivering business support, and in particular, does not include the potential costs involved in implementing business improvements.

7.12 Summary Findings

The findings in this section have illustrated that the support to existing trading entities between 2007/08 and 2009/10 has demonstrated strong value for money. Although the control group analysis could not find strong linkages between business performance and receipt of business support, the findings from the survey with trading entities illustrate that the main economic impacts generated by this support for the East Midlands region are as follows:

- The total net additional employment impact is estimated to be a total of 14,100 jobs created and 3,500 jobs safeguarded, while the total net additional GVA created or safeguarded is estimated to be £510 million per annum.

- In addition, it is estimated that the programme will have a net additional potential impact of 14,400 jobs and £309 million in GVA per annum from businesses making improvements over the next 12 months. However, there is no guarantee that such planned improvements will actually go ahead so such estimates should be treated with caution.

- The present value of the actual GVA impact is estimated at £2.4 billion (or £3.8 billion if totalling actual and potential impacts).

- Taking account of *emda*'s investment in the programme between 2007/08 and 2009/10, the findings of the economic impact assessment suggest a return on investment of £88.08 per £1 of *emda* expenditure (or £138.29 if potential impacts are included). Although it is difficult to benchmark the achievements of the Business Link service in the East Midlands, given that evaluation reports for the Business Links in other English regions are not publicly available, the findings from the 2009 PWC report on the impacts of spending by England's Regional Development Agencies[40] indicates that each £1 of RDA investment on individual business support generated £12 in GVA. The findings would therefore suggest that *emda's* return on investment for Business Link programmes has been higher than many other enterprise support programmes nationally. This would suggest that the support targeting at trading entities has delivered strong value for money.

[40] Department for Business, Enterprise and Regulatory Reform (2009), "Impact of RDA Spending – National Report – Volume One Main Report", Report Produced by PriceWaterhouse Coopers

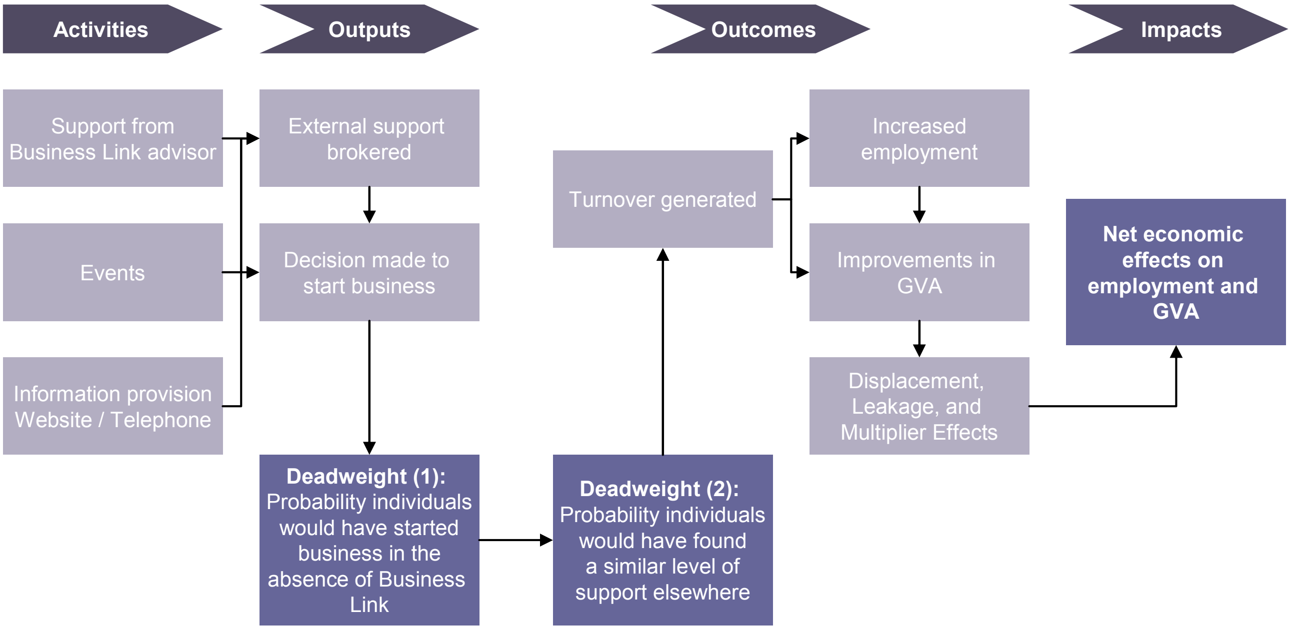
8.0 Impacts on Pre-starts

This section details the wider impacts of the start-up support activities on the East Midlands economy. The findings within this section are based on the findings of the beneficiary surveys with pre-start beneficiaries. It should be noted that the impacts included within this section are additional to those detailed in Section Seven.

8.1 Analytical Framework

The diagram below sets out our analytical framework for assessing the economic impact of Business Link support on pre-starts.

Figure 8.1 Analytical framework for assessing economic impact of start-up support



Source: Ecorys (2010)

The process by which Business Link generates impacts is assumed to be as follows:

- **Individuals supported:** Individuals contact Business Link (or are contacted by Business Link) to access the range of support available (including external support provided by other agencies).

- **Decision to start a business:** Following delivery of support, the individuals decides to start trading as a business.

- **Deadweight:** In order to establish how far individuals would have started businesses in the absence of Business Link, two aspects of deadweight are considered:

  ► **Additionality of businesses:** The probability that individuals would have started their business in the absence of Business Link support.

  ► **Additionality of support:** The probability that beneficiaries would have taken up similar alternative support if Business Link support was not available (and leading to similar outcomes).

- **GVA and employment effects:** In the case of pre-start support, if businesses would not have started in the absence of Business Link, then all GVA and employment associated with those businesses are attributable to Business Link (as the business would not be present in the region otherwise).

- **Leakage:** The extent to which additional economic impacts have benefited other regions outside East Midlands. Employment impacts leak outside the region where new jobs created are taken up by non-residents, while GVA impacts (workplace based) leak outside the region where individuals have started businesses outside of the East Midlands.

- **Displacement:** Displacement occurs where the firms established are in direct competition with other firms based in East Midlands. We assume here that displacement only occurs with respect to sales within the region.

- **Multiplier effects:** Multiplier effects occur where other firms in the region benefit from the increased spending of firms started as they increase sales and output (supply chain multiplier effects), and the spending of additional employees' wages (induced multiplier effects).

- **Persistence:** The persistence of impacts (i.e. how long benefits of support are expected to last) should also be taken into account in assessing the total benefits of Business Link support. In the case of pre-starts, this should consider how far Business Link has brought business start-ups forward, how long firms can be expected to survive, and how likely they are to leave the region.

Net economic impacts are estimated following the approach set out in the Homes and Communities Agency's Additionality Guide[41], BIS' Impact Evaluation Framework+[42] and the *emda* evaluation toolkit[43]:

Net impact = Gross impact (GVA and employment associated with businesses started) x (1 – Deadweight) x (1 – Leakage) x (1 – Displacement) x Multiplier Effects

The data for this assessment come primarily from a survey of pre-start beneficiaries who received support from Business Link between 2007/08 and 2009/10. The survey was conducted in June 2010 and as noted, altogether, 196 individuals responded to the survey.

8.2 Gross Impacts

In this section, we assess the gross employment and GVA created from businesses started by beneficiaries.

8.2.1 Number of Businesses Started

The survey reveals that 22 percent of individuals supported had started a business at the time of the survey (June 2010). Applying this to the number of individuals supported, it is estimated that almost 8,000 businesses have been started by beneficiaries, as shown in Table 8.1 below.

Table 8.1 Gross number of businesses started

Total number of beneficiaries	36,500
Percentage that have established a business	22
Estimated number of businesses started	8,000

Source: Ecorys Survey, 2010, Number of businesses started = Total number of beneficiaries x Percentage that have established a business

8.2.2 Gross Employment and GVA Impacts

Participating firms were asked to report their employment levels, turnover, and the proportion of their turnover they spend on procuring intermediate goods and services. These responses were used to estimate the gross employment and GVA impacts of the support provided to pre-starts.

[41] English Partnerships (2008) *Additionality Guide: A standard approach to assessing the additional impact of interventions*
[42] DTI (2006) *Evaluating the impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework*
[43] ECOTEC Research & Consulting (2010) *Toolkit for the Evaluation of emda Strategic Programmes 2007/08 – 2009/10*

The survey suggested that, on average, firms started by beneficiaries employ around 1 worker (just over 2 if the business owner is included) and generate gross value added (GVA)[44] of about £38,000 per firm. Applying these figures to the estimated number of gross businesses created gives us estimates of the total gross jobs and GVA created as set out in Table 8.2 below. This implies GVA per worker of about £19,000 against a regional average of £36,000 and suggesting a significant proportion of employment created is part time.

Table 8.2 Gross employment and GVA impacts generated through start-up support services

	Average per business started	Estimated gross number of businesses created	Estimated total gross impacts
Gross jobs created (including business owners)	2.02	8,000	16,200
Gross turnover created (£/£m, per annum)	£71,500	8,000	£571.8m
Gross GVA created (£/£m, per annum)	£37,802	8,000	£302.3m

Source: Ecorys Survey, 2010, Gross impact = Average gross impact per business started x gross number of businesses created

8.3 Gross Additional Impacts

In order to assess the gross additional impacts of Business Link on those receiving support (i.e. those impacts that would not have occurred in the absence of the service), it is important to consider how far any businesses started were a direct result of the support provided and, if so, how far alternative support may have been available that would have led to similar outcomes.

8.3.1 Additionality of Businesses Started

Survey respondents that had started a business were asked the extent to which they would have started their business without the support they received from Business Link.

As shown in Table 8.3, a high proportion of respondents (70 percent) reported that they would definitely have started their business without the support they received, and only a small proportion of respondents reported that they definitely would not have started their business in the absence of Business Link support. The table below outlines the additionality assumptions applied to the responses given by Business Link beneficiaries. Using these results suggests that 20 percent of businesses started would not have been started in the absence of Business Link.

[44] GVA is estimated as turnover net of spending on inputs from suppliers, which represented approximately X percent of turnover

Table 8.3 Additionality of Businesses Started

Response to question "How likely is it that you would have started your business if you had not received support?"	Percentage of respondents	Assumed additionality
Would definitely have started by business anyway	70	0.00
Would probably have started my business anyway	12	0.25
Would have started my business anyway, but at a later date[45]	7	1.00
Would have started my business anyway, but less effectively	0	0.50
Would possibly have started my business anyway	7	0.75
Would definitely not have started my business anyway	5	1.00
Average additionality of businesses started		**0.20**

Source: Ecorys Survey, 2010, Average additionality of businesses started is a weighted average of the assumed additionality of all the respondents

8.3.2 Additionality of Support

Respondents were also whether they could have found a similar level of support elsewhere, and if so, how likely they would have been to take up this alternative support in the absence of the support provided by Business Link. As shown in Table 8.4, the majority of beneficiaries felt that they could not have found a similar service elsewhere, or did not know of one. Of those that were aware of alternative support, most reported that they would have been likely to have taken it up.

The table below shows the additionality assumptions associated with each response, leading to an estimate that in 95 percent of cases, individuals benefiting from support provided by Business Link would not have been able to secure similar alternative support.

Table 8.4 Additionality of Support

Response to question "Do you think you could have obtained a similar service elsewhere?"	Percentage of respondents	Assumed additionality
No	47	1.00
Don't know	45	1.00
Yes	8	See below
If yes, "How likely is it that you would have accessed the alternative support if Business Link was not available?"		
Definitely	2	0.00
Likely	3	0.25
Neither likely nor unlikely	0	0.50
Unlikely	1	0.75
Definitely not	2	1.00

[45] Those that would have started a business at a later date are assumed to have 100% additionality but this is temporary. This is taken into account when we discuss persistence below.

Response to question "Do you think you could have obtained a similar service elsewhere?"	Percentage of respondents	Assumed additionality
Average additionality of support		**0.95**

Source: Ecorys Survey, 2010, Average additionality of support is a weighted average of the assumed additionality of all the respondents

8.3.3 Gross Additional Businesses Started, Jobs and GVA Created

Estimates of the gross additional impact of Business Link are set out in Table 8.5 below. Overall, it is estimated the service has helped to start 1,500 businesses that would not have been started otherwise, resulting in 1,500 gross additional jobs created and associated £56.8m in GVA.

Table 8.5 Gross additional impacts

	Businesses started	Jobs created (excluding business owners)	GVA created (£m per annum)
Gross impact	8,000	8,200	302.3
Additionality of businesses started	0.20	0.20	0.20
Additionality of support	0.95	0.95	0.95
Gross additional impact	**1,500**	**1,500**	**56.8**

Source: Ecorys Survey, 2010, Gross additional impact = Gross impact x Additionality of businesses started x Additionality of support

8.4 Leakage, Displacement and Multiplier Effects

To estimate the net additional impact on the regional economy, we must adjust these gross impacts for leakage, displacement and multiplier effects:

- **Leakage of GVA impacts:** Where businesses have been started outside of the East Midlands, GVA impacts will represent leakage. 9 percent of respondents that started a business reported that they were located outside of the East Midlands, so it is assumed that 9 percent of GVA impacts represent leakage.
- **Leakage of employment impacts:** Employment impacts will leak outside the region to the extent that businesses employ workers living in areas outside the East Midlands. Respondents to the survey suggested that none of their employees lived outside of the region so zero leakage of employment impacts from the East Midlands is assumed.
- **Displacement:** Respondents reported that 83 percent of their sales were to customers in the East Midlands, and 68 percent of their competition (by market share) is based in the region. This gives an estimate of displacement of 0.56[46].

[46] Displacement = Proportion of sales to customers in East Midlands x Proportion of competition based in East Midlands (i.e. 0.83 x 0.68 = 0.56)

- **Multiplier effects** – the extent to which the economic activity of new businesses has a knock-on effect on the regional economy through the supply chain and increased spending by employees – are estimated using an Experian model for the East Midlands[47] in which an average multiplier is calculated for each sector. We use this model to estimate a weighted average based on the sectoral distribution of the survey sample. On this basis, we assume a multiplier of 1.41.

