new skills CONSULTING

Final Summative Assessment

Enterprise Support in the North East (2)

On behalf of NEEAL

March 2023

European Union
European Regional Development Fund

Prepared for NEEAL

Final Summative Assessment of Enterprise Support in the North East (2)

FINAL

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New Skills Consulting is a leading UK economic regeneration and funding consultancy. Combining expert knowledge with a practical hands-on approach, we help our clients develop and deliver successful projects.

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1 Introduction

The Enterprise Support in the North East 2 project (ESNE 2) was launched in the North East LEP area in July 2018. Building on the success of the previous ESNE project, which operated between October 2015 and June 2018, North East Enterprise Agency Ltd (NEEAL) originally secured £1.72m funding, including £936,491 of ERDF resources, to deliver the project.

ESNE 2 aims to provide a universally accessible package of support to individuals resident within the North East LEP area, with ambitions to start a business or a social enterprise. Activity is delivered through a partnership of locally-based delivery partners between them covering the entire North East LEP area, providing a combination of one-to-one and one-to-many support interventions to raise awareness of enterprise and to enable individuals to become enterprise ready. Initially a partnership of nine delivery organisations, this was increased to 11 during 2022 when two additional organisations joined the project.

Originally, the project was scheduled to complete in June 2021. However, the project successfully secured an extension, along with additional ERDF resources, to continue delivery until June 2023.

1.1 About the evaluation

In December 2020, NEEAL appointed New Skills Consulting to independently evaluate ESNE (2), assessing the overall performance, effectiveness, and impact of the project. The evaluation includes two phases: an interim evaluation report prepared in June 2021, and this final summative assessment report.

This final report provides an independent assessment of project performance, and effectiveness from July 2018 up to March 2023.

The following key research tasks have been undertaken to inform the evaluation report:

- Analysis of NEEAL's management information records, including ERDF financial and output monitoring returns and beneficiary records.
- One-to-one consultations with 18 staff and stakeholders including:
  - Two members of NEEAL's Project Management Team
  - 12 staff from project delivery partners
  - Four project stakeholders.

Details of the organisations consulted are provided in Appendix A.

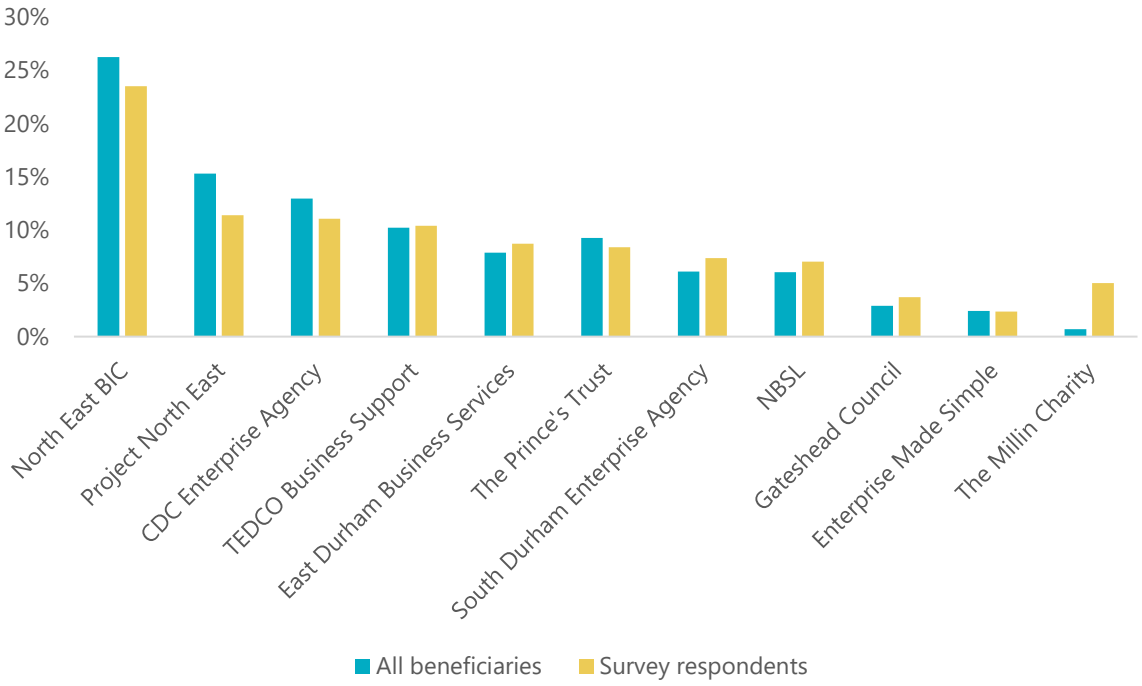
- Consultation, via one-to-one telephone interviews and an online survey with:
  - 298 project beneficiaries. This includes 157 beneficiaries that provided feedback for the interim evaluation, and a further 141 who provided feedback for this final evaluation report.
  - Case studies of 12 project beneficiaries, which includes four beneficiaries who provided a follow-up case study during the final evaluation.

1.1.1 Survey sample

The main survey of project beneficiaries has been structured to reflect broadly the take-up of support by delivery partner to November 2022, with the intention of ensuring that feedback was gathered from a reasonable number and proportion of individuals accessing support from each partner, and across the entire delivery period.

The chart below illustrates that the survey sample provides a good match to project delivery by partner across the North East LEP area. The blue bars show the proportion of beneficiaries engaged by each delivery partner as at November 2022, and the yellow bars show the percentage of survey respondents accessing support from each partner.

Figure 1: Comparison of survey responses by delivery partner



Source: Project beneficiary spreadsheet, and beneficiary survey

1.1.2 Report structure

The report is structured as follows:

- Section 2 provides an overview of the logic model for Enterprise Support in the North East 2, outlining the key issues and market failures it seeks to address and the rationale for the project. It describes the expected causal links between the activities and outputs it will deliver, and how this will lead to benefits for individual beneficiaries, and in turn, impact upon the economy.
- Section 3 assesses the extent to which ESNE 2 progressed towards its ERDF financial and indicator targets.

- Section 4 considers the effectiveness of project delivery and management arrangements, including the extent to which the project is effectively targeting eligible beneficiaries. It also considers the quality of support provided by the project.
- Section 5 explores the outcomes and impacts generated by the project. It includes a number of case studies to illustrate the difference the project makes to individual beneficiaries.
- Section 6 assesses the value for money delivered by the project.
- Section 7 summarises the evaluation conclusions and lessons learned from project delivery and suggests recommendations which NEEAL and the project partners may wish to consider in the future delivery of start-up support services.

2 Enterprise Support in the North East (2): Project context

2.1 Introduction

This section considers the economic and policy context in which Enterprise Support in the North East (2) was designed. It explores the rationale for intervention and market failures it is addressing, and the link between its aims and objectives, activities, outputs, and outcomes. It is based on the project's logic model developed by NEEAL and the project delivery partners and considers the extent to which its targets are realistic and appropriate.

2.2 Overview of the logic model

Figure 2 provides a summary of the Enterprise Support in the North East (2) logic model. It is based on the logic model submitted to MHCLG[1] at the start of the project by NEEAL. Inputs and outputs have been updated to reflect the extended delivery period and subsequent PCR.

[1] The Ministry for Housing, Communities and Local Government as the Managing Authority for ERDF in England (renamed Department for Levelling Up, Housing & Communities in September 2021)

Figure 2: Summary logic model

Context & market failures

Context:
Evidence of low levels of entrepreneurship and entrepreneurial activity is restricting economic growth in the NELEP area.

Market failures:
Information failures are stifling levels of entrepreneurial activity, particularly among individuals who are unemployed / from a disadvantaged background, as they lack the skills, expertise, and knowledge to start up a business. The project addresses this by bringing external enterprise expertise to individuals with a business idea / interest in enterprise. In addition, developing entrepreneurship has a wider merit goods basis: in savings to the public purse, increased revenues for the Exchequer and contribution to economic growth.

Project objectives & rationale

Objectives:
- To put in place a robust, LEP wide package of support for individuals seeking to start a business or social enterprise, continuing delivery of Enterprise Support in the North East (1)
- To work effectively with other provision to avoid duplication and maximise value for money.
- To assist 2,015 people to become enterprise ready during the project lifetime.

Rationale:
ESNE 2 builds on the success of the previous enterprise support project (Oct 2015- Jun 2018) which provided universally available one-to-one and workshop support to individuals across the NELEP area. Support is delivered by a group of locally based delivery partners, with the capacity to engage individuals at a local community level.

Inputs & activities

Inputs:
Total funding of £2.873m, comprising £1.558m ERDF, £0.016m public match and £1.298 private match from the project partners.

Activities:
- Marketing, promotion, and engagement activities
- Delivery of pre-start business support to potential entrepreneurs
- Identification and referral to other projects / sources of support

Outputs:

P11: Potential entrepreneurs assisted to be enterprise ready = 2,015

Project Outcomes:
- Beneficiaries become more entrepreneurial.
- Increased enterprise awareness across the region.
- An effective delivery model meeting local evolving needs.