8.5 Net Additional Impacts on Employment and GVA

Table 8.6 shows estimates of the annual net additional impact on the regional economy from new businesses established as a result of Business Link support.

Table 8.6 Net additional impacts

	Jobs created (excluding business owners)	GVA created (£m, per annum)
Gross additional impact	1,500	56.8
Leakage	0.00	0.09
Displacement	0.56	0.56
Multiplier	1.41	1.41
Net additional impact	946	32.0

Source: Ecorys Survey, 2010, Net additional impact = Gross additional impact x (1 – Leakage) x (1 – Displacement) x Multiplier

8.6 Potential Impacts From Business Starts in the Next 12 Months

In this section, we consider the potential impact due to beneficiaries that are planning to start their business in the next 12 months.

8.6.1 Gross Potential Businesses

In addition to impacts associated with businesses that have already been started, Business Link may generate further impacts in the future if individuals have been influenced to establish businesses, but will establish their business in the future.

In order to estimate these potential effects, respondents that had not yet established a business were asked to report how likely they would be to do so in the future. As shown in Table 8.7, 75 percent of respondents reported that they had no plans to establish a business over the next 12 months. Of those that did plan to start a business over the next 12 months, the majority reported that it was "very likely" that they would do so. Using these

[47] See *emda* Toolkit table 3.5

results, it is estimated that 22 percent of individuals that had not started a business will do so over the next 12 months.

Table 8.7 Probability that beneficiaries will start a business in the next 12 months

Response to question "How likely are you to establish a business in the future?"	Percentage of respondents	Assumed probability individual will start a business over the next 12 months
Very likely	19	0.95
Likely	6	0.75
Neither likely nor unlikely	0	0.50
Unlikely	0	0.25
Very unlikely	0	0.05
No plans to establish business in next 12 months	75	0.00
Average probability		**0.22**

Source: Ecorys Survey, 2010, Average probability is a weighted average of the assumed probability of all the respondents

Applying these results to the overall number of individuals supported (as shown in Table 2.8) it is estimated that potentially a further 6,380 businesses will be established over the next 12 months.

Table 8.8 Gross potential businesses

Total number of beneficiaries	36,500
Percentage of beneficiaries that had not established a business by June 2010	78
Probability individuals that had not started a business will do so over the next 12 months	22
Gross potential businesses	6,400

Source: Ecorys Survey, 2010 , Gross potential businesses = Total number of beneficiaries x Percentage that had not established a business x Probability that individuals will start a business in next 12 months

8.6.2 Additionality of Potential Businesses

To estimate how far potential businesses started could be attributed to the Business Link service, respondents were asked to report the importance of the support they received in their plans to establish a business. Using the additionality assumptions outlined in Table 8.9 below, it is estimated that 42 percent of gross potential businesses would not be started in the absence of Business Link.

Table 8.9 Additionality of potential businesses

Response to question "How important was the support you received in your plans to establish a business?"	Percentage of respondents	Assumed additionality
Very important	13	0.90
Important	33	0.60
Some importance	18	0.40
Not important	36	0.10
Average additionality		**0.42**

Source: Ecorys, 2010, Average additionality is a weighted average of the assumed additionality of all the respondents

8.6.3 Gross Additional Potential Impacts

If we assume that these potential businesses will, on average, grow to the same size of the firms already created, we can use estimates for the average number of jobs per business (about 1) and average GVA per business (about £38,000) from Table 8.2 above to estimate the gross potential jobs and GVA created over the next 12 months.

By applying estimates for the additionality of businesses (from Table 8.9) and the additionality of support (from Table 8.4), we estimate that the gross additional potential impact of Business Link is 2,500 businesses, 2,500 jobs created (excluding business owners) and £91 million of GVA created, as shown in Table 8.10.

Table 8.10 Gross additional potential impacts

	Businesses	Jobs created (excluding business owners)	GVA created
Gross potential impact	6,400	6,500	£241.2m
Additionality of businesses	0.42	0.42	0.42
Additionality of support	0.95	0.95	0.95
Gross additional potential impact	2,500	2,500	£91.4m

Source: Ecorys Survey, 2010, Gross additional potential impact = Gross potential impact x Additionality of businesses x Additionality of support x Gross additional potential impact

8.6.4 Net Additional Potential Impact

Assuming that the characteristics of firms that will be started in the future are similar to those that have been started by June 2010 and applying the assumptions around leakage, displacement and multiplier effects derived for actual businesses started, it is estimated that the programme could have a net additional potential impact of 1,500 jobs and £51.4 million in GVA per annum from businesses established in the next 12 months (as shown in Table 8.11 below).

There is no guarantee that all, or even most, of these planned businesses will actually be started and some responses regarding future plans may be subject to a substantial degree of optimism bias. Therefore, estimates of potential impacts should be treated with particular caution.

Table 8.11 Net additional potential impact

	Jobs created (excluding business owners)	GVA created (£m per annum)
Gross additional potential impact	2,500	£91.4m
Leakage	0.00	0.09
Displacement	0.56	0.56
Multiplier	1.41	1.41
Net additional potential impact	1,500	£51.4m

Source: Ecorys Survey, 2010, Net additional impact = Gross additional impact x (1 – Leakage) x (1 – Displacement) x Multiplier

8.7 Persistence

In order to estimate the impact of Business Link on cumulative GVA, we must make an estimate of how long the impact will last.

8.7.1 Survival of Businesses

For most beneficiaries, the impact of pre-start support will last for as long as the businesses survive. Using data from the Office of National Statistics on business demographics, it is estimated that a new business established in the East Midlands will survive for an average of 4.7 years.

8.7.2 Accelerated Effects

Seven percent of respondents reported that, in the absence of support from Business Link, they would have started the business anyway, but at a later date. In these cases, it is assumed that associated employment and GVA impacts are 100 percent additional, but endure only for a short period of time[48].

Respondents that reported that they would have started their business at a later date in the absence of Business Link support were asked to report how much later they would have started their business. On average, these respondents reported that they would

[48] Note that this assumes that the impacts of businesses brought forward effectively survive for longer period in total than those that have not. If businesses were assume to survive for the same period, then the effect of bringing impacts forward would be to affect the time profile of GVA impacts alone, rather than creating additional impacts. This assumption has only a minor effect on the estimated impacts.

have started their businesses one year later, so it is assumed that 7 percent of GVA impacts will endure for one year only.

Table 8.12 Accelerated effects

Response to question "How much sooner have you been able to establish your business?"	Percentage of respondents	Persistence of accelerated effects (years)
0-6 months	0	0.25
6-12 months	67	0.75
1-2 years	33	1.50
Average persistence of temporary effects		**1.00**

Source: Ecorys Survey, 2010, Average persistence of temporary effects is weighted average of all accelerated effects

8.7.3 Potential Leakage

Impacts may also temporary if businesses leave the region in future years. Respondents were asked to report whether they had any plans to leave the region in the future and, if so, when they were likely to relocate.

Seven percent of respondents reported they planned to move away from the East Midlands in an average of 1.75 years (see table below), so it is assumed that in 7 percent of cases impacts endure for 1.75 years.

Table 8.13 Potential leakage

Response to question "Do you have any plans to relocate outside of the East Midlands?"	Percentage of respondents	Persistence of impact (years)
No plans to leave East Midlands	93	n/a
Yes – within the next six months	2	0.25
Yes – within 6-12 months	0	0.75
Yes – in 1-2 years	2	1.50
Yes – in 3-4 years	2	3.50
Average persistence		**1.75**

Source: Ecorys Survey, 2010, Average persistence is weighted average of all persistence affected by potential leakage

8.7.4 Overall Persistence

Using these results, it is estimated that economic impacts will endure for 4.24 years, as illustrated in Table 8.14 below.

Table 8.14 Overall persistence

	Proportion of respondents	Persistence (years)
Accelerated effects	7	1.00
Potential leakage	7	1.75
Survival rate of businesses	86	4.70

Overall persistence		**4.24**

Source: Ecorys Survey, 2010, Overall persistence is weighted average of the persistence in each group

8.8 Present Value of GVA Impacts

Table 8.15 provides estimates of the distribution of the gross number of businesses started across the three years of the evaluation period (2007/08 to 2009/10), based on the reported year in which businesses were established.

Table 8.15 Estimated number of businesses established by year

Estimated number of businesses started	8,000
Estimated number of businesses started in 2007/08	1,700
Estimated number of businesses started in 2008/09	2,100
Estimated number of businesses started in 2009/10	4,200

Source: Ecorys Survey, 2010

On this basis, Table 8.16 below shows the cumulative GVA impact due both to businesses already started and potential businesses started in the next 12 months. When impacts are discounted at a rate of 3.5% per year (in line with guidance set out in the HMT Green Book[49]), the present value of the GVA impacts associated with businesses started to date is estimated at £122.0 million, and if potential impacts are included £306.9 million.

Table 8.16 Present value of GVA impacts

Year	Discount factor	Businesses started in 2007/08	Businesses started in 2008/09	Businesses started in 2009/10	Potential impacts
2007/08	1.000	£6.7m	-	-	-
2008/09	0.965	£6.5m	£8.1m	-	-
2009/10	0.931	£6.3m	£7.8m	£15.7m	-
2010/11	0.899	£6.0m	£7.6m	£15.1m	£46.2m
2011/12	0.867	£1.4m	£7.3m	£14.6m	£44.6m
2012/13	0.837	-	£1.7m	£14.1m	£43.0m
2013/14	0.808	-	-	£3.2m	£41.5m
2014/15	0.779	-	-	-	£9.5m
Total		£26.9m	£32.5m	£62.6m	£184.9m
Grand total					**£306.9m**

Source: Ecorys Survey, 2010

[49] HM Treasury (2003) Green Book: Appraisal and Evaluation in Central Government

Between 2007/08 and 2009/10, *emda* invested around £6.73 million in the programme, with a present value of £6.49 million. The estimated return on investment due to the impact of businesses already started by June 2010 is about £18.79 per £1 of *emda* investment. If potential impacts are also included, this represents a rate of return of about £47.27 per £1 invested.

These estimates of return on investment are high, and there are a range of caveats associated with the analysis:

- **Lack of a control group:** As it was not feasible to establish a control group for this group of beneficiaries, estimates of impact were based exclusively on the responses of the beneficiaries. This leads to potential issues with strategic response bias if respondents felt an incentive to overstate the impact of business support either as a means of pleasing the interviewer or as a means to ensure the on-going availability of the service.

- **Selection bias:** The beneficiary sample was a self-selecting sample, and those that did not respond to the survey may not have secured comparable benefits.

- **Low additionality:** Estimates suggested that just one fifth of beneficiaries have started a business and, of those, one fifth would not have done so in the absence of support from Business Link. The high impacts were therefore driven by the large volumes of beneficiaries supported, which makes pre-start support appear to a relatively cheap mechanism for generating GVA impacts.

- **Uncertainty over potential impacts:** A large proportion of impacts are assumed to come from businesses not yet established, over which there is considerable uncertainty.

- **Uncertainty over persistence:** The high impacts are also driven by the persistence assumptions used for the evaluation. If the persistence assumptions from the IEF+ are used (which imply the impacts of pre-start support endure for 3 years, but are not based on empirical evidence), this would lead to estimates of impact that are up to 30 percent lower than estimated here (although this would still imply an ROI of up to £33 per £1 invested.

- **Social costs:** The return on investment estimate does not reflect the full social costs of pre-start support, and in particular, does not include the potentially high costs involved in planning and starting a business.

8.9 Summary Findings

The findings within this section have indicated that:

- The total net additional employment impact is estimated to be 946 jobs created (excluding business owners), while the total net additional GVA created is estimated to be £32 million per annum.

- In addition, it is estimated that the pre-start programme will have a net additional potential impact of 1,500 jobs and £51 million GVA per annum from businesses established over the next 12 months. However, there is no guarantee that such plans will actually go ahead so such estimates should be treated with caution.

- The present value of the GVA impact associated with businesses started to date is estimated at £122 million (or £307 million if potential impacts are included).

- Taking account of *emda*'s investment in the programme between 2007/08 and 2009/10, the findings of the economic impact assessment suggest a return on investment of around £18.79 per £1 of *emda* investment (or £47.27 if potential impacts are included).

- The return on investment figure suggests a good level of value for money has been achieved. However, these figures should be treated with a degree of caution given a range of factors, in particular the lack of a control group, uncertainty over potential impacts and potential selection bias.

9.0 Strategic Added Value

A core requirement of the Final Evaluation was to explore the success of the Business Link programme's delivery processes, and also to understand the extent to which its activities achieved strategic added value (SAV) between 2007/08 and 2009/10. However, the feasibility of collating primary information on SAV aspects has been restricted by the cancellation of the stakeholder consultation process; nevertheless, some assessment can be made by using some findings from the consultations carried out for the Interim Evaluation[50] and other evidence.

9.1 Measuring Strategic Added Value

The SAV achieved by the Business Link service has been considered under the following five key headings prescribed by the BIS Impact Evaluation Framework+:

- *Strategic influence and catalyst* –the extent to which Business Link activities have led to the delivery of better targeted business support programmes that generate enhanced outcomes;
- *Engagement* – the extent to which key public and private sector bodies have been engaged in shaping the Business Link delivery mechanisms;
- S*ynergy* – the extent to which Business Link activities complement other business support programmes in the East Midlands (particularly those funded by *emda*), and also the extent to which the programme's objectives complement the key strategic priorities of *emda* and other regional-level bodies;
- *Leverage* – the extent to which the programme has drawn in investment from other public and private sector bodies to aid its delivery;
- *Innovation* – examples of innovative practice that have emerged during the period 2007/08 to 2009/10.

9.2 Strategic Leadership and Catalyst

Resulting from the National Business Support Simplification Programme, Business Link has the lead role in delivering *emda's* business support policy through its function as the central brokering body for business support in the region between 2007/08 and 2009/10.