Intended impacts:
- Larger and more diverse business base in NELEP area.
- Reduction in unemployment in the NELEP area.
- Increase in new jobs in the NELEP area.

2.3 Context, market failures and rationale

2.3.1 Overall context

Enterprise Support in the North East (2) was developed in response to an ERDF call for business support projects in the North East Local Enterprise Partnership (NELEP) area in September 2017, under Priority Axis 3: Enhancing the competitiveness of small and medium sized enterprises.

The call specification highlighted a need to increase the level of entrepreneurship and to improve start-up activity in the North East LEP area, particularly to:

- 'Deliver activities which promote entrepreneurship and / or encourage enterprise through self-employment or which increase entrepreneurial ambition and the skills needed to start a business, particularly in communities which are currently under-represented, including social and community enterprise and in rural areas'.

In addition, the specification encouraged interventions which would promote key priorities in the North East LEP area i.e. Entrepreneurship in the Transitional area, that can make a strong contribution to the 'number of entrepreneurs assisted to be enterprise ready' output target.

The call was for activity to be delivered within the North East LEP area, which includes two categories of region[2], each with their own allocation of resource and targets (the More Developed area of Northumberland and Tyne & Wear, and the Transitional area of County Durham). Projects covering the entire LEP area had to clearly demonstrate how they would take account of the specific needs and issues for County Durham, and to identify specific resource and targets for each category of region.

ESNE (2) sought to directly support these objectives by bringing together a partnership of locally-based organisations to deliver a LEP-wide comprehensive enterprise service, supporting individuals through the entire business start-up process to help new businesses to start and survive. Included in the partnership were two specialist providers (social enterprise and support for disadvantaged young people) able to deliver across the region. Originally a partnership of nine organisations, a further two delivery partners joined the project: The Millin Charity, a service that supports women to become financially independent, joined in 2022; and Enterprise Made Simple, were brought into the partnership in 2021 to increase engagement in County Durham.

The project aimed to provide a universal offer, available to any resident of the region with an ambition to start-up in business, with a particular focus on disadvantaged individuals and communities that need the support most, e.g. the unemployed, and residents of rural areas. In addition, as a result of falling levels of unemployment in the region, the project aimed to engage with employed individuals with an ambition to start their own business, through a targeted marketing campaign.

[2] The More Developed area of Northumberland and Tyne & Wear, and the Transitional area of County Durham

In this way, the project aimed to meet the purpose of the ESIF call, by providing a comprehensive, universal, and accessible offer, incorporating one-to-one, and one-to-many support interventions, which would help to promote enterprise and support the creation of sustainable new businesses across the North East LEP area.

There is a clear need to raise levels of enterprise awareness and entrepreneurial activity across the North East LEP area. Doing so will both help to close the employment gap, and to improve business start-up rates, both of which are of strategic importance to the North East LEP, and will contribute to the key objectives within the NELEP 2019 Strategic Economic Plan and ESIF Strategy to promote entrepreneurship and improve start-up activity in the region.

2.3.2 Market failures

The ESIF business case identified a number of market failures which impact on levels of entrepreneurship and business start-up activity in the North East LEP area, including:

- Information failures: This is a significant barrier, particularly for those that have no experience or background in enterprise, and therefore don't know where to start; and for those from disadvantaged communities that may not be willing to engage with 'established' organisations such as Local Authorities or Government Departments. The project addresses this issue by delivering advice and support through a network of locally based and long-established delivery partners, with a strong track record of effective engagement and outreach delivery with local communities.
- Merit goods: It is critical that the North East LEP area increases the business start-up rate, as this has benefits for the individual but also for the wider economy, for example in increased revenues to the Exchequer, or the potential to create additional employment opportunities. The project helps to increase the start-up rate through a programme of awareness raising and engagement activities to inform people about the potential for enterprise as a viable economic option. The one-to-one and workshop support enables individuals to develop their enterprise skills, to learn more about the process of starting a business, and to move forward with their business idea.
- Equity: ESNE 2 addresses this issue by providing a universal enterprise and start-up service, available to all residents of the North East LEP area. The delivery model is designed to ensure that the service is accessible to all, while being sufficiently flexible to take account of diverse demographic and geographic needs.

2.3.3 Rationale for developing ESNE 2

To respond to the call for proposals and to address the market failures identified above, NEEAL and the delivery partners developed the Enterprise Support in the North East project (2). The design of the project was based on learning from previous ERDF funded projects (Business Support in the North East and Enterprise Support in the North East 2015-2018), alongside the core objectives, experience, and track record of the delivery partners.

As a result, the project brings together a partnership of established organisations operating in defined geographies, to deliver a comprehensive, universal programme of support to residents of the North East LEP area, ensuring that people really understand what is involved in business start-up, before deciding whether or not it is the right option for them. In addition, the project:

- Provides specialised support i.e. about social enterprise or to encourage disadvantaged young people to start up in business.
- Provides a 'wrap-around' service, incorporating other enterprise programmes, e.g. New Enterprise Allowance (NEA), to create a more holistic and integrated support offer.
- Focuses on engaging under-represented groups, including residents of rural areas.

The project delivery model incorporates:

- A core flexible offer available universally across the entire North East LEP area, involving an initial diagnostic, one-to-one support, and workshops to equip people with the skills and knowledge to start-up in business.
- Follow-on support during the initial stages of trading, e.g. networking events to provide an opportunity for peer-to-peer learning, to help new start-up businesses to survive and grow.
- Referral to other relevant support available through the North East Growth Hub.

We would suggest that the rationale for the project, and the approach to delivery was appropriate, building on the expertise and track record of the delivery partners in delivering similar interventions across the North East LEP area.

2.3.4 Contextual changes since the project was developed

Since the ESNE (2) business case was first submitted to MHCLG[3] in 2017, the main factor impacting on project delivery has been the Covid-19 pandemic. Up until early 2020, project delivery was as expected, with no major changes in the wider operating context.

However, from March 2020, the Covid-19 pandemic impacted all aspects of the project. Following a significant fall in demand during the first lockdown, demand continued to fluctuate with subsequent lockdowns and easing of restrictions. In addition, staff in some delivery partner organisations were furloughed; the project's marketing plan was put on hold; and some additional flexibilities were introduced to the project, enabling partners to provide 'light-touch' support to existing businesses across the region who had not previously been supported by ESNE.

The pandemic and its associated restrictions necessitated significant changes to the delivery of ESNE support, with all one-to-one support and workshops being delivered remotely and all meetings taking place between the project delivery partners being undertaken virtually. Since the time of the interim evaluation, all restrictions have since been lifted and in-person delivery of support has resumed.

[3]The Ministry for Housing, Communities and Local Government as the Managing Authority for ERDF in England (renamed Department for Levelling Up, Housing & Communities in September 2021)

Nevertheless, online delivery of support has continued, for example in many of the workshops, as it provides an efficient and convenient way for many beneficiaries to access support.

2.4 Project objectives

The ESIF business case for ESNE (2) identified the project's objectives as being:

- To put in place a robust, LEP-wide package of support for individuals seeking to start a business or social enterprise, continuing delivery of Enterprise Support in the North East (1).
- To work effectively with other provision to avoid duplication and maximise value for money.
- To assist 1,230 people to become enterprise ready during the project lifetime. (NB: This subsequently increased to 2,015 people, following the extension of the project to June 2023.)

We suggest the objectives are largely appropriate, taking into account the economic context, market failures and rationale for the project.

2.5 Inputs

Enterprise Support in the North East is delivered by a group of delivery partners located across the North East LEP area, including: NBSL, The North East BIC, Project North East (PNE), East Durham Business Service (EDBS), South Durham Enterprise Agency (SDEA), TEDCO, CDC Enterprise Agency, Gateshead Council, The Prince's Trust, Enterprise Made Simple, and The Millin Charity.

Originally NEEAL secured a total of £936,491 of ERDF resources, matched with £49,131 public and £741,139 of private match contributions from the project delivery partners, giving a total project cost of £1,726,761. In October 2020, NEEAL successfully secured an extension to the project to June 2023, increasing the total project cost to £2,930,883. A further formal project change request was agreed in February 2022 in response to the impacts of the Covid pandemic, which reduced total project costs slightly to £2.873m. This included reductions in ERDF grant to £1.558m, and public match funding to £0.016m, alongside a slight increase in private sector match to £1.298m.

2.6 Activities

The project provides a core flexible offer available across the entire North East LEP area. The core offer includes:

- Marketing, promotion, outreach, and engagement activities to raise awareness and identify potential project beneficiaries. This includes tailored marketing campaigns to engage residents of rural areas, and also to attract individuals who are in employment to seek start-up advice and support from the project.
- An initial one-to-one diagnostic to identify support needs, and discuss the business idea/s.
- Referral to existing support projects, including the Growth Hub, and the New Enterprise Allowance (which subsequently closed in January 2022), and where appropriate, more specific interventions e.g. via a local authority.