[50] It should be noted that the stakeholder consultations were carried out during February 2009, and the findings in this section may not fully reflect the Strategic Added Value achieved during the 2009/10 financial year.

The introduction of the pan-regional Business Link has delivered a more consistent service across the East Midlands compared with the former Business Link model (where the approaches to the support varied between the sub-regions, and therefore the quality was perceived to have been variable). The consensus from the stakeholder consultations for the Interim Evaluation, together with the Customer Satisfaction Surveys (see Section Four), is that the quality of the service provided has improved considerably since the commencement of the pan-regional Business Link service in April 2007.

This finding indicates that the Business Link service in the East Midlands has successfully adapted the nature of services that have been delivered, and the service delivery mechanisms, to help ensure that the services have been able to successfully meet the evolving needs of businesses across the region.

The findings from both this evaluation and other key research projects[51] indicate that the detailed diagnostics delivered through the IDB process have been instrumental in ensuring that the needs of businesses have been met. The case studies of Business Link beneficiaries also indicate that the ability of Business Link to provide impartial advice to companies, sometimes on an ongoing basis, was also a key factor that helped ensure that the businesses' needs were addressed.

The case study below demonstrates the importance of Business Link remaining impartial in its approach, and also the importance of developing a strong ongoing working relationship with the business advisor. It also demonstrates how the advice can be valued even when business managers have a strong idea of the types of changes that need to be introduced to their business.

CASE STUDY – LEICESTERSHIRE BASED BICYCLE RETAILER

This business started trading in November 2007. Its core area of business is to import electric bicycles for retail and wholesale. Prior to contact with Business Link, the company was experiencing challenges in securing funding to facilitate the purchasing of additional stock to use for wholesaling to bicycle retail outlets.

The business received one-to-one support from a Business Link advisor to explore potential means of funding the purchasing of the new stock. The main purpose of the company engaging with Business Link was to have a business advisor with which to discuss potential ideas.

Although the Business Link support had a limited impact (given that the company had originally planned to make the improvements to their business in any case), this businesses' turnover has increased ten-fold since purchasing the new stock for wholesale. The company has also recruited an additional employee, and is optimistic about increasing its sales in the future, particularly with the government's "Cycle to Work"

[51] ECOTEC Research & Consulting (2010), "Evaluation of the Business Transformation Grant Programme", Final Report to the East Midlands Development Agency

scheme.

This business considers that the main advantage of engaging with Business Link was that it was able to provide impartial advice on this issue (whereas many banks and financial advisors have specific products that they aim to sell). The Business Link advisor also provided the business with a series of options for accessing the finance, and the business found that this advice was reassuring and confirmed that its original plans were the most appropriate.

The business also welcomed the informal approach from the Business Link advisor, and the company remains in regular contact with the advisor. It receives regular e-mails from the advisor and they informally meet for coffee on a regular basis. An additional advantage of Business Link in the eyes of this company is that the advisors are approachable, and the business feels that it can discuss a range of ideas with the advisor.

Furthermore, evidence from Ecorys' recent evaluation of the Business Transformation Grant programme (delivered as part of the Business Link service in the East Midlands) indicates that the Manufacturing Advisory Service (MAS) has recognised the importance of the detailed diagnostic process feeding into their grant application process, and has included detailed diagnostics as part of the application process for the MAS Transformation Grant programme.

9.3 Leverage

The Business Link service in the East Midlands has been successful in levering in additional funding from both public and private sector sources. Information provided through *emda's* monitoring systems[52] indicates that the Business Link service was successful in levering in some £4.2 million of funding from the European Regional Development Fund (ERDF) and £1 million from the private sector.

9.4 Synergy

The evaluation findings have demonstrated that the Business Link service has successfully complemented other key business support activities within the East Midlands region.

9.4.1 Improved Linkages Between Different Business Support Programmes

The research findings demonstrate that the Business Link service has been effective as the central gateway for business support in the East Midlands, in terms of aligning its

[52] Information sent by *emda* to Ecorys on 13/10/2010

support services with non Business Link funded activities, such as the Manufacturing Advisory Service (MAS).

The findings from both the Interim Evaluation of Business Link in the East Midlands, and the historical evaluation of MAS East Midlands[53], indicate that Business Link's local advisors have worked closely with MAS' advisors during the period 2007/08 to 2009/10, and that there are significant numbers of cross-referrals between the two bodies. It is also evident that PERA (the organisation managing the delivery of MAS East Midlands) liaises regularly with the Business Link service at a senior management level, with a view to developing a strategic approach to establishing a cohesive business support service in the East Midlands.

Clear evidence of partnership working emerged through the Interim Evaluation consultations, between Business Link, the region's local authorities and other business support programmes. It was notable that interaction with MAS had increased significantly over the course of the scheme. Articulating the main aims and objectives of the Business Link Business Plan has been an ongoing activity and needs to be an ongoing objective.

Evidence also emerged during the Interim Evaluation of strong partnership working and cross-referrals between Business Link and the iNets. A Memorandum of Understanding is in place to facilitate greater levels of partnership working.

There is also evidence of high levels of cross-referrals between Business Link and the UK Trade and Investment (UKTI) and – formerly - the Train to Gain programmes. It should be noted that this is being driven to a large degree by the fact that EMB has also been responsible for delivery of these programmes in the East Midlands, and therefore, enquirers for UKTI and Train to Gain have gone through the same communication centre as companies enquiring about Business Link services, facilitating the cross-referral process.

9.4.2 Effectiveness of the Regional IT Platform

An integral element of the establishment of the new pan-regional Business Link service has been the introduction of the regional IT platform (RBSIS). Its primary aim has been to ensure that the contact details of the region's businesses and the contact details of the region's business advisors are all on one database, in order to help ensure that businesses are signposted to support providers that are relevant to their needs. A further intended aim of this system has been to ensure that the Business Link referral processes to more specialist advisors is impartial.

[53] ECOTEC Research & Consulting (2009), "Historical Evaluation of the Manufacturing Advisory Service in the East Midlands", Final Report for the East Midlands Development Agency

The over-riding consensus from the consultation process for the Interim Evaluation was that, whilst the system has ensured that the referral process has been impartial, it has not necessarily ensured that businesses were always referred to the advisor best equipped to address their needs. One of the reasons suggested for this was that, as part of the brokerage process, the Service Provider Register, which can be accessed through RBSIS, is required to extract a minimum of three records of business advisors for each enquiry (for areas of support where there are three advisors that potentially have the skills to address the individual need). It is then the business which must decide with which support provider they engage.

Although the businesses did not always have significant amounts of information readily available on the quality of the work recently delivered by all providers, this mechanism was considered more effective than the former model, where Business Links were able to recommend customers to support providers, but beneficiaries were not necessarily provided with a choice of support providers. Indeed, the feedback from the businesses consulted through the beneficiary surveys suggests that the impartial nature of the support provided by the Business Link advisors has been a particular strength of the Business Link services in the East Midlands.

9.5 Engagement

The consultation findings for the Interim Evaluation indicated that the private sector was involved in shaping the pan-regional Business Link delivery model, through the Federation of Small Businesses, and through its Regional Business Forum. Furthermore, given that EMB stemmed from three former sub-regional Chambers of Commerce, it is clear that the principal managing body for the Business Link service did not begin from a "standing start", and therefore had existing links with businesses that were utilised in designing the service.

In terms of shaping business support nationally, the consultation findings indicate that Business Link has engaged with the former BERR, particularly in terms of designing the content of its training programmes for its business advisors.

Based on the findings of the beneficiary surveys for both the Interim and Final Evaluations, a key challenge facing Business Link is to ensure that the marketing of the service plays a stronger role in ensuring that businesses across the region become engaged in Business Link support activities. For example, the findings of the control group surveys for both the Interim and Final Evaluation indicated that a number of businesses do not use the Business Link service either because they are unaware of the services offered by

Business Link, or that they do not feel that Business Link support could significantly help their business.

9.6 Innovation

The research process for both the Interim and Final Evaluations identified a number of areas where the Business Link model in the East Midlands has been innovative. Key examples of innovative practice emerging include:

- The introduction of the Learning Academy means that the training of Business Link advisors in the East Midlands region is more rigorous than the training advisors have previously received. For example, all Business Link advisors in the East Midlands have been trained to obtain the Institute of Learning and Development Level 5 Diploma (ILM Level 5). The fact that the Business Link service in the East Midlands also has a rigorous continued professional development process for its advisors is also a key contributory factor to the delivery of a quality service.

- The RBSIS system could also be considered innovative, given that it is the first measure taken to ensure that details of the region's businesses and the advisors delivering each of the region's prominent support programmes (including Business Link, MAS, UKTI and Train to Gain) are located on a single database. Its effectiveness is reflected in the fact that other RDA's visited EMB, and adopted similar databases in their region.

9.7 Summary Findings

The Business Link programme achieved Strategic Added Value in the following areas between 2007/08 and 2009/10:

- *Strategic influence and catalyst* – the delivery of the Business Link programme through a single regional provider has helped to ensure that a more consistent support service has been delivered across the East Midlands region than the period prior to April 2007. The review of the Business Link Customer Satisfaction Surveys has also indicated that the customer satisfaction ratings have generally increased since the inception of the service in April 2007. The detailed diagnostic process has played a key role in increasing these satisfaction levels, and detailed diagnostics have now formed a key part of the delivery processes for the MAS Transformation Grants.

- *Leverage* – some elements of the Business Link service have been successful in securing leverage from other public and private sector sources. Notably, the Business

Link programme has been successful in levering in some £4.2 million from ERDF and £1 million from the private sector.

- *Synergy* – the findings from both the Interim Evaluation and historical evaluation of MAS East Midlands indicate that Business Link has developed strong working relationships with the MAS East Midlands programme, with frequent liaison taking place between the senior management of both programmes. A Memorandum of Understanding has also been developed between Business Link and the iNets. There has also been evidence that cross-referrals have taken place between Business Link, and both UKTI and Train to Gain (the process has been made easier by the fact EMB managed both of these programmes between 2007/08 and 2009/10).

  The introduction of the Regional IT platform (RBSIS) has also helped to facilitate this cross-referral process. Through extracting a minimum of three records of business advisors for each enquiry through its Service Provider Register, RBSIS has also played a key role in helping to ensure that the Business Link service has remained impartial during this delivery period.

- *Engagement* – The Business Link service in the East Midlands has successfully engaged the private sector in the design of its activities, including the FSB and Regional Business Forum. An ongoing challenge for the Business Link service would appear to be ensuring that the marketing of its activities plays a stronger role in influencing the recruitment of businesses to the support activities.

- *Innovation* – an area in which the Business Link service in the East Midlands has demonstrated innovative practice is the introduction of the Learning Academy, which has ensured that all advisors are trained to obtain the Institute of Learning and Development Level 5 Diploma (ILM Level 5). The introduction of the RBSIS system could also be considered innovative, given that similar systems have been introduced in other English regions since the RBSIS system became live in the East Midlands.

10.0 Conclusions and Recommendations

This section summarises the key conclusions that can be drawn from the research process and presents recommendations on potential ways in which the delivery of activities covered by the Business Link service in the East Midlands could be improved in the future.

10.1 Performance Against Original Objectives

In measuring the success of Business Link, it is important to consider the extent to which the anticipated benefits of the pan-regional service (as of April 2007) have been achieved. Table 10.1 details the key anticipated benefits of the Business Link programme, and provides an assessment of the extent to which each has been achieved.

Table 10.1 Realisation of Anticipated Benefits

Anticipated Benefit	Achievement
More front line support available and improved local delivery as a result of diverting funding from "back office" activities.	The proportion of the Business Link budget spent on back office costs has decreased as the scheme has evolved. It was indicated during the Interim Evaluation consultation process that more than 70% of total Business Link staff are front line, compared to around 50% under the model delivered prior to April 2007. The expenditure patterns for Business Link service also suggest an increasing focus on front line functions, with staff salary costs and staff training forming an increasing proportion of total expenditure as the programme has evolved.
Improved quality and consistency of the customer offer as a result of a single, focused management team supported by a dedicated IT Platform.	This objective has been achieved, with customer satisfaction rates consistently around the 90% level since April 2007. The consultation findings for the Interim Evaluation indicated that the appointment of EMB as the single managing agent for the service has helped to ensure the delivery of high quality consistent support services across the East Midlands.
Customers and partners able to more easily engage with, and influence the development of, the service through working with a single regional management team rather than the previous five county-based teams.	The stakeholder consultations for the Interim Evaluation indicated that partner organisations have developed successful working relationships with the pan-regional Business Link, with evidence of cross-referrals taking place between different support programmes. *Emda* held an extensive consultation process to shape the development of the new pan-regional Business Link service, and therefore, public and private sector bodies were able to influence its development.
The delivery of IDB services under the Business Link brand made more responsive to the needs of businesses.	The stakeholder consultations for the Interim Evaluations and Business Link Customer Satisfaction Services indicate that the IDB service is meeting the needs of businesses, with satisfaction rates consistently around the 90% mark. Furthermore, the beneficiary surveys indicate that both the support for start-ups and existing trading entities were successful in meeting the needs of the individual

Anticipated Benefit	Achievement
	beneficiaries. For both types of support services, more than three in four beneficiaries thought that the services could not be improved in any way.
The Regional IT Platform (RBSIS) improving the accessibility of IDB Business Support in the region, as well as in terms of access to relevant information for business customers.	The development of the Regional IT platform is one of the most innovative elements of the Business Link service, in that it provides a significant level of information on the business support services available in the region. The RBSIS system is also considered important in helping to ensure that the Business Link service remained impartial, given that for each individual enquiry, a minimum of three records of business advisors must be extracted through the Service Provider Register.
More rigorous training of Business Advisers.	The development of the Learning Academy is one of the most innovative elements of the Business Link service, and the compulsory training programmes for Business Link advisors in the region (giving Institute of Learning and Development Level 5 Diploma - ILM Level 5) was considered by stakeholders consulted for the Interim Evaluation to be one of the Business Link service's key strengths.
Quality assurance of a single provider leading to better advice being provided to businesses.	The Customer Satisfaction Surveys and the beneficiary surveys indicate that between April 2007 and March 2010, the Business Link service in the East Midlands has delivered a high quality consistent offer of support to businesses in the region that has been successful in meeting individual needs. The rigorous process of training of business advisors was viewed by consultees for the Interim Evaluation as a key contributing factor.
Other business support services have become more closely aligned with the Business Link brand.	The region's other key business support services have become more closely aligned with the Business Link brand. One of the key determining factors has been that EMB has also delivered the Train to Gain and UKTI programmes.
Better partnership working with other business service providers.	Levels of partnership working between Business Link and other business support programmes have increased since the inception of the new Business Link delivery model. EMB has a dedicated partnership team in place to oversee this process, and the senior management of the region's key business support programmes meet monthly. The consultation findings for the Interim Evaluation indicated that cross-referrals have been taking place between Business Link and other notable business support programmes.