- A package of intensive one-to-one mentoring alongside workshops to take beneficiaries through the process of starting up a business.
- Ongoing mentoring and access to networking events to benefit from peer-to-peer learning during the early stages of trading, to help support the sustainability of the business.

2.7 Outputs

Enterprise Support in the North East (2) has one ERDF target, split between the two categories of region.

Table 1: ERDF output targets for ESNE (2)

Code	Output	More Developed area	Transitional area	Total
P11	Potential entrepreneurs assisted to be enterprise ready	747 (61%)	483 (39%)	**1,230**
C1	No of enterprises receiving support	-	15	**15**

Following the project extension, and increase in total project costs, the P11 output target was also increased to 2,099, including 1,332 (63%) in the more developed area, and 767 (37%) in the Transitional area. This was subsequently reduced slightly to **2,015** following the reduction in project costs, with an adjusted expenditure profile of 60% in the More Developed area and 40% in the Transitional area. In addition, a new output target for the Transitional area was introduced in February 2022, of 15 enterprises receiving support (C1).

The P11 target is broadly appropriate and realistic, with the reduction based on lower than anticipated demand due to the impact of the Covid-19 pandemic on project delivery during 2020 and 2021. In addition, the adjusted expenditure profile reflects an increase in demand in the Transitional area following the end of Covid restrictions, and the introduction of a new delivery partner in County Durham to respond to this demand.

Feedback from staff indicates that meeting P11 targets became a significant challenge during the pandemic, largely due to the reduced workshop delivery making it difficult to achieve the required minimum of 12 hours of support. However, most providers adapted well to online workshop delivery, and have continued to provide online workshops, which offer an effective way to enable beneficiaries to participate in 12 hours or more of support.

Following the end of the pandemic the anticipated increase in unemployment did not transpire and the high volume of job opportunities in some sectors has made self-employment less appealing to some. In addition, increases in the cost of living have heightened the risk of starting a business for some people. Nevertheless, delivery partners have responded to the challenges and have maintained a good level of demand for the support. Whilst the achievement of the P11 target has been challenging, it is nevertheless considered by project staff to be achievable.

2.8 Outcomes and impacts

While the project has no formal ERDF outcomes and impacts against which performance can be measured, the project logic chain (in Figure 2 on page 8), identifies the outcomes and impacts of the project as:

Outcomes:

- Beneficiaries becoming more entrepreneurial.
- Increased enterprise awareness across the region.
- An effective delivery model meeting local evolving needs.

Impacts:

- Larger and more diverse business base in NELEP area.
- Reduction in unemployment in the NELEP area.
- Increase in new jobs in the NELEP area.

Overall, the proposed outcomes and impacts appear to be appropriate, taking account of the project aims and objectives, and the activities to be delivered. However, while the project will lead to the creation of new businesses and jobs, which could potentially help to diversify the business base, increase employment, and reduce unemployment in the North East LEP area, there has been no formal ERDF contractual requirement for NEEAL and the delivery partners to monitor performance and evidence this. Whilst processes were strengthened to monitor business start, sustainability, and job creation more consistently, it is unrealistic to expect that the tracking of these outcomes and impacts will be as rigorous as it would be for a formal ERDF target, particularly given the time input required and challenges involved in gathering this evidence.

2.9 Summary

Overall, there is a clear need for a project in the North East LEP area to increase awareness of enterprise, and to improve the business start-up rate. There is a clear rationale for investment, and the delivery model is appropriate and relevant, providing a universal offer, supported by a targeted marketing campaign to engage under-represented groups in the project.

The aims and objectives of the project relate to the economic and policy context and market failures it is seeking to address.

The output target is also broadly appropriate and realistic, with the increase being based on performance during the initial delivery period and adjusted to reflect the impacts of the Covid-19 pandemic.

Whilst Covid-19 had a significant impact on demand for support, with fluctuations in demand throughout the pandemic and its associated lockdown restrictions, project staff and delivery partners adapted well to the circumstances. Demand has also been impacted by lower-than-expected levels of unemployment post-pandemic, as well as the recent cost of living increases. Nevertheless, whilst the achievement of the P11 target has been challenging, it is considered to be achievable.

Although the wider operating context has changed since the development of the project, the need to create a stronger enterprise culture and support the start-up of new businesses remains as relevant as ever, and will contribute to the North East LEP's strategic priorities as described in the Strategic Economic Plan and ESIF Strategy, as well as the region's economic recovery and growth.

3 Project progress

3.1 Introduction

This section of the report assesses the progress made by the project towards the achievement of expenditure and output targets, between July 2018 and December 2022. The analysis is based on the following sources of information:

- The latest available ERDF claim and monitoring return, which reports on project expenditure and outputs as at December 2022.
- The most recent approved Project Change Request (PCR) approved in February 2022.
- The project's beneficiary database, which provides the latest up-to-date information about beneficiaries, and the amount of support received, as at November 2022
- Evaluation feedback from staff, stakeholders, and beneficiaries.

3.2 Progress to date

Table 2 summarises actual performance against expenditure and output targets as at December 2022. The column 'Projected performance at project closure' shows the total spend and outputs the project is predicted to achieve based on forecasts included in the December 2022 claim.

Table 2: Spend and output performance (as at December 2022)

	Lifetime Targets		Performance (as at Dec 2022)		Projected performance at project closure (June 2023)		Overall assessment
Funding source	**Original**	**Adjusted**	**No.**	**% of Target**	**No.**	**% of Target**	
Revenue expenditure (£m)	£1.726m	£2.873m	£2.582m	90%	£2.900m	101%	
Funding							
- Public sector contributions[4]	£0.049m	£0.016m	£0.043m	269%	£0.044m	275%	
- Private sector contributions	£0.741m	£1.298m	£1.138m	88%	£1.298m	100%	-
- ERDF	£0.936m	£1.558m	£1.400m	90%	£1.558m	100%	-
Outputs							

[4] Whilst the level of public sector funding contributions has varied compared to the original target, this is as a result of delivery funded by Gateshead Council being undertaken on its behalf by PNE. As a social enterprise, funding coming into the project via PNE is treated as private match funding. This has resulted in the level of public sector match funding reducing and the private sector amount increasing, compared to the original targets.

P11: Potential entrepreneurs assisted to be enterprise ready	1,230	2,015	1,720	85%	2,066	102%	
C1: No of enterprises receiving support	0	15	9	60%	15	100%	

3.2.1 Expenditure

ESNE (2) originally secured £0.936m of ERDF grant, which was matched against £0.741m of private sector and £0.049m of public sector contributions from the delivery partners, giving a total project cost of £1.726m. Subsequently, two formal project change requests were agreed, the first in October 2020, extended the project delivery period to June 2023, and increased total project costs to £2.93m, including £1.582m ERDF grant funding, alongside £0.057m public sector and £1.292m private sector funding. The second change, agreed in February 2022, reduced total project costs slightly to £2.873m, including reductions in ERDF grant to £1.558m, and public match funding to £0.016m, alongside a slight increase in private sector match to £1.298m. The request to reduce total project costs was made in response to the Covid-19 pandemic, which had a negative impact on demand for support and on overall project delivery.

Between July 2018 and December 2022[5] the project defrayed a total of £2.582m, which equates to 90% of total project costs. This includes ERDF grant funding of £1.4m, private match of £1.138m, and public match of £0.043m.

By the financial completion date of June 2023, it is currently forecast that total project expenditure will reach £2.9m, slightly exceeding the approved total project cost figure of £2.873m. However, in the final six months of project delivery, the management team will work closely with partners to ensure overall expenditure does not exceed the agreed project budget, aiming for a final forecast outturn of £2.873m. As a result, financial performance has been rated as 'Green'.

This demonstrates good progress since the time of the interim evaluation, where a slight underspend of 6% of project expenditure was forecast, largely due to the impacts of the Covid-19 pandemic.

Category of Region

Of the total revised project cost of £2.873m, £1.655m (58%) is to be spent in the More Developed area of Northumberland and Tyne & Wear, and £1.218m (42%) is to be spent in the Transitional area of County Durham.

The PCR agreed in February 2022, adjusted the original expenditure profile of 60% spend in the More Developed area and 40% in the Transitional area, to reflect the impact of the Covid-19 pandemic on project delivery during 2020 and 2021, alongside the introduction of a new delivery partner in County Durham to respond to an increase in demand within the Transitional area following the end of Covid restrictions.

[5] The date of the most recent ERDF claim

Analysis of the financial information included in the most recent claim (December 2022) indicates that financial performance is strong in both categories of region, with both areas forecasting a slight overspend by the end of June 2023. However, as stated above, the management team and the delivery partners will work closely together to ensure overall expenditure in the final six months of delivery does not exceed the agreed budget.