Source: Ecorys Analysis (2010)

One of the key factors influencing the success of the scheme in realising these benefits has been the strong management and administration of the service by EMB. This central administration has been important in helping to ensure strong synergy between Business Link services and other business support programmes operating within the region, including MAS and UKTI. The strong administration has also helped to facilitate cross-referrals of companies between the different programmes. It is important that this example of good practice in terms of service administration is taken forward in terms of future Business Link (and other major business support programmes) to be delivered in the East Midlands.

10.2 Value for Money

Three aspects need to be considered:

- *Economy* – whether the project inputs have been secured at the minimum available cost;
- *Efficiency* – an assessment of the level of outputs (and potentially impacts) obtained for the investment involved.
- *Effectiveness* – the extent to which outputs are leading to the desired outcomes.

10.2.1 Economy

There is limited scope for *emda* or EMB to influence the delivery mechanisms for the activities, which need to conform to national Government guidelines.

However, it is clear that that the Business Link service in the East Midlands has been relatively economical in terms of delivery. For example, it was reported during the Interim Evaluation that the development of the pan-regional Business Link service has enabled *emda* to achieve savings of more than £1 million per year. Analysis of the expenditure profile indicates that an increasing proportion of expenditure is being allocated towards front-line delivery (i.e. staff costs and staff training).

10.2.2 Efficiency

The unit costs for key outputs that have been delivered through the Business Link service provide an indication of the extent to which the service has been efficient. Although the unit cost for jobs created has exceeded the national benchmark figure (with the recent recession perhaps playing an influencing role), the business assist unit costs were considerably lower than the national benchmark figure. This would suggest that the service has represented strong value for money in terms of efficiency.

10.2.3 Effectiveness

The findings of the economic impact assessment in Sections Seven and Eight strongly suggest that the Business Link East Midlands programme has performed strongly in terms of effectiveness.

The research findings indicate that the support services targeted at trading entities have helped to generate significant jobs and GVA for the East Midlands region. Table 10.2 (below) illustrates that across the three levels of support, the services targeted at trading entities have helped to generate some 14,100 net additional jobs and safeguard 3,500 net additional jobs. They have also generated some £510.4 million in net additional GVA per annum for the region.

Based on the assumption that the economic impacts generated through the support services will persist for an average of 4.07 years, and using a discount rate of 3.5%, the total GVA that can be attributed to these support services through improvements that have already been made to beneficiary companies to date is estimated at £2.4 billion. This increases to £3.8 billion if anticipated future impacts are factored in.

Table 10.2 Net additional impacts generated through support schemes targeted at trading entities

	Net additional jobs created	Net additional jobs safeguarded	Net additional created or safeguarded GVA (£m per annum)
Level 1	5,100	2,700	228.3
Level 2	300	0	4.4
Level 3	8,700	800	276.4
Total	**14,100**	**3,500**	**510.4**

Source: ECOTEC analysis (2010)

The effectiveness of the support services targeted at trading entities is also highlighted by the high returns on investment recorded. For example, each £1 of *emda* expenditure on services targeted at trading entities has generated £88.08 in net additional GVA (this increases to £138.29 if anticipated future impacts are also considered). Although it is difficult to benchmark the achievements of Business Link East Midlands, given that evaluation reports for the Business Links in other English regions are not publicly available, the findings from the 2009 PWC report on the impacts of spending by England's Regional Development Agencies indicates that each £1 of RDA investment on individual business support generated £12 in GVA. The findings would therefore suggest that *emda's* return on investment for Business Link programmes has been higher than many other enterprise support programmes nationally.

The start-up support services have also recorded high levels of effectiveness. The economic impact assessment indicated that the start-up support services have created some 950 net additional jobs and £32 million in net additional GVA per annum.

Table 10.3 Net additional impacts generated through start-up support

	Jobs created (excluding business owners)	GVA created (£m, per annum)
Gross additional impact	1,500	56.8
Leakage	0.00	0.09
Displacement	0.56	0.56
Multiplier	1.41	1.41
Net additional impact	946	32.0

Source: ECOTEC analysis (2010)

Again, based on the assumption that the impacts generated through the start-up support will persist for an average of 4.24 years, and using a discount rate of 3.5%, it is estimated that the present value of the GVA impacts associated with businesses started to date is £122.0 million. This increases to £306.9 million if anticipated future impacts are factored in.

Again, the effectiveness of the start-up support services is highlighted by the high returns on investment recorded. For example, it is estimated that each £1 of *emda* investment on the start-up support services has generated £18.79 in net additional GVA (this increases to £47.27 per £1 of *emda* investment if anticipated future impacts are included in the analysis).

10.3 Strategic Added Value

The Business Link service in the East Midlands achieved Strategic Added Value in the following areas between 2007/08 and 2009/10:

- *Strategic influence and catalyst* – The delivery of the Business Link service through a single regional provider has helped to ensure that a more consistent support service has been delivered across the East Midlands region than the period prior to April 2007. The review of the Business Link Customer Satisfaction Surveys has also indicated that the customer satisfaction ratings have generally increased since the inception of the service in April 2007. The detailed diagnostic process has played a key role in increasing these satisfaction levels, and detailed diagnostics have now formed a key part of the delivery processes for the MAS Transformation Grants.

- *Leverage* – Some elements of the Business Link service have been successful in securing leverage from other public and private sector sources. Notably, the Business Link programme has been successful in levering in some £4.2 million from ERDF and £1 million from the private sector.

- *Synergy* – The findings from both the Interim Evaluation and evaluation of MAS East Midlands indicate that the Business Link service in the East Midlands has developed strong working relationships with other programmes, with frequent liaison taking place between their senior managements. A Memorandum of Understanding has been developed between Business Link and the iNets. There has also been evidence that cross-referrals have taken place between Business Link, and both UKTI and the former Train to Gain programme (the process has been made easier by the fact EMB managed both of these programmes between 2007/08 and 2009/10).

  The introduction of the Regional IT platform (RBSIS) has also helped to facilitate this cross-referral process. Through extracting a minimum of three records of business advisors for each enquiry, the Service Provider Register delivered through RBSIS has also played a key role in helping to ensure that the Business Link service has remained impartial during this delivery period.

- *Engagement* – Business Link has successfully engaged the private sector in the design of its activities in the East Midlands, including the FSB and Regional Business Forum. An ongoing challenge for the Business Link service is to ensure that the marketing of its activities plays a stronger role in influencing the recruitment of businesses to the support activities.

- *Innovation* – An area where the Business Link service in the East Midlands has demonstrated innovative practice is in the introduction of the Learning Academy, which has ensured that all advisors are trained to obtain the Institute of Learning and Development Level 5 Diploma (ILM Level 5). The introduction of the RBSIS system could also be considered innovative, given that similar systems have been introduced in other English regions since the RBSIS system became live in the East Midlands.

10.4 Future Implications of Study Findings

The future of regional policy within England is uncertain after the election of the Coalition Government in May 2010. New government policies that may be developed in respect of local and regional economic development may well lead to changes in the way that business support will be delivered and administered at local, regional and national levels. In spite of these uncertainties, the findings within this evaluation report have highlighted a number of successes associated with the Business Link service in the East Midlands between 2007/08 and 2009/10. Indeed, it could be argued that many of the anticipated benefits of delivering a single regional Business Link have been realised during this period.

In spite of its successes, the research process has identified a number of potential issues for the future delivery of Business Link services in the East Midlands.

- **Further consideration could be given towards potential ways in which follow-on support could be improved after that provided by Business Link is completed. This could include increasing the range of follow-on support provided through Business Link, or improving the referral systems to other appropriate providers that can deliver follow-on support.** The provision of suitable follow-on support, either through Business Link, or other support programmes, could help to further increase the impacts of the initial support activities. This could help to increase the extent to which longer-term working relationships could be developed between businesses and business advisors, and could help to ensure that the required improvements to the businesses/business ideas actually materialise.

- **Following the completion of the diagnostic process, it is important that all businesses and individuals are provided with as much information as possible on the core competencies of the advisors. This will increase the probability that the businesses will select advisors with expertise in areas that are relevant to the needs of their business.** It should also increase the probability of the advisors recommending practical and suitable actions for the business.

- **Consideration should be given to potential methods of improving the marketing of Business Link services to help improve its effectiveness in reaching new businesses and individuals. One potential means of achieving this could be to build on some of the lessons from the MAS East Midlands programme, in using businesses previously supported by Business Link as "ambassadors" for promoting the programme.** This could represent a mechanism by which the potential benefits of engaging with Business Link are articulated to other business managers and aspiring entrepreneurs across the East Midlands, and may encourage more individuals to approach Business Link.

- **In the future, the Business Link service in the East Midlands will need to increase levels of engagement with local authorities across the region to help ensure that support services are designed in a manner that reflects the needs of all localities.** This issue is likely to become particularly important in the future, given that both the policies of the Labour administration between 2005 and 2010, and the new Coalition Government elected in May 2010, have suggested a new localism in economic development policy, and an increase in power for local authorities in policy development (although the precise role of local authorities in developing economic policies has yet to be defined, and could become clearer after the results of the Comprehensive Spending Review are announced in Autumn 2010).

- **Linkages between Business Link and other prominent business support programmes within the East Midlands need to be maintained and enhanced.** Clearly, the future of many business support programmes across the East Midlands is unclear and will only emerge once the new Coalition Government has finalised its policies, and the outcomes of the 2010 Comprehensive Spending Review are announced. Nevertheless, the announced intention to abolish Regional Development Agencies presents clear danger that the work carried out to date on developing linkages between the region's key business support programmes could be undermined if strategic responsibility for the management of the programmes becomes more fragmented. Regardless of the precise nature of these changes, it is important that priority is given to ensuring strong linkages and cross-referrals between different business support programmes in the East Midlands in the future.

- **The scale and pattern of demand for Business Link services will clearly depend in part on future trends in the national economy, which are clearly uncertain at present. However, it is important that the range of services delivered through Business Link reflects the economic situation**. To ensure this takes place successfully, it is important that the Business Link team within the East Midlands monitors and, where possible, anticipates major national economic trends that could affect the East Midlands business base. Furthermore, the Business Link team in the East Midlands seeks to adapt its services to fulfil any particular demands that these trends could generate. For example, during times of recession, the need for additional support directed at increasing business survival rates would increase, and the need for the provision of additional turnaround support could increase.

Annex One: Beneficiary and Control Group Survey Questionnaires

Trading Entities Questionnaire

Evaluation of Business Link in the East Midlands

Telephone Questionnaire – Beneficiary Trading Entities

Ecorys have been commissioned by the East Midlands Development Agency (*emda*) to undertake an evaluation of its Business Link service. As part of this we are looking to speak to businesses / people like you who have received support from Business Link.

Our records show that you received advice from Business Link during [insert month and year of delivery], and we would like to ask you some questions about the impact of that advice on you/ your business.

The survey will take no longer than 15 minutes and the information you provide will be treated in the strictest confidence. Do you have time to undertake the survey now or perhaps we can arrange a more convenient time when I could call back?

N.b. Please stress to the interviewee that the work has been commissioned by emda and is NOT the same as the Business Link Satisfaction Surveys. Then thank the interviewee for agreeing to take part.

[record booking details (date/time):__________________________________]

PART A: About Your Business

1. How long have you been established in business?

Not established in business	USE PRE-START QUESTIONNAIRE
Less than a year	1
1-3 years	2
4-5 years	3
More than 5 years	4
Don't know	5

2. Which of the following best describes the activities of your business?

Agriculture or Fisheries	1
Energy or Water	2
Construction	3
Manufacturing	4
Transport, Communications or Logistics	5
Retail / Wholesale, Hotels or Restaurants	6

Business or financial services	7
Education or health	8
Other services	9

3. What is the postcode of your business? ____

4. Is this the only site the business operates from?

Yes – single site	1
No – multiple sites, others in East Midlands only	2
No – multiple sites, others in the UK only	3
No – multiple sites, others sites internationally only	4
No – multiple sites, others in East Midlands and across UK or internationally	5

PART B: Initial Contact and Marketing

Our records show that you made contact with the Business Link service during [insert month] – these first questions are about this initial contact.

5a. Check with the interviewee that they did contact Business Link during the month/year stated in the database.

If different: Insert correct date

If no contact was made at all, go to control group questionnaire

5b. How long had you been aware of the Business Link service prior to this initial contact? **RECORD MONTHS / YEARS**

____

0 - 6 months	1
6 – 12 months	2
1 – 2 years	3
2 – 5 years	4
Longer than 5 years	5

6a. How did you first hear about the Business Link service?

TV/ Radio/ Newspaper Advertisement	1
Direct Marketing i.e. letter/ flyer	2
Internet – via Business Link Website	3
A Business Link advisor got in contact	4
Saw the Business Link centre	5
Referred to Business Link by another support agency	6
Word of Mouth	7
Other	Specify: _______________

6b. How important was Business Link publicity/ in your decision to contact the service?