Table 3: Project expenditure (by Category of Region)

Category of region	Approved funding profile	Actual spend by 31st December 2022	Projected spend at project closure	% of target
Total project cost	£2.873m	£2.582m	£2.900m	101%
- Total project cost (More Developed area)	£1.655m	£1.491m	£1.676m	101%
- Total project cost (Transitional area)	£1.218m	£1.091m	£1.224m	100%

3.2.2 Outputs

ESNE (2) was originally contracted to support a total of 1,230 potential entrepreneurs to be enterprise ready by the end of June 2021, including 747 (61%) residents of the More Developed area, and 483 (39%) residents of the Transitional area.

In October 2020, as a result of extending the project delivery period to June 2023, the output targets were increased to 2,099 potential entrepreneurs supported to be enterprise ready, including 1,332 residents of the More Developed area (63%), and 767 residents of the Transitional area (37%). Subsequently, in February 2022, a further adjustment to the outputs was agreed, reducing the overall target of potential entrepreneurs supported to 2,015 (1,278 (63%) More Developed, and 737 (37%) Transitional area), and introducing a new output target of 15 enterprises receiving support, all within the Transitional area of County Durham).

The balance of outputs between the two categories of region is slightly different than the balance of spend, suggesting that the cost per output in the More Developed area is slightly lower than in the Transitional area.

Based on output performance data included in ERDF claims, by the end of December 2022, the project had supported a total of 1,720 individuals, 85% of the target, and 9 enterprises equivalent to 60% of the target.

Table 4: Project outputs (by Category of Region)

Category of region	Approved target	Actual achieved by 31st December 2022	Projected performance at project closure	% of target
P11: Potential entrepreneurs assisted to be enterprise ready[6]	2,015	1,720	2,066	102%
- Total output target (More Developed area)	1,278	1,269	1,349	105%
- Total output target (Transitional area)	737	451	717	97%
C1: Enterprises supported	15	9	15	100%
- Total output target (Transitional area)	15	9	15	100%

The final forecast outturn for the project, by the end of June 2023, is that 2,066 potential entrepreneurs will have been supported to be enterprise ready, exceeding the target of 2,015, while the target for enterprises supported will have been met. As a result, overall output performance has been rated as Green.

P11: Potential entrepreneurs supported to be enterprise ready.

The target is to support a total of 2,015 potential entrepreneurs to be enterprise ready. As at the 31st December 2022, a total of 1,720 potential entrepreneurs had been supported, benefiting from at least 12 hours of support, which is equivalent to 85% of the target. By the end of the project delivery period in June 2023, performance against this indicator is expected to exceed the target, with the project delivery partners supporting a total of 2,066 potential entrepreneurs to be enterprise ready. Overall performance has therefore been rated as 'Green'.

Performance against this indicator is strongest in the More Developed area, with 99% of the target being achieved by December 2022, with a final forecast outturn expected to exceed the target by 105%. In the Transitional area, 61% of the target had been achieved by the end of December, with a total of 717 potential entrepreneurs forecast to be supported (a further 266 individuals) by the end of June 2023, equivalent to 97% of the target.

Analysis of the project database suggests there are 315 individuals in the Transitional area registered for support, who could potentially be reported as a P11 output, should they benefit from at least 12 hours of support before the end of June 2023.

[6] Project beneficiaries must receive a minimum of 12 hours of support to be counted as an 'potential entrepreneur assisted to be enterprise ready'

In addition to continuing to support these potential entrepreneurs already registered with the Programme in County Durham, the partners are planning a focused marketing campaign in the County, to boost beneficiary numbers, and achieve the overall project target for the Transitional area. The partners will also continue to support individuals registered with the project, resident in the More Developed area, which will contribute towards the overall Programme P11 target. This is subject to partners having the budget and resources available.

The project beneficiary database as at November 2022 has records of 6,097 individuals who had registered for support of which 28% had been reported as a P11, benefiting from more than 12 hours of support. Of those reported as a P11, one third (33%) are recorded as having started a business. However, the database shows there are a further 477 individuals who have been recorded as starting a business but have not been reported as a P11, i.e. they have started a business with less than 12 hours of support. These businesses account for just under half (45%) of all business starts on the database, suggesting that for a high proportion of individuals 12 hours of support is not needed to start a business.

Overall, the Programme level target seems achievable, as does the target for the More Developed area. However, it may be more challenging for the partners to achieve the target for the Transitional area.

C1: Number of enterprises receiving support.

The target is to support a total of 15 businesses in the Transitional area of County Durham. As at December 2022, a total of 9 C1 outputs had been reported (60% of the target), and this is forecast to rise to 15 by June 2023, achieving the overall project target. Therefore, programme performance is rated as 'Green'.

A review of the project database (dated November 2022) suggests that this target is achievable. There is a pipeline of 20 businesses benefiting from support through the programme, of which six will have received at least 12 hours of support before the 30th June 2023.

3.3 Summary

Overall, the project has made good progress towards its financial and output targets, given the challenges created by the Covid pandemic, which impacted on both the achievement of P11 outputs and project spend.

It is currently forecast that total project expenditure will reach £2.9m by the completion date, slightly exceeding the approved total project cost figure of £2.873m. However, in the final six months of project delivery, the management team will work closely with partners to ensure overall expenditure does not exceed the agreed project budget.

By the end of the project delivery period in June 2023 it is expected that the P11 target for potential entrepreneurs to be enterprise ready will be exceeded, with a forecast 2,066 individuals supported against a target of 2,015. Performance against this indicator is strongest in the More Developed area, which is forecast to achieve 105% of the target, compared with a final forecast outturn of 97% of the target for the Transitional area.

4 Project delivery and management

4.1 Introduction

This section of the report considers the effectiveness of project delivery and management arrangements based on beneficiary data collected by the project, as well as on qualitative feedback from beneficiaries, delivery staff and stakeholders. This includes the extent to which the project is engaging the target beneficiaries; views from beneficiaries, staff, and stakeholders regarding the quality of support; analysis of the different delivery models deployed by project delivery partners; an assessment of the efficacy of governance and management arrangements, and a review of progress towards implementing the recommendations of previous summative assessment reports.

4.2 Progress against recommendations

This project is a successor project to Enterprise Support in the North East (ESNE), which ran from October 2015 until June 2018. A final summative assessment of the ESNE project was published in June 2018, which provided a number of recommendations for NEEAL and the delivery partners to consider when developing future enterprise support projects.

As part of the interim evaluation of ESNE 2 in June 2021, an assessment was undertaken of the extent to which these recommendations had been acted upon in the design and delivery of the successor project. This highlighted that, overall, some good progress had been made in implementing the recommendations from the predecessor project summative assessment. For example, processes had been put in place to track business start-up and job creation outcomes; there had been a dedicated marketing budget and team put in place; and the role of the ESNE 2 Project Manager had been changed to allow more time for networking and relationship building in the wider enterprise support network.

However, it was also clear that progress against many of the recommendations had been hampered by Covid, which created more pressing priorities for delivery staff, as well as stalling much of the networking and relationship building activity. At the time of the interim evaluation in June 2021, it was also unclear as to the full impact the pandemic may have on the enterprise and start-up market, or the extent to which the ESNE 2 partners would need to revisit plans and priorities to adapt to the emerging market.

The interim evaluation report offered some further recommendations to be considered during the remaining delivery of ESNE 2. The extent to which progress has been made against these recommendations was explored during the final summative assessment.

Recommendation 1: Partners may wish to explore opportunities to learn from each other's approaches to delivery, team structures and staff roles in order to tackle challenges or improve results, such as improving retention or conversion rates. For example, this could include upskilling support staff to undertake more elements of client triage and support.

Evaluation feedback indicates that delivery partners have made some use of the regular partner meetings to share ideas, best practice and approaches to common challenges. There have also been some examples of partnership working, for example on the delivery of workshops where one partner has content and / or staff with specific expertise in a particular area. While feedback indicates that collaborative working has not been as extensive as it could perhaps have been, for example efforts to implement a regional workshop offer were not successful, many partners nevertheless report numerous benefits from being in a partnership and having the opportunity to work with, and learn from, other organisations.

Recommendation 2: Given the potential impacts of Covid 19 on the economy, partners should revisit the marketing strategy to ensure that its aims, objectives and target markets are still appropriate, or whether a change of focus is required to respond to changing market conditions. For example, if there is a significant increase in unemployment and redundancies following the end of the furlough scheme, it may be necessary to prioritise these potential client groups.

Following the pandemic, the approach to marketing ESNE was revisited, including seeking further input from the external marketing consultant commissioned at the start of the ESNE 2 Programme. Whilst unemployment post-pandemic was not as significant as had been anticipated, continued efforts have been made with relationship development with Job Centres and employability services to ensure that those who are unemployed are aware of the support.