Very important	1
Quite important	2
Some importance	3
Not at all important	4

PART B: SUPPORT DELIVERED

These next questions are about the support you received

7. Which statement best reflects your situation before contacting Business Link?

I had a strong idea of what support I required with my business and knew exactly what I needed information/ support on	1
I knew I had to make changes to my business, but I wasn't sure what to do about it	2
I did not know whether I needed to make changes to my business or not	3

8. What happened as a result of your contact with Business Link? (CODE ALL THAT APPLY) – *Write any additional details below.*

Sent information to help improve my business (Light touch)	1
Given information on events/ seminars / workshops to attend (Events)	2
Discussed my needs and obtained a business action plan	3
Put in touch with an advisor to discuss my business action plan (intensive / brokered support)	4
Received a response to my enquiry (enquiry)	5
Was referred to another organisation for further support / guidance (brokered support)	6

9. And following your contact with the service did you do any of the following? *Tick all below*

Accessed information *(Ask Q1Oa)*	1
Registered for an event, seminar, or workshop *(Ask Q11a)*	2
1 Accessed one to one support to improve my business *(Ask Q12a)*	3
0 Other (Specify)	4

.

Information or Advice – where '1' is coded for Q9

10a. What information or advice did you receive? *Record full response and code below.*

Advice/information on increasing my sales	1
Advice/information on reducing my costs	2
Advice/information on accessing finance or loans	3
Advice/information with managing my business (e.g. accountancy)	4
Advice/information on exporting products or services	5
Advice/information on training my workforce	6
Support with innovation	7

10b. How far did the advice and support you received meet your needs?

Met all my needs	
Met most of my needs	Ask Q10c
Met some of my needs	Ask Q10c
Met none of my needs	Ask Q10c

10c. Was there any other advice you needed that wasn't given to you?

Yes	1 – Ask Q10ci
No	2

10ci. Which types of advice would you like to have received? *Probe fully.*

10cii. Are there any other types of support that you would like to have receive but have yet to receive from Business Link? *Probe fully.*

Events, Seminars and Workshops – where '2' is coded for Q9

11a. Did you attend the event or workshop that you registered to attend? (Do not prompt, single code)

Yes	1 – Go to Q11c.
No	2 – Go to Q11b

11b. Why not?

Open response, probe fully, and go to Q12

11c. What was the nature of the event or workshop that you attended? (Prompt if necessary, mutli-code)

Finance, Accountancy / Book-keeping, VAT / Tax	1
On-line Trading	2
Pricing	3
Sales and marketing	4
Employment Law / Redundancy	5
Cost reduction	6
Management and IT skills	7
Debt management	8
Competitive tendering	9
Trading standards (e.g. ISO9001)	10
Exporting	11
Other *(please state)*	12

11d. How far did the information you received at the event or workshop you attended meet your needs? (Read out, code all that apply)

Met all my needs	
Met most of my needs	Ask Q11e
Met some of my needs	Ask Q11e
Met none of my needs	Ask Q11e

11e. Could the event you attended have been improved?

Yes	1 – Ask Q11ei
No	2

11ei. How could it have been improved? *Probe fully.*

11eii. Are there any other types of support that you would like to have receive but have yet to receive from Business Link? *Probe fully.*

Accessed One-to-one Support – where '3' is coded for Q9

12a. What did you discuss with the Business Link advisor?

Financial management of my business	1
Training my workforce and/or recruitment	2
The products and services I offer	3
Management of the my business operations	4
Sales and marketing	5
Strategic / Business planning	6
Use of ICT and/or trading on-line	7
Controlling my costs	8
Reducing my energy usage or waste	9

12b. How well do you think the Business Link advisor understood the needs of your business? (Read out, single code)

Very well	1
Well	2
Poorly	3
Very poorly	4

12c. Did the advisor make you aware of any needs that you were not aware of previously? (Do not prompt, single code)

Yes	1
No	2

12d. What actions or solutions did you agree with the Business Link advisor?

Open response, probe fully

12e. Do you think the agreed actions were a reasonable means for you to approach improving your business? (Prompt if necessary, single code)

Yes – all actions	1
Yes – most actions	2
Yes – some actions	3
No – actions unsuitable	4

12f. Were the actions feasible for you to implement? (Prompt if necessary, single code)

Yes – all actions	1
Yes – most actions	2
Yes – some actions	3

No – actions unsuitable	4

12g. Could the support you received from the Business Link advisor been improved?

Yes	1 – Ask Q12gi
No	2

12gi. How could it have been improved? *Probe fully.*

Those Accessing More than one Type of Support

13a. How satisfied were you with the process for referring you between the different Levels of support?

Very satisfied	1
Fairly satisfied	2
Neither satisfied nor dis-satisfied	3
Fairly dis-satisfied	4
Very dis-satisfied	5

13b. Are there any ways in which you feel it could have been improved?

Yes	1 Ask Q13bi.
No	2

13bi. How could it have been improved? *Probe fully.*

ALL TYPES OF BUSINESS LINK SUPPORT - ADDITIONALITY

14a. Did the support you received make you aware of any business needs that you were not aware of previously?

Yes	1
No	2

14b. Was there any support you felt you needed that you didn't receive?

Yes	1 – Ask Q14bi
No	2

14bi. What additional support would you like to have receive? *Probe fully.*

---

15. How likely is it that you would have found the information / event / or one to one support if you had not contacted the Business Link service?

Very likely	1
Likely	2
Unlikely	3
Very unlikely	4

16. Do you think you could have obtained a similar service elsewhere?

Yes	1 – GO TO 17
No	2 – GO TO 20

17. Where would you have been able to find a similar service? *Record full response.*

---

18. Would there be a charge for this similar service?

Yes *(State value)*	1
No	2

19. If the Business Link service was not available, how likely is it that you would have accessed this alternative support?

Definitely	
Likely	
Quite Possible	
Unlikely	
Definitely not	

PART C: ACTIONS TAKEN TO IMPROVE BUSINESS

These questions are about the impact of the support you received

20a. Have you implemented any improvements to your business since receiving support?

Yes *(Ask Q20b)*	1
No *(Go to Q21)*	2

20b. What actions did you take following the support you received? (CODE ALL THAT APPLY)

Took actions to reduce costs	1
Invested in machinery / new technology	2
Trained my workforce	3
Improved my marketing	4
Relocated to new premises	5
Increased research and development / patented technology	6
Improved management processes	7
Obtained new clients / customers in the UK	8
Obtained new clients / customers outside the UK	9
Other (specify)	10 ___________________
Took no action	11

21. What were the main benefits of these actions you took to your business performances? (CODE ALL THAT APPLY)

Helped me increase my sales	1
Helped me reduce my costs	2
Helped me increase my employment	3
Helped me increase my exports	4
Helped my improve my productivity	5

22. Thinking about all the support you received as a result of contacting Business Link, how important was the support in your ability to make those changes to your business?

Would definitely have made similar improvements anyway	1 – GO TO 24
Would probably have made similar improvements anyway	2 – GO TO 24
Would possibly have made similar improvements anyway	3 – GO TO 24
Would have made similar improvements, but at a later date	4 – GO TO 23
Would have made similar improvements, but implemented them less effectively	5 – GO TO 24
Would definitely not have made similar improvements anyway	6 – GO TO 24

23. How much later would you have implemented these changes?

Less than 6 months	1
6 – 12 months	2
1 – 2 years	3
3 – 4 years	4
5 years or more	5

D. IMPACTS

24a. What is/was your approximate annual turnover…

	Today/at the current time	Before you received support	1 year before you received support
Ask respondent for exact figures. If respondent refuses, then offer to code against the following bands.	£….	£….	£….
£0 - £50,000			
£50,000 - £100,000			
£100,000 - £200,000			
£200,000 - £500,000			
£500,000 - £750,000			
£750,000 - £1,000,000			
£1m - £1.5m			
£1.5m - £2m			
£2m - £3m			
£3m - £5m			
£5m - £7.5m			
£7.5m - £10m			
£10m - £15m			
£15m – £20m			
£20m - £30m			
£30m - £50m			
£50m or more	Enter exact figure	Enter exact figure	Enter exact figure

24b. How many employees do/did you have (including yourself)…

	Today	Before you received support	1 year before you received support
Enter number`			

24c. Approximately what proportion of your turnover did you spend on procuring inputs from suppliers – this would include any purchases of raw materials, goods and services from other firms, energy and other utilities, investment in machinery, property costs, or any other running costs apart from salaries or wages?

1 year before you received support	
Before you received support	
Today	

25a. (**If employment has increased)** How many of the new positions were a result of the actions your made to improve your business?

25b. (**If employment has fallen or remained the same)** How much lower would employment have been if you had not taken those actions to improve your business, or would it have been the same?

26a. In percentage terms, how much of the increase in turnover was due to the support you received and your subsequent actions?

26b. Would your turnover have been lower had not you not made those changes to your business? If so, how much lower would it have been in percentage terms, or would it have stayed the same?

27. How long do you expect the above benefits of the support you received to last? *Tick one only*

0 – 1 years	1
1 – 2 years	2
2 – 3 years	3
3 – 5 years	4
5 – 10 years	5
10 years or more	6

28a. Has the productivity of your business increased or decreased over the past three years?

Increased	Go to 28b
Stayed the same	Go to 29a
Decreased	Go to 29a

28b. Why has your productivity increased?

Higher quality / better educated or trained workers
More efficient management
Higher quality capital equipment
Superior premises
More efficient use of resources (including energy / water)
Technological innovations (product or process innovations)
Refocusing on producing higher quality products or services

28c. How likely is it that you would have seen these productivity gains if you had not received support from Business Link?

Definitely	1
Likely	2
Neither likely nor unlikely	3
Unlikely	4
Definitely not	5

E. FUTURE ECONOMIC IMPACTS – POTENTIAL ACTIONS

29a. Which of the following best describes your future plans for your business?

Maintaining sales of products and services	1
Increasing sales of products and services in existing markets	2
Increasing sales of products and services in new markets	3
Developing new products aimed at existing customers	4
Developing new products aimed at new customers	5

29b. Do you have a written business plan?

Yes – written / revised in the last two years	1
Yes – written / revised 2 to 5 years ago	2
Yes – written / revised over 5 years ago	3
No	4

30a. Are you planning to make an improvement to your business over the next year?

Yes	1 – go to Q 30b
No	2 – go to Q 31a

30b. What improvements are you planning to make? *Write full response below. (PROBE FULLY)*

____

____

30c. How likely do you think you will make this improvement to your business?

Definitely	1
Likely	2
Neither likely nor unlikely	3
Unlikely	4
Definitely not	5

30d. How important was the Business Link support in influencing your plans to make these improvements?

Very important	1
Quite important	2
Some importance	3
Not at all important	4

30e. What effects do expect these improvements to have on your sales in three years time?

Increase	Enter percentage: ________________
Decrease	Enter percentage: ________________
Stayed the same	

30f. How many additional employees do you expect to take on as a result of these improvements over the next three years?

Enter number ____

Economic Impacts - Leakage, Displacement and Multiplier Effects

31. Do you have any plans to relocate outside of the East Midlands?

Yes – within the next 6 months	1
Yes – in 6 – 12 months	2
Yes – in 1-2 years	3
Yes – in 3-4 years	4
Yes – in 5 years +	5
No plans to leave East Midlands	6

32. What percentage of your employees are residents of the East Midlands?

33. What percentage of your turnover is spent on inputs from suppliers based in the East Midlands?

34. What percentage of your sales is to customers based in the East Midlands?

35. What percentage of your main competition (by market share, in the markets in which you compete) is based in the East Midlands?

36a. How many owners / partners / or directors are involved in the day to day control of the business?

36b. How many of these are:

Female	
From a minority ethnic group	
Have a disability	

37. Following on from this survey Ecorys will be completing some further research to follow up some of the issues raised in the survey. Would you be willing to be contacted again for research purposes?

Yes	
No	

THANK RESPONDENT AND CLOSE

Questionnaire for Beneficiaries of Start-up Support

Evaluation of Business Link in the East Midlands

Draft Telephone Questionnaire – Beneficiary Pre-starts

Ecorys have been commissioned by the East Midlands Development Agency (*emda*) to undertake an evaluation of its Business Link service. As part of this we are looking to speak to businesses / people like you who have received support from Business Link.

Our records show that you received advice from Business Link during *[insert month and year of delivery],* and we would like to ask you some questions about the impact of that advice on you/ your business.

The survey will take no longer than 15 minutes and the information you provide will be treated in the strictest confidence. Do you have time to undertake the survey now or perhaps we can arrange a more convenient time when I could call back?

N.b. Please stress to the interviewee that the work has been commissioned by emda and is NOT the same as the Business Link Satisfaction Surveys.

Then thank the interviewee for agreeing to take part.

[record booking details (date/time):________________________________]

PART A: Initial Contact and Marketing

Our records show that you made contact with the Business Link service during [insert month] – these first questions are about this initial contact.

1. How long had you been aware of the Business Link service prior to this initial contact? **RECORD MONTHS / YEARS**

2. How did you first hear about the Business Link service?

TV/ Radio/ Newspaper Advertisement	1
Direct Marketing i.e letter/ flyer	2
Internet – via Business Link Website	3
A Business Link advisor got in contact	4
Saw the Business Link centre	5
Referred to Business Link by another support agency	6
Word of Mouth	7
Other	Specify: _______________

3. What did you understand that Business Link could help you with? **CODE ALL THAT APPLY**

Advice/information on legal structure	1
Advice/information on the feasibility of my business idea	2
Advice/information on regulation	3
Advice/information with marketing and sales	4
Advice/information on accessing finance	5
Advice/information on producing a business plan	6
Other (Specify)	7

4. How important was Business Link marketing in your decision to contact the service?

Very important	1
Quite important	2
Some importance	3
Not at all important	4

5. How did you first contact Business Link?

Called the Contact Centre	1
Email Enquiry	2
Registered for an Event	3
Visited a Centre	4
Other:	Specify: __________________

PART B: SUPPORT DELIVERED

These next questions are about the support you received

6. Which statement best reflects your situation before contacting Business Link?

I had a firm business plan and knew exactly what I needed information/ support on	1
I had worked out my business idea but didn't know how to go about putting it into action	2
I was still researching my business idea and the prospect of going into business	3

7. What happened as a result of your contact with Business Link? (CODE ALL THAT APPLY)

Sent information about starting a business (Light touch)	1
Given information on events/ seminars / workshops to attend (Events)	2
Discussed my needs and obtained a business action plan	3
Put in touch with an advisor to discuss my business action plan (intensive / brokered support)	4
Received a response to my enquiry (enquiry)	5
Was referred to another organisation for further support / guidance (brokered support)	6

8. And following your contact with the service did you do any of the following?

Accessed information	1
Attended an event, seminar, or workshop	2
Accessed one to one support to help start my business	3
Other (Specify)	4

Information or Advice – where '1' is coded for Q8

9a. What information or advice did you receive? *Record full response and code below.*

Advice/information on legal structure	1
Advice/information on the feasibility of my business idea	2
Advice/information on regulation	3
Advice/information with marketing and sales	4
Advice/information on accessing finance	5
Advice/information on producing a business plan	6
Other (Specify)	7

9ai. Could you clarify who the provider was (if known)?

9b. How far did the advice and support you received meet your needs?

Met all my needs	
Met most of my needs	Ask Q9c
Met some of my needs	Ask Q10c

Met none of my needs | Ask Q10c

9c. Was there any other advice you needed that wasn't given to you?

Open response, probe fully

Events, Seminars and Workshops – where '2' is coded for Q8

10a. Did you attend the event or workshop that you registered to attend? (Do not prompt, single code)

Yes	1 – Go to Q10c.
No	2 – Go to Q10b

10b. Why not?

Open response, probe fully, and go to Q11

10c What was the nature of the event or workshop that you attended? (Prompt if necessary, mutli-code)

Finance, Accountancy / Book-keeping, VAT / Tax	1
On-line Trading	2
Pricing	3
Sales and marketing	4
Employment Law / Redundancy	5
Cost reduction	6
Management and IT skills	7
Debt management	8
Competitive tendering	9
Trading standards (e.g. ISO9001)	10
Exporting	11
Business planning	12
Other *(please state)*	13

10ci. Could you clarify who the provider was (if known)?

10d. How far did the information you received at the event or workshop you attended meet your needs? (Read out, code all that apply)

Met all my needs	
Met most of my needs	Ask Q10e
Met some of my needs	Ask Q10e
Met none of my needs	Ask Q10e

10e. Could the event you attended have been improved?

Yes	1 – Ask Q10ei
No	2

10ei. How could it have been improved? *Probe fully.*

Accessed One-to-one Support – where '3' is coded for Q8

11a. What did you discuss with the Business Link advisor?

Advice/information on legal structure	1
Advice/information on the feasibility of my business idea	2
Advice/information on regulation	3
Advice/information with marketing and sales	4
Advice/information on accessing finance	5
Advice/information on producing a business plan	6
Other (Specify)	7

11b. How well do you think the Business Link advisor understood your needs? (Read out, single code)

Very well	1
Well	2
Poorly	3
Very poorly	4

11c. Did the advisor make you aware of any needs that you were not aware of previously? (Do not prompt, single code)

Yes	1
No	2

11d. What actions or solutions did you agree with the Business Link advisor?

Open response, probe fully

11e. Do you think the agreed actions were a reasonable means of improving/strengthening your business idea? (Prompt if necessary, single code)

Yes – all actions	1
Yes – most actions	2
Yes – some actions	3
No – actions unsuitable	4

11f. Were the actions feasible for you to implement? (Prompt if necessary, single code)

Yes – all actions	1
Yes – most actions	2
Yes – some actions	3
No – actions unsuitable	4

11g. Could the support you received from the Business Link advisor been improved?

Yes	1 – Ask Q11gi
No	2

11gi. How could the support have been improved? *Probe fully.*

Those Accessing More than one Type of Support

12a. How satisfied were you with the process for referring you between the different Levels of support?

Very satisfied	1
Fairly satisfied	2
Neither satisfied nor dis-satisfied	3
Fairly dis-satisfied	4
Very dis-satisfied	5

12b. Are there any ways in which you feel it could have been improved?

Yes	1 – Ask Q12bi
No	2

12bi. How could it have been improved? *Probe fully.*

All Types of Business Link Support - Additionality

13. Did the support you received make you aware of any measures you needed to take to develop your business idea that you were not aware of previously?

Yes	1
No	2

14a. Was there any support you felt you needed that you didn't receive?

Yes	1 – Ask Q14b
No	2

14b. What other types of advice would you like to have received? *Probe fully.*

---

15. Do you think you could have obtained a similar service elsewhere?

Yes	1 – GO TO 16
No	2 – GO TO 19

16. Where would you have been able to find a similar service? *Record full response.*

____

17. Would there be a charge for this similar service?

Yes	1
No	2

18. If the Business Link service was not available, how likely is it that you would have accessed this alternative support?

Definitely	1
Likely	2
Neither likely nor unlikely	3
Unlikely	4
Definitely not	5

PART C: BENEFITS

These questions are about the impact of the support you received

19. What were the main benefits of the information you received?

Helped me to understand how to set up a business	1
Helped me to refine/change my business idea	2
Helped me to understand how to access finance	3
Helped me decide on the right legal structure for my business	4
Helped me to understand how to get sales	5
Helped me to understand that my business idea was not viable	6
Helped me to decide that I was not ready to set up a business	7
Other (please specify)	8

20. Which of the following best describes you situation before you received support?

Employed	1
Self employment	2
Not in work but looking for a job	3
Not in work and not looking for a job	4
Student	5

21. And what is your situation now?

Established in business	GO TO 22a
Employed	GO TO 33
Not in work, but looking for a job	GO TO 36
Not in work, and not looking for a job	GO TO 36
Student	GO TO 36

Those who started up

22a. When did you establish your business?

Enter year and month

22b. Which of the following best describes the activities of your business?

	TICK
Agriculture or Fisheries	1
Energy or Water	2
Construction	3
Manufacturing *(state sub-sector)*	4
Transport, Communications or Logistics	5
Retail / Wholesale, Hotels or Restaurants	6
Business or financial services	7
Education or health	8
Other services	9

22c. What is the postcode of your business?

Realised Impacts

23. How likely is it that you would have started your business if you had not received support?

Would definitely have started my business anyway	1 – GO TO 25
Would probably have started my business anyway	2 – GO TO 25
Would possibly have started my business anyway	3 – GO TO 25
Would have started my business anyway, but at a later date	4 – GO TO 24
Would definitely not have started my business anyway	5 – GO TO 25

24. How much sooner have you been able to establish your business?

Less than 6 months	1
6 – 12 months	2
1 – 2 years	3
3 – 4 years	4
5 years or more	5

25. Do you have any employees (including yourself)?

Yes	Enter number: _____________
No	GO TO 27

26. Could you estimate what percentage of your employees live in the East Midlands?

Enter percentage between 0 and 100 ____

27. What is the approximate annual turnover of your business?

Ask respondent for exact figures. If respondent refuses, then offer to code against the following bands.	£…..
£0 to £50,000	1
£50,000 to £100,000	2
£100,000 to £250,000	3
£250,000 to £500,000	4
£500,000 to £1m	5
£1m to £5m	6
£5m to £10m	7
£10m or more	Ask for approximate figure

28. Approximately what proportion of your turnover do you spend on procuring inputs from suppliers (including energy bills and property costs)? ____%

E: Potential Leakage, Displacement and Multiplier Effects

29. Do you have any plans to relocate outside of the East Midlands?

Yes – within the next 6 months	1
Yes – in 6 – 12 months	2
Yes – in 1-2 years	3
Yes – in 3-4 years	4
Yes – in 5 years +	5
No plans to leave East Midlands	6

30. What percentage of your sales is to customers based in the East Midlands?

31. What percentage of your main competition (by market share, in the markets in which you compete) is based in the East Midlands?

32. How long do you expect to remain in business?

Less than 6 months	1
6 – 12 months	2
1 – 2 years	3
3 – 4 years	4
5 years or more	5
Indefinitely	6

GO TO Q41

QUESTIONS FOR THOSE WHO DID NOT START A BUSINESS

If unemployed before support and employed now, ask Q33

If employed before support and employed now, go to Q34

33. How important was the support in helping you find a job?

Very important	1
Important	2
Some importance	3
Not important	4

34. Have your wages increased since you received support?

Yes	Enter percentage – GO TO 35
No	GO TO 36

35. How important was the support you received in increasing your wages?

Very important	1
Important	2
Some importance	3
Not important	4

Ask to all who failed to start their business

36. Why haven't you established your business?

Market conditions / economic climate	1
Decided my idea wasn't viable	2
Not enough time	3
Did not know how to do it / Didn't have the right skills	4
No access to loans	5
Lost interest / decided to do something else	6
Started a business but ceased trading	7
Other:	Specify: ________________

37. How likely are you to establish a business in the future?

Very likely	GO TO 38
Likely	GO TO 38
Neither likely nor unlikely	GO TO 40
Unlikely	GO TO 40
Very unlikely	GO TO 40

38. When do you think you will establish a business?

Enter month and year ____

39. And in which sector do you think you will set up a business? *Record full details and code below*

____

Agriculture or Fisheries	1
Energy or Water	2
Construction	3
Manufacturing	4
Transport, Communications or Logistics	5
Retail / Wholesale, Hotels or Restaurants	6
Business or financial services	7
Education or health	8
Other services	9
Don't Know	10

40. How important was the support you received in your plans to establish a business?

Very important	1
Important	2
Some importance	3
Not important	4

PART D: ABOUT YOU

These final questions are about you

41. Do you consider yourself to have a disability?

Yes	1
No	2

42. Which of these best describes your current situation?

Single person	1
Single parent	2
Married/cohabiting with children at home	3
married/cohabiting with no children at home	4
Other	5

43. Enter gender (DO NOT ASK)

Male	1
Female	2

44. Which ethnic group do you belong to?

White British	1
White Other	2
Mixed	3
Asian or Asian British	4
Black or Black British	5
Chinese or other ethnic group	6

45. Which age group do you belong to?

Under 20	1	30-39	3	50 or over	5
20-29	2	40-49	4		

46. What is the highest level qualification you hold?

NVQ (Level 1) - e.g. fewer than 5 GCSEs at grades A-C, Foundation GNVQ, NVQ 1, Intermediate 1 National Qualification (Scotland) or equivalent.	1
NVQ (Level 2) - e.g. 5 or more GCSEs at grades A-C, Intermediate GNVQ, NVQ 2, Intermediated 2 National Qualification (Scotland) or equivalent. • Trade Apprenticeships.	2
NVQ (Level 3) - e.g. 2 or more A Levels, Advanced GNVQ, NVQ 3, 2 or more Higher or Advanced Higher National Qualifications (Scotland) or equivalent.	3
NVQ (Level 4 and 5) - NVQ 4 equivalent and above - e.g. HND, Degree and Higher Degree level qualifications or equivalent.	4
No qualification - no formal qualifications held	5

47. What was your occupation before you received assistance from Business Link? (based on most recent employment at that time) *Please probe fully*

48. Following on from this survey Ecorys will be completing some further research to follow up some of the issues raised in the survey. Would you be willing to be contacted again for research purposes?

Yes	
No	

THANK THE INTERVIEWEE

Control Group Survey Questionnaire

Evaluation of Business Link in the East Midlands

Telephone Questionnaire – Control

Ecorys have been commissioned by the East Midlands Development Agency (*emda*) to undertake an evaluation of its Business Link service. As part of this we are looking to speak to businesses based in the East Midlands region.

The survey will take no longer than 15 minutes and the information you provide will be treated in the strictest confidence. Do you have time to undertake the survey now or perhaps we can arrange a more convenient time when I could call back?

[record booking details (date/time):________________________________]

PART A: About Your Business

These first questions are about your business

1. (Can I just check) Have you used Business Link between April 2007 and March 2010?

Yes	1 – GO TO BENEFICIARY TRADING ENTITIES QUESTIONNAIRE
No	2 – GO TO Q2

2. Which of the following best describes your situation at present?

New Business (Under 24 Months)	1
Established Business (over 24 Months)	2
Other:	Specify: __________________

3. Which of the following best describes the activities of your business?

	TICK
Agriculture or Fisheries	1
Energy or Water	2
Construction	3
Manufacturing *(state sub-sector)*	4
Transport, Communications or Logistics	5
Retail / Wholesale, Hotels or Restaurants	6
Business or financial services	7

Education or health	8
Other services	9

4. What is the postcode of your business? ____

5. Is this the only site the business operates from?

Yes – single site	1
No – multiple sites, others in East Midlands only	2
No – multiple sites, others in the UK only	3
No – multiple sites, others sites internationally only	4
No – multiple sites, others in East Midlands and across UK or internationally	5

6. How long have you been established in business?

Less than a year	1
1-3 years	2
4-5 years	3
More than 5 years	4
Don't know	5

7. Do you have any employees?

Yes	1 – GO TO 8
No	2 – GO TO 10

8. How employees do / did you have (including yourself) in ….

	Today	One year ago	Two years ago
Enter approximate figure			

9. What percentage of your employees live in the East Midlands region? ____________________%

10. Which of the following best describes your future plans for your business? (READ OUT and code all that apply)

Maintaining sales of products and services	1
Increasing sales of products and services in existing markets	2
Increasing sales of products and services in new markets	3

Developing new products aimed at existing customers	4
Developing new products aimed at new customers	5

11. What percentage of your turnover is spent on inputs from suppliers based in the East Midlands?

12a) What percentage of your sales is to customers based in East Midlands?