It was also clear that the priority for marketing activity was increasing awareness and engagement in the Transitional Area of County Durham. A number of activities have been undertaken in the area to increase demand for the support, including re-engaging with dormant clients; ensuring people are transitioned quickly from enquiry to workshops to improve retention; and developing relationships with a range of potential referral partners, including local colleges. Whilst it remains challenging to reach the programme target in Co Durham, there is evidence that these efforts have contributed to an increase in awareness of and demand for the support.

Recommendation 3: In the context of the impact of Covid on the enterprise and start-up market, partners could undertake further and ongoing market assessment and development to ensure the ESNE offer remains competitive and relevant.

Whilst there has been no formal process to review and develop the ESNE offer, there are examples of project staff and delivery partners developing the offer to meet the needs of clients. This includes the addition of two new organisations to the ESNE 2 partnership, as well as new content covering areas such as social media; the challenges of running a business from home; and dealing with inflationary and cost of living pressures.

In addition, delivery partners are now offering a hybrid service of both face-to-face and online delivery, which enables clients to access support in a way that is most efficient for them. It was suggested by some staff and delivery partners that there are further opportunities to develop content to make the support more relevant, and any future start-up service will need to ensure that it adapts to the changing needs of potential entrepreneurs.

Recommendation 4: Partners could consider additional ways to encourage clients to access further support from ESNE 2, for example by targeting clients who have accessed between 6 and 10 hours of support to date to ensure they are aware that further support is available, and to encourage them to access this support. This could include telephone support and online resources to maintain enthusiasm and engagement with the project.

Since the time of the interim evaluation a more formal process has been put in place to provide monthly monitoring data to all partners giving details of all clients that have received between 8 and 12 hours of support. In addition, partners are provided with any additional information they require, for example some partners request lists of clients that have received more than 4 hours of support. Partners are then able to use this information to focus efforts on engaging those clients in further activity, and feedback suggests there has been a concerted effort to follow-up these clients by both phone call and email.

Whilst there is evidence that this has encouraged some clients to access additional support, there are many who have by this point already successfully started a business and do not require further help or advice. This highlights that, for a significant proportion of clients, the minimum 12 hours of support is not an appropriate target or an effective measure of success.

Recommendation 5: Partners could review which aspects of remote delivery have proved the most effective and for which clients, to identify ways in which they could be incorporated into the delivery model in the long-term to enhance the overall quality and flexibility of the ESNE 2 support offer. This could form part of a wider review into additional opportunities to refresh the support offer through the addition of new skills, personnel, and specialised content.

As highlighted under recommendation 3, partners have fully incorporated remote delivery of both workshops and one-to-one support into their delivery, creating a hybrid model that maximises flexibility for clients. This has also enabled partners to begin to expand the range of workshops, so that the longer, introductory workshops covering all of the basics of start-up can be enhanced by the addition of shorter workshops covering focused topics. The success achieved to date in expanding and tailoring content suggests there is significant potential for further development in any future start-up service.

Recommendation 6: To further enhance the integration of the two cross-cutting themes into ESNE 2 delivery, partners could seek additional opportunities to share their approach and examples of good practice, as well as the potential to share further online resources or workshop content where relevant.

Whilst this has not been a significant area of development in the period since the interim evaluation, there have been efforts to expand and share approaches to the cross-cutting themes. This includes the introduction of a new partner, which focuses on supporting disadvantaged and marginalised women; partners sharing workshop resources on environmental issues; and The Prince's Trust sharing best practice in cross-cutting themes from its wider national delivery.

In addition, the universal introduction of remote support and online workshops across the ESNE Programme has significantly increased the accessibility of the support for a number of different client groups, including people with a disability, those with caring responsibilities, people in work or those who live in rural or more remote areas. It has also generated positive environmental impacts as a result of reduced travelling, online meetings and service delivery, and reduced paperwork through the introduction of digital signatures on forms.

Recommendation 7: The partners may wish to explore opportunities to formalise the process of developing strategic partnerships with more joint working between ESNE and specialists in the enterprise and start-up field. There may also be opportunities to involve specialists in the joint development of bespoke online content.

Whilst there has been no extensive or formalised process of developing strategic partnerships, there are nevertheless many examples of partners working successfully with other services and specialists to create an enhanced and better quality offer for clients. This includes collaborative working with other enterprise programmes to give clients access to start-up grants and funding, as well as bringing in specialists to deliver both workshops and one-to-one support in areas of specific interest to clients, such as social media.

A particularly strong example of this is the approach taken by The Millin Charity, which makes extensive use of external experts to create a tailored service for potential entrepreneurs. For example, clients are able to work with a photographer to create publicity materials; a social media expert will help them to set up and create content for accounts; and a branding expert will work with them to create a brand identity for their enterprise. The result is a highly bespoke service that delivers a high level of practical and hands-on support.

In addition, the ESNE 2 project team has worked with the North East Growth Hub to help build more strategic partnerships across the region. NEEAL has been represented on the Provider Network Steering Group since its inception in 2018 and provided the Chair for two years between 2019 and 2021.

4.3 Targeting

ESNE 2 is targeted at individuals resident in the North East LEP area with an ambition to start a business or social enterprise. While the project is universally available, there is a particular focus on engaging under-represented groups, including residents of rural areas.

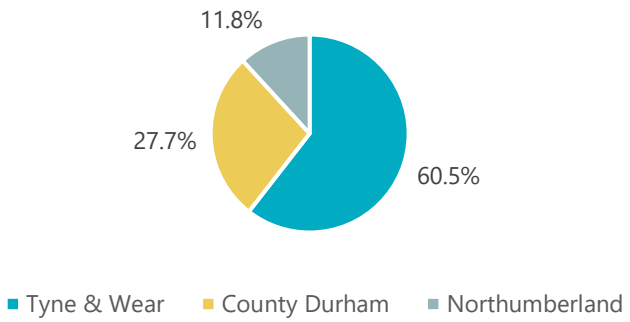
The following analysis is based primarily on the project beneficiary monitoring data collected by NEEAL and the delivery partners. As at November 2022, NEEAL had records of 6,097 individuals who had benefitted from support provided by one of the delivery partners since July 2018, including 1,743[7] that had benefitted from more than 12 hours of support and can be reported as a P11 output (potential entrepreneurs assisted to be enterprise ready). The 1,743 beneficiaries are the focus of our analysis.

The analysis is supplemented with feedback from 298 project beneficiaries via the main evaluation survey, alongside evaluation feedback from staff and stakeholders.

4.3.1 Geographic location

All of the 1,743 beneficiaries recorded as receiving more than 12 hours of support[8] are resident in the North East LEP area, with just over one quarter (28%) being resident in County Durham, and 72% resident in the More Developed area of Northumberland and Tyne & Wear.

Figure 3: Beneficiary location



Source: NEEAL Beneficiary Spreadsheet (November 2022)

The project has an overall target to support a total of 2,015 individuals, assisting them to be enterprise ready, of which 737 (37%) should be based in County Durham, and 1,278 (63%) should be in Northumberland and Tyne & Wear. By November 2022, 28% of all beneficiaries supported by the project were residents of County Durham, which is slightly higher than the 26%[9]of NELEP's working age population that is resident in the County, but which is lower than the project target.

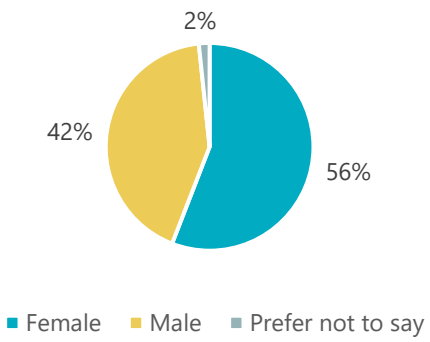
Within the More Developed area of Tyne and Wear and Northumberland, Newcastle has the highest proportion of beneficiaries at 20%. Meanwhile, the smallest proportion of all beneficiaries are resident in North Tyneside (3%). This is because the area has its own well-established business start-up service for local residents (The Business Factory), and an agreement is in place between ESNE and The Business Factory to ensure there is no duplication of activity between the two programmes.

[7] NB: This figure is slightly higher than that included in the most recent ERDF claim (Dec 2022), and formally reported to DLUHC
[8] As at November 2022
[9] NOMIS: Annual Population Survey (Jan – Dec 2021)

4.3.2 Beneficiary characteristics

As well as considering whether the individuals supported meet ERDF criteria (i.e. are resident in the NELEP area), we have assessed key characteristics of the beneficiaries to understand the type of people who are seeking support from the project, and whether the project has engaged under-represented groups.

Figure 4: Gender

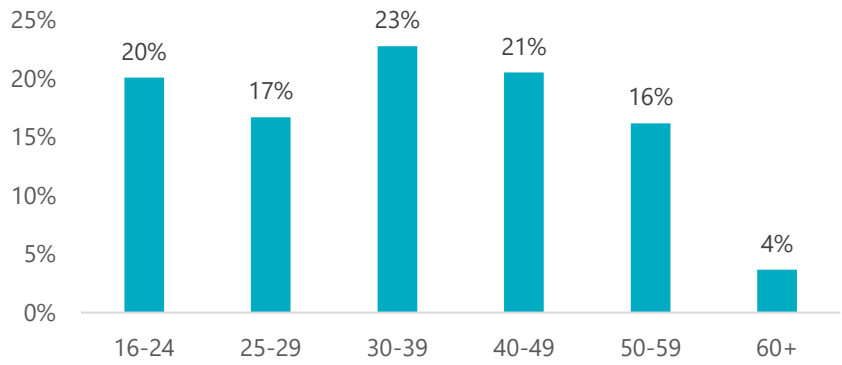


Source: NEEAL Beneficiary Spreadsheet (November 2022)

Just over half of all beneficiaries are female (56%), and just under half are male. This is broadly consistent with the working age population in the North East LEP area (51% female / 49% male[10]) and represents an increase in the proportion of women engaging in enterprise activity, when compared to the previous ERDF project (49% of all beneficiaries in ESNE 1 were female). It also represents a slight increase since the interim evaluation of ESNE 2, where 55% of beneficiaries were women. This may be due to the addition of a new delivery partner, The Millin Charity, which focuses exclusively on supporting women.

The greatest proportion of beneficiaries (44%) were aged between 30 and 49 when they sought support from the project. However, when compared to the previous project, there has been an increase in the proportion of young people aged under 30 seeking support (37% compared to 25%). This may be as a result of the Prince's Trust joining the delivery partners for ESNE (2).

Figure 5: Age of beneficiaries



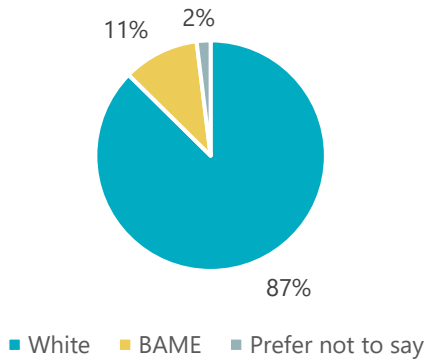
Source: NEEAL Beneficiary Spreadsheet (November 2022)

[10] NOMIS: Annual Population Survey (Jan – Dec 2021)

The majority of beneficiaries are white, and 11% are from a BAME community, which is higher than the proportion of the North East LEP working-age population (5%)[11], indicating that the project has been successful in attracting people from a BAME background.

Almost half (48%) of beneficiaries from a BAME background are resident in Newcastle, and these beneficiaries account for over one quarter (26%) of all Newcastle-based beneficiaries supported. This is consistent with Newcastle being a highly populated urban centre, which has a working-age population from a BAME background that is much higher than the regional average at 15%.

Figure 6: Ethnicity of beneficiaries

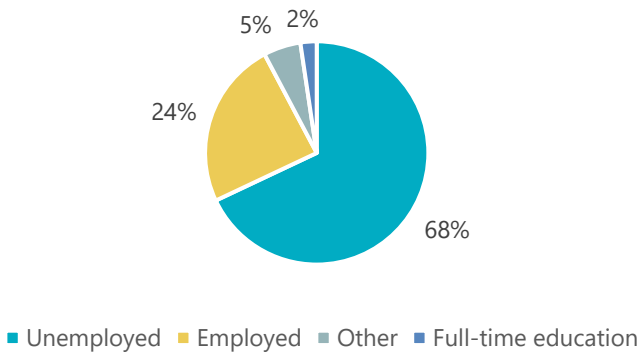


Source: NEEAL Beneficiary Spreadsheet (November 2022)

4.3.3 Economic status

At the time of applying for support, the majority of beneficiaries were unemployed (68%), while just under one quarter were in employment. Meanwhile 2% were in full-time education, and 5% self-reported as being 'other' e.g. with caring responsibilities.

Figure 7: Economic status of beneficiaries



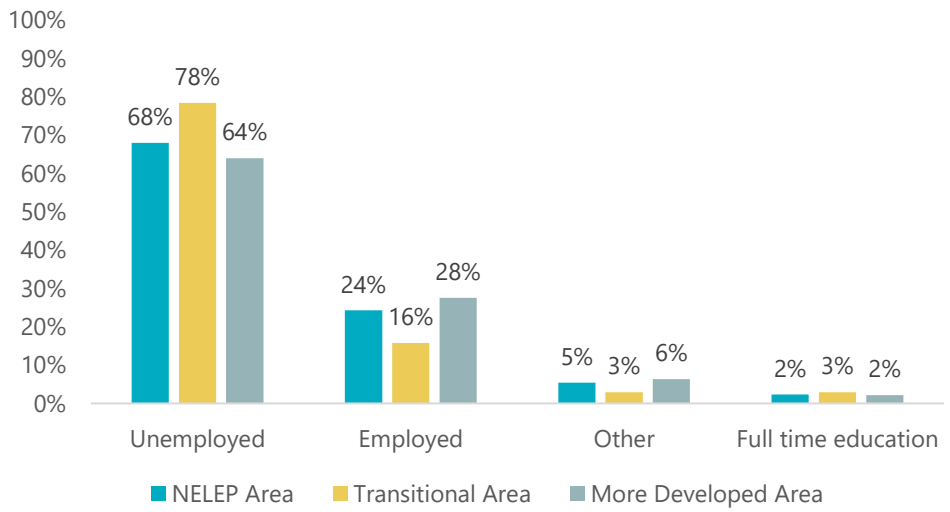
Source: NEEAL Beneficiary Spreadsheet (March 2021)

[11] NOMIS: Annual Population Survey (Oct 2021 – Sep 2022)

More detailed analysis by category of region indicates that there are some differences between the two areas.

- The proportion of unemployed beneficiaries is higher in the Transitional area (78%) than in the More Developed area (64%).
- 28% of beneficiaries in the More Developed area were in employment at the time of applying for support compared to 16% in the Transitional area. This may indicate a greater awareness of enterprise and the range of support available to residents in Tyne & Wear and Northumberland.
- At the time of the interim evaluation, it was suggested that this could present an opportunity to promote the support available more widely across County Durham to engage a wider audience. Analysis shows that the proportion of beneficiaries in the Transitional area were in employment at the time of applying for support has increased by 4% since the interim evaluation, indicating that this wider awareness may have been achieved to some extent.

Figure 8: Economic status by category of region



Source: NEEAL Beneficiary Spreadsheet (November 2022)

4.4 Quality and effectiveness of delivery

This section of the report explores the effectiveness of the ESNE (2) delivery model, and the quality of the support provided, based on feedback from beneficiaries, staff, and stakeholders. It is structured around the main stages of the project including:

- Awareness raising, marketing and referral activities;
- The position of ESNE 2 within the market place;
- Interest and demand;
- The ESNE 2 delivery model and the quality of the support provided.

4.4.1 Awareness raising, marketing and referrals

NEEAL and the delivery partners use a variety of channels to promote the support available from ESNE 2. All of the delivery partners make use of their own networks and online output, with some reporting that promotion of ESNE 2 is undertaken as part of their organisation's wider, co-ordinated promotional campaigns. Promotional channels used include:

- Information on individual delivery partner websites and social media accounts;
- Publication of leaflets and posters;
- Publicising events on Eventbrite;
- Networking with local groups and partnerships;
- Outreach activity for example in colleges, community centres and at JCP offices.

In addition, in the early stages of ESNE 2 a more co-ordinated central marketing campaign for the Programme was developed. This includes the allocation of a £30,000 marketing budget, assignment of a marketing team and the development of a marketing plan.

In addition, an external consultant was commissioned to undertake networking and relationship building activity with a wide range of intermediary organisations, such as the CIM, trade unions and the British Franchise Association. Much of this work had to be put on hold during the Covid-19 pandemic, but some additional suggestions for marketing priorities were subsequently offered by the external consultant. This primarily focused on the Transitional Area of Co Durham where engagement has been more challenging and has included activities such as re-engaging dormant clients, increasing conversion rates by progressing people onto workshops quickly, and working with partners such as Job Centres and colleges to increase demand.

In addition, Enterprise Made Simple joined the ESNE partnership in 2021, with a specific remit to support clients in County Durham. This additional capacity in the County appears to have contributed to increased demand for support. In addition, the organisation has taken steps to address the challenges posed by the geography of the County, which is large, with many rural areas and a widely dispersed population. As well as offering online support, this includes outreach in different parts of the County to create accessible hubs for different catchment areas, for example by creating a cluster for the Crook, Spennymoor and Bishop Auckland area.

Evaluation feedback from key stakeholders indicates that there continues to be a high level of awareness about the delivery partners and their support offer across the region, with lower levels of awareness of the overall project or NEEAL. It was suggested that a stronger brand for the project, used by all delivery partners alongside their own branding, could help to raise further awareness of ESNE, the support available, and how to access it.