12b) What percentage of your main competition (by market share, in the markets in which you compete) is based in East Midlands

13a. And, what is/was the approximate annual turnover of your business:

	Now (i.e. between 2009 and 2010)	Last year (between 2008 and 2009)	The year before (between 2007 and 2008)
Ask respondent for exact figures. If respondent refuses, then offer to code against the following bands.	£….	£….	£….
£0 - £50,000			
£50,000 - £100,000			
£100,000 - £200,000			
£200,000 - £500,000			
£500,000 - £750,000			
£750,000 - £1,000,000			
£1m - £1.5m			
£1.5m - £2m			
£2m - £3m			
£3m - £5m			
£5m - £7.5m			
£7.5m - £10m			
£10m - £15m			
£15m – £20m			
£20m - £30m			

£30m - £50m			
£50m or more	Enter exact figure	Enter exact figure	Enter exact figure

13b. Do you have a written business plan?

Yes – written / revised in the last two years	1
Yes – written / revised 2 to 5 years ago	2
Yes – written / revised over 5 years ago	3
No	4

PART B: USE OF ALTERNATIVE SUPPORT

These next questions are about any business support you may have used

14. Have you looked for any support to help you improve the performance of your business in the last year?

Yes	1 – GO TO 18
No	2 – GO TO 15

15. Is there any reason why you have not looked for any business support in the last year?

Did not need any support	1
Do not think support could help me	2
It would be too expensive	3
Not enough time	4
Planning to do it in the future	5
Not sure where I would find support	6
Other:	Specify

16. Do you feel you would have benefited from some support with improving your business?

Yes	1 – GO TO 19
No	2 – GO TO 23

17. What support do you think you would have benefited from?

Advice on starting a business	1
Advice on increasing my sales	2
Advice on reducing my costs	3
Advice on accessing finance or loans	4
Advice with managing my business (e.g. accountancy)	5

Advice on exporting products or services	6
Advice on training my workforce	7
Support with innovation	8
Support with responding to the challenges presented by recession	9
Other	Specify: ________

GO TO Q23

18. Did you obtain any advice or support as a result?

Yes	1 – GO TO 20
No	2 – GO TO 19

19. Why did you not obtain any advice or support?

Did not think support could help me	1
It would be too expensive	2
Not enough time	3
Not in a convenient location	4
Wasn't aware of where I could find support	5
Other:	Specify

GO TO Q23

20. What advice or support did you obtain?

Advice on starting a business	1
Advice on increasing my sales	2
Advice on reducing my costs	3
Advice on accessing finance or loans	4
Advice with managing my business (e.g. accountancy)	5
Advice on exporting products or services	6
Advice on training my workforce	7
Support with innovation	8
Support with responding to the challenges presented by recession	9
Other	Specify: ________

21. Where did you obtain this advice or support?

Friends or relatives	1
Management consultant (private sector	2
Accountant	3
Bank	4
Customer or supplier	5
Trade association	6
Government organisation (specify)	7
Other (specify)	8

22. How far did the advice and support you received meet your needs?

Met all my needs	1
Met most of my needs	2
Met some of my needs	3
Met none of my needs	4

PART C: AWARENESS OF BUSINESS LINK SUPPORT

These next questions are about your awareness of support available in the region

23. Have you ever heard of Business Link?

Yes	1 – GO TO 24
No	2 – CLOSE

24. How did you hear about Business Link?

TV/ Radio/ Newspaper Advertisement	1
Direct Marketing i.e letter/ flyer	2
Internet – via Business Link Website	3
A Business Link advisor got in contact	4
Saw the Business Link centre	5
Referred to Business Link by another support agency	6
Word of Mouth	7
Other	Specify: ________________

25. What support do you think Business Link would be able to provide you?

Advice on starting a business	1
Advice on increasing my sales	2
Advice on reducing my costs	3
Advice on accessing finance or loans	4
Advice with managing my business (e.g. accountancy)	5
Advice on exporting products or services	6
Advice on training my workforce	7
Support with innovation	8
Other	Specify: ________

26. Why haven't you used Business Link support?

Did not think support could help me	1 - GO TO 27
It would be too expensive	2 - CLOSE
Not enough time	3 – CLOSE
Not in a convenient location	4 – CLOSE
Other:	Specify

27. Why do you say that?

THANK RESPONDENT AND CLOSE

Trading Entities - Topics for Discussion in Case Studies

Thank the business for participating in our survey and agreeing to a follow-up discussion so that we can explore the issues in more depth. We would like to use this discussion as a follow up to the survey to understand in a bit more detail how Business Link support has led to changes in your business practices and business performance. *N.b we are looking for around a page of text from the survey and this interview combined.*

Purpose of Engaging With Business Link

1. What was the purpose of the engagement with Business Link in the first place?

- Need to get more context on trends in business performance prior to Business Link engagement?

2. What made you engage with Business Link as opposed to other organisations?

3. What particular challenges were you encountering as a business, prior to engagement with Business Link?

- External challenges (market pressures);
- Internal challenges (i.e. business processes).

4. And overall, what kind of direction was your business heading? E.g. was the business looking to remove constraints on growth?

Full Details of all Activities With Business Link

5. What activities did Business Link deliver with you? *Obtain greater depth than the survey on what Business Link delivered (including types of support and the duration of support) and the ways in which the activities were delivered (e.g. one-to-one/group seminars etc).*

6. *If business received more than one level of support*:

(a) How did the process work in terms of you being referred to different areas of support? *Obtain full details and see whether the process was explained fully to the individual.*

(b) How satisfied were they with the process of referring the business between the different levels of support? *Probe for specific strengths and weaknesses of the customer journey.*

Outcomes

Clarify changes in any new business practices introduced according to the survey.

7. What role did Business Link play in ensuring that these changes took place?

8. How do you feel that these changes have benefited your business?

9. Did Business Link provide effective follow-up after the delivery of the activities detailed in the survey?

- To what extent has the business been referred to other support services that could further help them to introduce new activities?

Impacts

Clarify details from survey on business performance since being supported through Business Link (particularly jobs and turnover – consider timescales).

10. What do you feel would have happened to the performance of your business in the absence of Business Link activities? *Get as much detail on how Business Link has truly made a difference.*

11. Obtain more detailed thoughts on future prospects of the business in terms of performance after Business Link support? *E.g. any thoughts on how much turnover and employment might change and how Business Link support has helped to influence this.*

Perceptions of Business Link's Service Delivery Mechanisms

12. Strengths of how support was provided? *In particular, are there any ways in which Business Link's support was more successful than other types of support the business has received?*

13. Weaknesses of the Business Link activities and how could the support have been improved?

Lessons Learned

14. Any lessons future business support programmes could learn from how Business Link activities were delivered, and how they met the needs of the business.

15. Concluding thoughts. *Look for some quotes here that we could include in the case study.*

Pre-starts – Topics for Discussion in Case Studies

Thank the business for participating in our survey and agreeing to a follow-up discussion so that we can explore the issues in more depth. We would like to use this discussion as a follow up to the survey to understand in a bit more detail how Business Link support has benefited you as an individual. *N.b we are looking for around a page of text from the survey and this interview combined.*

Purpose of Engaging With Business Link

3. What was the purpose of the engagement with Business Link in the first place?

- Need to get more context on the individual's economic situation prior to engaging with Business Link (e.g. were they struggling to find employment, did they have a job but wanted to try something new?).

4. What made you engage with Business Link as opposed to other organisations?

Full Details of all Start-up Support Used

3. What activities did Business Link deliver with you? *Use survey findings and obtain fuller details on what Business Link delivered (including types of support and the duration of support) and the ways in which the activities were delivered (e.g. one-to-one/group seminars etc).*

4. *If the individual received more than one level of support*

(a) How did the process work in terms of you being referred to different areas of support? *Obtain full details and see whether the process was explained fully to the individual.*

(b) How satisfied were you with the process of referring you between the different levels of support? *Probe for specific strengths and weaknesses of the customer journey.*

Outcomes and Impacts

5. How did the support provided through Business Link help you in further developing your business idea? *Obtain full details on this.*

6. *If the individual has started up:*

(a) How has the Business Link support has helped you to successfully start-up?

(b) Obtain some details on the nature of the business.

7. Clarify details on business performance since starting up? *E.g. clarify turnover levels and whether the business has taken on any employees since using Business Link, and also obtain other thoughts on how the business has performed.*

8. What were the other impacts of the Business Link activities on you as an individual? *For example, did it make the individual want to start up in business more, did it improve their self-confidence levels, did it help them acquire new skills/knowledge?*

9. Did Business Link provide effective follow-up after the delivery of the activities detailed in the survey?

- To what extent has the business been referred to other support services that could further help them to introduce new activities?

10. What do you think would have happened to you in the absence of Business Link support? *Probe fully for the true added value of Business Link activities for the individual.*

Perceptions of Business Link's Service Delivery Mechanisms

11. Strengths of how support was provided? *In particular, are there any ways in which Business Link's support was more successful than other types of support the individual has received?*

12. Weaknesses of the Business Link activities and how could the support have been improved?

Lessons Learned

12. Any lessons future start-up support programmes could learn from how Business Link activities were delivered, and how they met the needs of the business.

13. Concluding thoughts. *Look for some quotes here that we could include in the case study.*

Annex Two: Survey Sample Frames

Established Businesses and Start-up Quotas (Target: 555 Interviews)	Quota Ratio	Target	Achieved
Quota by Level of Interaction			
Level 1	0.62	344	283
Level 2	0.04	22	22
Level 3 or 4	0.34	189	208
Total	*1.00*	*555*	*513*
Quota by Quarter of Delivery			
2007/08 Q1	0.13	74	65
2007/08 Q2	0.06	33	24
2007/08 Q3	0.11	62	62
2007/08 Q4	0.16	86	77
2008/09 Q1	0.06	31	31
2008/09 Q2	0.07	39	27
2008/09 Q3	0.08	45	42
2008/09 Q4	0.06	36	36
2009/10 Q1	0.07	39	36
2009/10 Q2	0.07	38	38
2009/10 Q3	0.07	40	42
2009/10 Q4	0.06	32	33
Total	*1.00*	*555*	*513*
Number of Interactions			
1 only	0.24	133	91
2 - 5	0.27	150	124
6 - 10	0.12	67	75
11 - 50	0.35	194	210
51 plus	0.02	11	13
Total	*1.00*	*555*	*513*
Quota by Sub-Region			
Derbyshire	0.24	133	117
Leicestershire	0.22	121	124
Lincolnshire and Rutland	0.18	101	106
Northamptonshire	0.16	90	57
Nottinghamshire	0.20	109	109
Total	*1.00*	*555*	*513*
Quota by Urban/Rural			
Rural	0.34	189	174
Urban	0.66	366	339
Total	*1.00*	*555*	*513*

Established Businesses and Start-up Quotas (Target: 555 Interviews)	**Quota Ratio**	**Target**	**Achieved**
Quota by Sector			
Agriculture Hunting and Forestry	0.03	18	18
Fishing	0.00	0	0
Mining and Quarrying	0.00	1	0
Manufacturing	0.11	59	64
Electricity, Gas and Water Supply	0.00	0	0
Construction	0.06	35	37
Wholesale and Repair of Motor Vehicles, Motor Cycles and Personal Household Goods	0.19	104	76
Hotels and Restaurants	0.05	29	24
Transport Storage and Communication	0.03	19	17
Financial Intermediation	0.02	9	5
Real Estate Renting and Business Activities	0.19	107	110
Public Administration and Defence; Compulsory Social Security	0.01	5	5
Education	0.05	29	29
Health and Social Work	0.06	32	32
Other Community, Social and Personal Service Activities	0.08	45	42
Private Households Employing Staff and Undifferentiated Production Activities	0.00	0	0
Extra Territorial Organisations and Bodies	0.00	1	0
Unknown Sector	0.11	62	54
Total	*1.00*	*555*	*513*
Quotas by Sizeband			
10-49 employees	0.16	91	93
0-4 employees	0.47	262	286
5-9 employees	0.13	71	75
50-99 employees	0.02	14	10
100-249 employees	0.02	9	8
Unknown	0.19	104	37
250+ employees	0.01	4	4
Total	*1.00*	*555*	*513*
Quotas by Age of Business			
Less Than 1	0.01	3	7
1 - 5 Years	0.23	126	180
6 - 10 Years	0.15	82	112
11 - 25 Years	0.20	111	122
26 - 50 Years	0.09	48	61
51 - 100 Years	0.02	12	16

Established Businesses and Start-up Quotas (Target: 555 Interviews)			
	Quota Ratio	**Target**	**Achieved**
More than 100 Years	0.02	11	15
Unknown/Other	0.29	162	0
Total	*1.00*	*555*	*513*

Pre-starts (Target 195 interviews)	Quota Ratio	Target	Achieved
Quota by Level of Interaction			
Level 1	0.55	107	107
Level 2	0.15	29	28
Level 3	0.30	59	60
Total	*1.00*	*195*	
Quota by Quarter of Delivery			
2007/08 Q1	0.11	22	20
2007/08 Q2	0.05	10	10
2007/08 Q3	0.03	7	7
2007/08 Q4	0.05	11	11
2008/09 Q1	0.06	11	11
2008/09 Q2	0.06	12	12
2008/09 Q3	0.06	12	12
2008/09 Q4	0.10	20	20
2009/10 Q1	0.10	19	19
2009/10 Q2	0.10	19	19
2009/10 Q3	0.13	25	25
2009/10 Q4	0.14	28	29
Total	*1.00*	*195*	
Number of Interactions			
1 only	0.59	115	108
2 - 5	0.21	40	45
6 - 10	0.06	12	13
11 - 50	0.14	28	29
Over 50	0.00	1	0
Total	*1.00*	*195*	
Quota by Sub-Region			
Derbyshire	0.23	45	43
Leicestershire	0.24	46	50
Lincolnshire and Rutland	0.15	29	23
Northamptonshire	0.14	27	30
Nottinghamshire	0.25	48	49
Total	*1.00*	*195*	
Quota by Urban/Rural			
Rural	0.23	45	45
Urban	0.77	150	150
Total	*1.00*	*195*	
Quota by Ethnicity			
White British	0.35	68	145