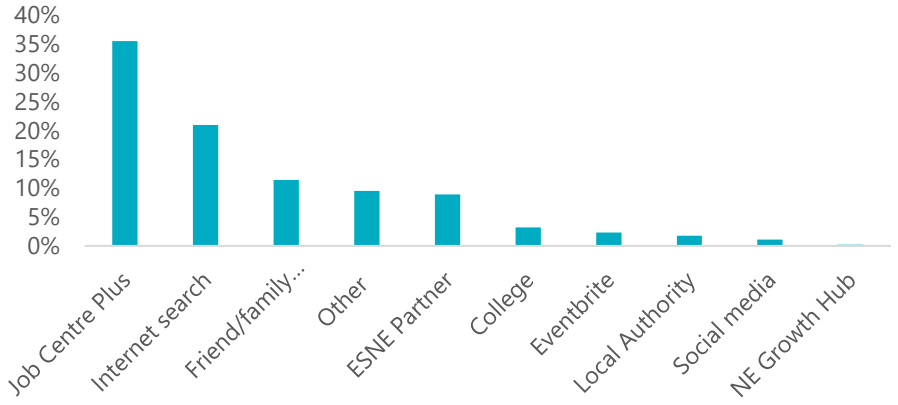
The individual delivery partners tend to be well established organisations that have built up strong and wide-ranging referral networks over a period of many years, therefore word-of-mouth and referrals continue to be key methods in engaging clients.

Overall, stakeholders are confident in the quality of support provided by the delivery partners. Often, they have long-standing and trusted relationships with the delivery partners and will refer clients to them for a wide variety of support, including the start-up support offered by the ESNE project.

Analysis of NEEAL's client database indicates that the delivery partners' established track record and wide reach into local communities and networks across the North East LEP area continues to play an important role in engaging people and generating referrals. For example, just over one third (35%) of beneficiaries found out about the support available from their work coach or Job Centre Plus, while 11% received a personal recommendation from a friend or family member.

In addition, 10% of beneficiaries reported finding out about the support from a wide range of sources ('other'). This includes the library, a community or voluntary group, another employability or business support project (e.g. Reaching Out Across Durham, the Business Factory, or Moving On Tyne & Wear), or the careers service. Just over one fifth (22%) of beneficiaries reported finding out about the support available by doing an internet search or via social media.

Figure 9: How did you find out about the project?



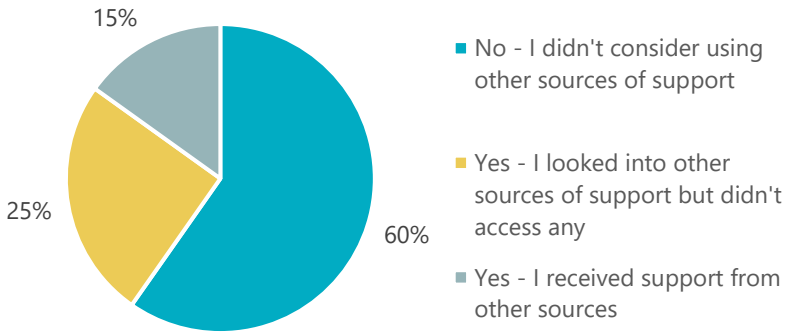
Source: NEEAL Beneficiary Spreadsheet (November 2022)

This is consistent with feedback to the evaluation survey, which shows that the Job Centre continues to be an important source of referrals to the Programme, albeit slightly reduced from 46% at the interim evaluation to 42% at the final evaluation. The proportion of beneficiaries who said they found out about ESNE via an Internet search, decreased slightly from the interim evaluation from 22% to 19%. However, the proportion who found out about the Programme via social media increased from 6% to 8%. There has also been an increase in the proportion of beneficiaries who said they found out about ESNE via one of the delivery partners since the interim evaluation, up from 6% to 9%.

4.4.2 Position in the market

To better understand where ESNE 2 fits within the broader market for start-up support, we asked beneficiaries whether they had considered other sources of support, which ones, and what appealed to them most about ESNE. Of the 298 beneficiaries responding to the survey, the majority (60%) reported that they did not consider other support services, and 25% stated that, whilst they looked into other support, they did not use it.

Figure 10: Did you consider any other support to help you with your business start-up?

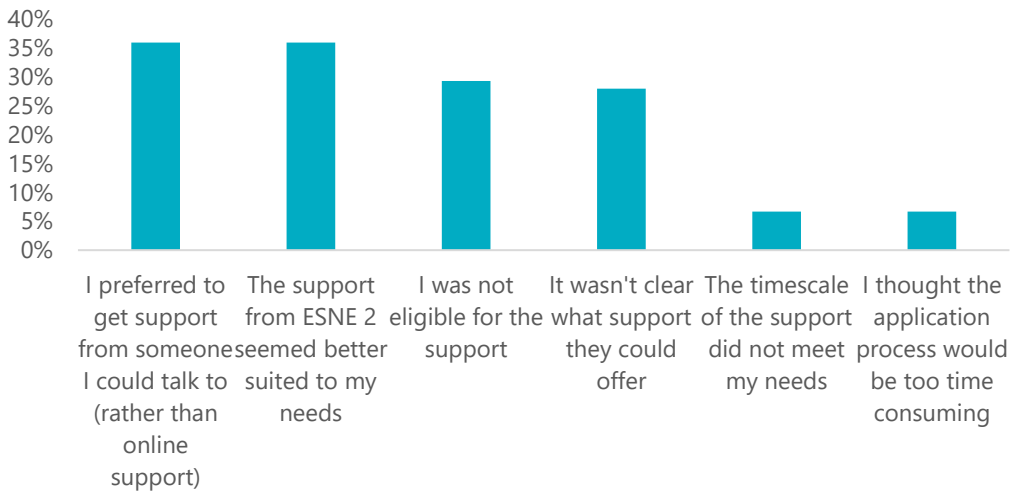


Source: Evaluation beneficiary survey

For the 60% of beneficiaries that did not consider using other services, the most common reasons were that they were not aware of any other support services (57%) or that ESNE 2 offered all of the support needed (39%). For a small proportion of beneficiaries, the reason was because they were not available at an accessible place / time (8%), they would have had to pay for other services (6%), or the other services were not relevant to their needs (4%).

For the 25% who looked into other services but did not go on to access them, the type of support most commonly considered was online support (52%), followed by support from another organisation (36%) and support from a friend or family member (32%). Services considered include Barclays Business Start-Up, North East Growth Hub, Moving on Tyne & Wear, Employability Durham and Start-Up Loans. The main reasons given for not accessing the other support was that they preferred support from someone they could talk to, rather than online (36%); or that ESNE 2 was better suited to their needs (36%). Meanwhile 29% said they were not eligible for the other support and 28% said it was not clear what support the other service could offer.

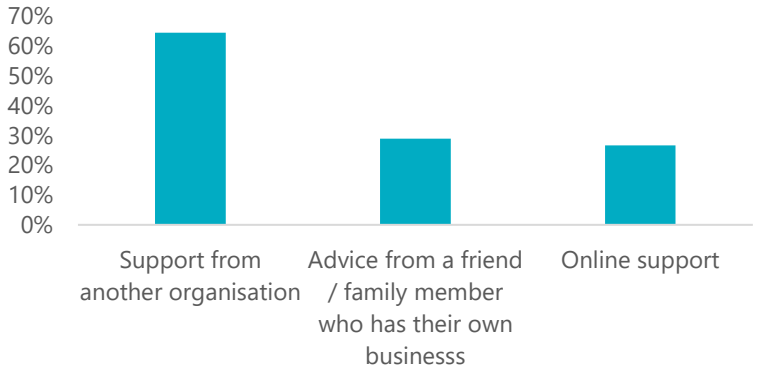
Figure 11: Why did you decide not to access other support?



Source: Evaluation beneficiary survey

15% of beneficiaries reported that they had used other business support services (a decrease of 3% since the time of the interim evaluation) of whom 64% had accessed support from another organisation. The most commonly used services were Business Durham, Employability Durham, RTC North, Durham Sparks, BIPC and The Business Factory.

Figure 12: Which other sources of support did you use?



Source: Evaluation beneficiary survey

When asked what specifically appealed to them about ESNE 2, three-quarters of respondents (75%) said that it was because it was free to access. In addition, 63% were attracted by the type of support available and 58% by the quality and knowledge of staff delivering the support.

A small number (7%) reported other reasons for choosing to engage with the programme, including access to a mentor, no alternative support available, the opportunity to join a network of other people in the same position, or the potential to access grant funding. Whilst no grant funding is available via ESNE 2 directly, some delivery partners have been able to help clients access funding via other programmes.

Figure 13: What appealed to you most about the support offered by ESNE 2?