Pre-starts (Target 195 interviews)	**Quota Ratio**	**Target**	**Achieved**
White Other	0.02	4	4
Black	0.03	6	11
Asian	0.03	7	17
Mixed	0.01	3	6
Not Stated/Others	0.55	107	9
Total	*1.00*	*195*	
Quota by Gender			
Male	0.50	98	117
Female	0.36	70	78
Other/not stated	0.14	27	0
Total	*1.00*	*195*	
Quota by Disability			
Yes	0.02	4	4
No	0.98	191	191
Other/not stated	0.00	0	0
Total	*1.00*	*195*	
Quota by Age			
Under 30	0.15	29	56
30-40	0.15	29	59
41-50	0.11	21	52
51-60	0.05	10	22
Over 60	0.01	2	6
Other/not stated	0.53	104	0
Total	*1.00*	*195*	

Quotas - Control Group	**Quota Ratio**	**Target**	**Achieved**
Overall Target Number of Interviews		350	350
Quota by Sub-Region			
Derbyshire	0.22	76	97
Leicestershire	0.22	77	103
Lincolnshire and Rutland	0.17	60	35
Northamptonshire	0.17	60	40
Nottinghamshire	0.22	77	75
Total	*1.00*	*350*	*350*
Quota by Sector			
Agriculture Hunting and Forestry	0.01	4	13
Fishing	0.00	0	0
Mining and Quarrying	0.00	0	0
Manufacturing	0.08	29	32
Electricity, Gas and Water Supply	0.00	0	0
Construction	0.11	40	41
Wholesale and Repair of Motor Vehicles, Motor Cycles and Personal Household Goods	0.21	75	90
Hotels and Restaurants	0.07	23	23
Transport Storage and Communication	0.05	17	10
Financial Intermediation	0.02	8	3
Real Estate Renting and Business Activities	0.27	93	62
Public Administration and Defence; Compulsory Social Security	0.02	6	5
Education	0.03	10	14
Health and Social Work	0.06	20	27
Other Community, Social and Personal Service Activities	0.07	25	28
Private Households Employing Staff and Undifferentiated Production Activities	0.00	0	0
Extra Territorial Organisations and Bodies	0.00	0	0
Unknown/other			2
Total	*1.00*	*350*	*350*

<u>**Quotas - Control Group**</u>	**Quota Ratio**	**Target**	**Achieved**
Overall Target Number of Interviews		350	350
Quotas by Sizeband			
0 to 4	0.70	137 (245)	212
5 to 10 (5 to 9)	0.14	27 (49)	60
11 to 49 (10 to 49)	0.12	24 (42)	61
50 to 99	0.02	4 (7)	4
100 to 249	0.01	2 (4)	5
250+	0.00	1 (3)	2
Unknown/Other			6
Total	*1.00*	195 (350)	*350*
Quotas by Age of Business			
Less Than 1	0.01	1 (3)	2
1 - 5 Years	0.23	44 (80)	80
6 - 10 Years	0.15	29 (52)	58
11 - 25 Years	0.20	39 (70)	125
26 - 50 Years	0.09	17 (31)	65
51 - 100 Years	0.02	4 (7)	9
More than 100 Years	0.02	4 (7)	9
Unknown/Other	0.29	57 (101)	2
Total	*1.00*	195 (351)	350

Annex Three: Economic Impact Assessment – Technical Aspects

Estimating Gross Benefits

As a business support intervention the service is designed to stimulate business growth, survival and formation. For each of the possible routes through the service, the following gross benefits are considered:

- Businesses created;
- Sales (including export sales) created;
- Jobs created;
- Jobs safeguarded;
- GVA created due to productivity gains (either through new products or through cost savings);
- GVA created due to employment growth;
- GVA safeguarded;
- People assisted into employment (there may be unintended outcomes where individuals have accessed employment since receiving support).

Estimates are made of gross actual and potential benefits per beneficiary utilising a combination of the beneficiary survey and comparisons of the performance of beneficiaries and a 'control group' of businesses which have not used the service. The latter analysis utilises a combination of econometric (Heckitt procedure) and comparison ('difference in differences') approaches as described further in Annex X. We have then related the survey findings back to overall expenditure and output figures for Business Link in order to develop overall impact estimates.

In summary, the estimates of gross additional benefits take account of the:

a) Probability that beneficiaries would have found brokered support in the absence of publicly-funded Business Link support: Where beneficiaries report that they would have found the brokered support *without* accessing the Gateway, it is assumed that any change in business performance would have occurred anyway (i.e. 'deadweight' - the benefits would have been realised regardless of Business Link).

b) Probability that beneficiaries implemented changes to their business following publicly-funded Business Link support (business beneficiaries only): It is assumed that Business Link beneficiaries that experienced improvements in the performance of their business, but did not make any changes to their business as a direct result of Business Link support, is 'deadweight'. Support may have had an additional effect of advising beneficiaries not to make changes to their business that would have a negative effect on their performance but these effects are difficult to capture (although they should be picked up through the comparison with the 'control group').

c) Probability that beneficiaries would have implemented changes to their business or established their business in the absence of the publicly-funded Business Link support they received: Any impacts associated with beneficiaries that would have established or made improvements to their business regardless of the support received are also treated as deadweight. As a beneficiary can potentially be provided with three forms of support (information, diagnostic support, and intensive assistance) the impacts of each are considered separately as far as possible in the beneficiary survey in order to establish the impact of each type of service. However, in practice respondents clearly find it difficult to 'unpick' the impacts of the different services.

d) Probability that changes in business performance are due to the publicly-funded Business Link support they received: Beneficiaries were asked to report how far changes in business performance were due to the changes they made to their business as a result of the publicly-funded Business Link support they received. All employment and GVA benefits associated with businesses created as a result of the publicly-funded Business Link service are treated as attributable to the service as the business would not have existed in the absence of support.

e) Probability that beneficiaries would have found an analogous service (not necessarily brokered support) elsewhere: Beneficiaries were asked to report the likelihood that they would have found an analogous service elsewhere; where alternative services would have been accessed, reported benefits are treated as deadweight.

To move from gross benefits to gross additional benefits (for each beneficiary), the following calculation is employed:

Gross additional benefits = Gross benefits x (1 - a) x (b) x (1 - c) x (d) x (1 - e)

Attribution of impacts to the Business Link IDB service

The approach outlined above estimates the total additional impact of the support received by beneficiaries. This will include services provided through the Business Link IDB service, but will also include impacts of other *emda* services where beneficiaries have been brokered to other providers (such as MAS).

In line with the recommendations of the national impact assessment of RDA activity undertaken by PWC on behalf of BERR[54], impacts are attributed between the Business Link IDB service and other public sector funded provision on the basis of the public sector costs of the different services involved.

Gross Additional Benefits to Net Additional Benefits

In moving from gross additional benefits to net additional benefits the following are considered:

- **Leakage:** The extent to which the benefits generated by Business Link have gone to residents outside the region. Leakage of GVA benefits is estimated on the basis of the percentage of businesses supported that are based outside the region or are planning to leave the region. A third form of leakage will occur where individuals assisted into employment live outside the region.

- **Displacement**: Beneficiaries of business support may gain market share from competitor firms based in the region causing them to reduce their output and/or employment as a result. It is assumed that displacement only occurs in relation to sales within the East Midlands; its extent estimated on the basis of the percentage of beneficiaries' competition and sales that are based in the region[55].

- **Substitution effects:** Substitution effects are not generally relevant to the evaluation of business support interventions; although they need to be considered in some minor instances (see Annex C). This effect arises where, say, a firm substitutes one activity for a similar one (such as recruiting a jobless person to replace an existing worker) to take advantage of the public sector assistance.

- **Multiplier effects:**

  - ► Supply linkage multipliers: First round supply linkage multiplier effects are estimated from the beneficiary survey by establishing the proportion of turnover that is spent on procuring goods and services from firms based in the region.

  - ► Induced multipliers: Again, these are based upon the model used to calculate supply linkage multipliers.

[54] Department of Trade and Industry (2006), "Evaluating the Impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework", February 2006

[55] Estimated by % of beneficiaries' sales in the region x % of beneficiaries competition based in the region

To move from gross additional to net additional impacts, the following calculation is utilised:

*Net additional impact = Gross additional benefit * (1 – Leakage) * (1 – Displacement) * (1 – Substitution) * (Multiplier effects)*

The duration of the impacts of interventions has clearly become an increasingly important issue following the national study and the presentation of the results of the earlier ECOTEC Research & Consulting *emda* evaluation. The approach to calculating the net impacts of Business Link Support has also measured the anticipated persistence of the impacts.

Annex Four: Analysis of Findings From the Control Group Survey

Control Group Analysis - Established Businesses

Key limitations of impact assessment based on beneficiary survey results alone include the problem of strategic response bias, where respondents overstate the impact of the support, either to please the interviewer, or because they have an interest in the relevant initiative being continued. Equally, respondents may not know the influence of the support they received on their business performance.

To explore the impact of Business Link in the East Midlands from another angle, a control group survey of 350 firms that did not benefit from Business Link support was undertaken to provide further evidence on the impact of the service on supported firms. Both supported and control firms were asked to report how far their performance (in terms of employment and turnover) had changed in the year prior to the introduction of the regional Business Link and over the first two years of its operation.

A Difference-in-Differences (DID) model was used to compare the performance of the two groups, in terms of changes in turnover, employment and productivity (turnover per worker), in order to estimate the extent to which the service had on business performance.

The DID approach was utilised as there may be unobserved factors, (such as managerial ability), influencing firms' decisions to take up Business Link support that may be correlated (either positively or negatively) with business performance. Where these unobserved factors are important in explaining both decisions to participate in programmes and performance, a straightforward comparison of the two groups could overstate (or understate) the impact of Business Link, a problem known as selection bias. The Difference-in-Differences approach deals with this problem by focusing on the changes in business performance both before and after the introduction of Business Link[56].

Econometric Results

The control group findings (set out in the table below) offer an alternative perspective on the impact of Business Link on firm performance. The model was run (using both the levels of the variables and in natural logarithm form) for a range of sub-samples:

- All respondents receiving support between 2007/08 and 2009/10

[56] Changes in business performance can be represented by the equation: $\Pi_t = \alpha + \beta X_t + \gamma S_t + \varepsilon_t$,, where Π is a measure of business performance, X is a vector of variables describing firm characteristics, S is a dummy variable that indicates programme participation, and ε is a random error. If there is a selection bias problem where there are unobserved variables (v_t) correlated both with Π and S, then this will be captured in the error term giving the equation: $\Pi_t = \alpha + \beta X_t + \gamma S_t + (v_t + \zeta_t)$. By differencing the equation, we have $\Delta\Pi_t = \Delta\alpha + \beta\Delta X_t + \gamma\Delta S_t + (\Delta v_t + \zeta_t)$, and if it is assumed that the problematic unobserved factors are fixed over time this reduces to $\Delta\Pi_t = \gamma\Delta S_t + \zeta_t$ - where γ is an unbiased estimate of the programme impact.

- Respondents receiving support in 2007/08, 2008/09, and 2009/10 separately to identify the extent of any temporal effects.
- Respondents receiving Level 1, 2 and 3 support separately to explore the impact of different levels of engagement

The results suggest that Business Link did not have an impact on turnover, employment or productivity (turnover per worker), and no pattern of significant effects could be found for any of the sub-samples. Where there were significant results, the evidence suggested that the control group outperformed Business Link respondents.

Table 10.4 Estimated Impacts of Support on Employment, Turnover, and Productivity (Turnover per Worker) - Control Group Approaches

Sub-sample	Turnover	Employment	Productivity (turnover per worker)
All respondents	-0.056	0.014	-0.027
All respondents *logged*	-0.309**	0.014	-0.027
Respondents supported in 07/08	0.007	-0.06*	0.049
Respondents supported in 08/09	0.000	-0.06*	0.05
Respondents supported in 09/10	-0.004	-0.057	0.046
Engagement level 1	-0.088	-0.012	-0.042
Engagement level 2	-0.027	0.008	-0.03
Engagement level 3	-0.007	0.047	-0.006

*Source: Ecorys (2010); ** Significant at the 5% level, * Significant at the 10% level*

Limitations of the Analysis

These results raise a range of issues:

- One of the key limitations of the results (particularly the overall results) is that results have been averaged over beneficiaries supported over three years. Businesses supported in later years may have been less likely to implement improvements to the way they manage their operations, making it difficult to isolate the influence of Business Link over the period. However, results indicated that when looking at sub-samples of respondents supported in different years, no significant impact of Business Link was obtained.

- It is likely that there were two types of respondents supported by Business Link (particularly in the recessions). The first would include those managers that are highly motivated to succeed and have sought support in order to improve their business. The second would those firms that have sought Business Link support because they were struggling (as reflected in the share of businesses that have seen productivity declines over the period). As these are effectively unobserved characteristics of both beneficiary and control businesses, this made it difficult to identify appropriate sub-samples and may have had the effect of reducing the estimated effect of Business Link support.

- A possible interpretation of the results is that supported firms may have received a positive impact from Business Link but the results are not significantly visible from a Difference-in-Difference analysis, implemented on a relatively short period of 2007-2010. It is reasonable to assume that some of the improvements firms initiated following Business Link support may take a longer period than 3 years to result in performance improvements.

- If this is the case, firms are likely to experience a range of benefits in the future. For instance, a firm receiving a support from Business Link is more likely to gain a greater understanding of some relevant improvement strategies, which may potentially be under implementation but have not yet manifested in systematically better results in terms of turnover, employment and productivity measures. It is perhaps unsurprising, since only a short period had elapsed since receiving support at the time the survey was undertaken (2010).

- The evidence may also suggest that firms from the control group are able to access other forms of similar support or are implementing similar improvements.

- Unobserved differences between the characteristics of the beneficiary group and the control group may also influence findings. While the DID approach is designed to account for such observed and unobserved variables influencing firm performance, the model assumes that these are fixed over time. If firms in the control group experienced positive changes halfway through the period of interest (such as recruiting higher quality managers), then this will tend to understate the impacts of Business Link support.