Source: Evaluation beneficiary survey

Evaluation feedback suggests there is likely to be some overlap between ESNE and other business support provision, largely due to the breadth of the ESNE support offer. For example, there are more specialist programmes targeted at specific sectors such as digital businesses, the creative sector or social enterprises, which potentially could hive off specific niches from the broader ESNE target market, as well as a wide range of online support options. Nevertheless, staff feel that the breadth and flexibility of the ESNE offer created a service that was accessible to, and appropriate for, a wide range of clients. It is also free to access, making it a valuable addition to the wider business support landscape in the North East.

The value of ESNE 2 within the wider business support landscape was also highlighted by stakeholders, who suggested that it fills a gap in the market for universal and free to access support, which complements other, more specialist, business support services available in the region. Stakeholders also suggested that there was a good process of referrals between different providers and programmes, with clarity over which support was most appropriate for the individual client.

4.4.3 Interest and demand

As at November 2022, ESNE 2 had engaged a total of 6,097individuals resident in the North East LEP area, of which 1,743 had benefited from more than 12 hours of support, suggesting there continues to be a high level of demand for support from individuals to start-up in business.

This is supported by staff feedback, which indicates that, pre-Covid, demand for support was high, particularly in the More Developed area. There was a significant reduction in demand at the time of the first lockdown in March 2020, which was followed by fluctuations in demand as lockdown restrictions were eased and then subsequently reintroduced. In the period since lockdown restrictions were fully lifted it has become clear that the scale of post-Covid unemployment has not been as great as had been anticipated, with higher-than-expected levels of job vacancies across a number of sectors.

Nevertheless, demand for support has remained high, with clients now coming forward who have chosen to pursue a change of career or achieve a better work-life balance following the pandemic. In many cases the pandemic has given people time to think about their future career or created the space to think more seriously about a business idea they may have had. There are also people who have decided to use their current job skills and knowledge in a self-employed capacity.

There has also been an increase in demand for social enterprise support, particularly post-Covid where people are seeking to develop community-based enterprises with social aims. Evaluation feedback suggests there is much greater awareness of social enterprise among would-be entrepreneurs, coupled with an increased focus in local Government to prioritise the resourcing of social businesses to address inequalities. A specific strength of the ESNE Programme is the access its clients have to the Social Enterprise team within the North East BIC, which includes several experienced individuals who have been well-established in the North East social enterprise sector for many years.

Partner feedback suggests that recent increases in the cost of living may have impacted on demand for start-up support in two distinct ways. Firstly, it has created a higher level of risk to start-up for some clients, as rising costs mean businesses need to achieve a higher level of sales to generate a viable income, making the current environment too uncertain for some would be entrepreneurs. However, there is also evidence from staff feedback that it has created demand for start-up support from clients who are looking to explore self-employment as a way to supplement their existing income, by creating a part-time enterprise that fits around current work commitments or that doesn't impact benefit payments. This also offers clients the opportunity to test the market, with a longer-term aim of growing the business to the point at which it generates a viable full-time job and income.

Another area of potential demand for support is from early-stage post-start businesses, which were already registered prior to the individual seeking start-up support. While ESNE was temporarily able to work with such business during the pandemic, the ending of this flexibility has been frustrating for both delivery partners and individuals they have been unable to support. It is clear from delivery partner feedback that there are many people who registered a business prior to contact with ESNE, but are at a very early stage in trading and require much the same support and advice as ESNE's pre-start clients.

Furthermore, demonstrating the full scale of demand for start-up advice continues to be challenging, as partners only report beneficiaries to DLUHC who have benefitted from more than 12 hours of support[12]. However, many individuals are able to successfully start a business with less than 12 hours of support, and who are consequently not reported to DLUHC as an ERDF P11 output, although the report to DLUHC does report business starts. Nevertheless, these individuals have benefitted greatly from the support received via the Programme and it has enabled them to successfully progress into self-employment / start-up.

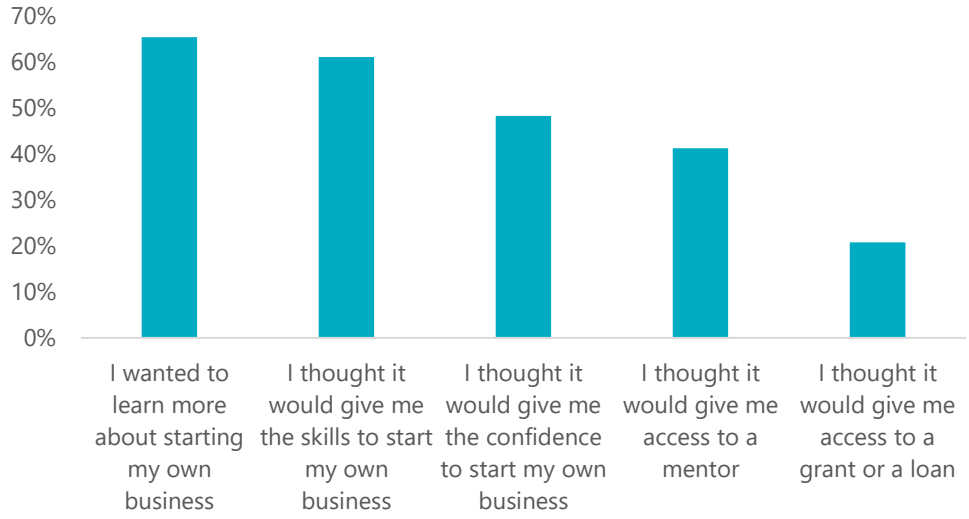
[12] P11 ERDF output: Potential entrepreneurs assisted to be enterprise ready

4.4.4 Reasons for engaging

Beneficiaries reported a variety of reasons for engaging with ESNE 2. The main reason given was to learn more about starting a business (65%), while 61% thought it would give them the skills to run a business, and 52% thought it would give them the confidence to do so. Just over two-fifths (41%) said they wanted access to a mentor.

In addition, 21% said they thought ESNE would give them access to a grant or loan. Whilst the Programme itself does not have a grant fund element, partners have been able to help clients access funding through other programmes and services. For example, Employability Durham has a small grant fund that is available for start-ups who can provide evidence of a viable business plan. They are able to refer clients into the ESNE Programme for support, and these clients can then be referred back to Employability Durham once they have a robust business plan and are ready to access start-up funds. In addition, The Prince's Trust has a number of grant and funding options which their clients can access once they have completed their enterprise support and developed a business plan.

Figure 14: Why did you decide to access the support?



Source: Evaluation beneficiary survey

To further understand the motivations of project beneficiaries, we also explored their reasons for wanting to start a business.

Figure 15: Why did you decide you wanted to start a business?

Source: Evaluation beneficiary survey

Feedback shows that just under two thirds of respondents (64%) had a business idea at the time they sought support from ESNE, and for 40% it was something they had always wanted to do. A smaller proportion (17%) went into the process more speculatively, saying they just wanted to find out more about it, while 16% had either been made redundant or were under threat of redundancy and 12% felt there were no other job opportunities.

4.4.5 The project delivery model

The overall delivery model for the project includes an initial one-to-one session and diagnostic, followed by a combination of workshop delivery and further one-to-one advice and support as required. This overall approach allows beneficiaries to develop their enterprise skills and knowledge, and then to apply what they have learned to their own business idea, with one-to-one support from their advisor / mentor. Within this overall model, evaluation feedback indicates that each delivery partner has the flexibility to tailor their approach, and there are variations in the length of workshops, topics covered, and the balance between workshop delivery and one-to-one support.

Workshops are generally used to provide a good grounding of all the basics people need for business start, including business planning, setting up, legal structures, tax, finance, and marketing. Additional support is then available via shorter specialist workshops covering specific topics, such as social media, as well as one-to-one support from a business advisor.

Significant adaptations to the delivery model were required part-way through the Programme in response to the Covid pandemic, with all support being delivered remotely for significant periods of time during lockdowns. This included delivery of one-to-one support either via telephone or online applications such as Zoom and Teams. In the early stages of the first lockdown, some delivery partners recorded workshop sessions and made them available online. In some cases, they have since progressed to delivering live workshops via Zoom.

Overall, these adaptations worked well and enabled delivery partners to continue providing a comprehensive level of support to clients. Many delivery partners reported a number of benefits arising from the new delivery methods including improved time efficiency, reduced travel, and greater flexibility for clients in accessing support, which can be particularly helpful for those in employment or with caring responsibilities. As a result, most delivery partners have maintained online delivery of support, in particular for the workshop sessions.

There has been a more significant return to face-to-face delivery for one-to-one support, as both clients and advisors continue to value the effectiveness and benefits of face-to-face delivery. However, in most cases clients are given a choice between remote and in-person meetings to suit their individual preferences and circumstances.

Individual partner delivery models

Each individual delivery partner has a different approach to the way their delivery team and processes for ESNE are structured. To a great extent this is dependent upon the size of the organisation, the staff resources available and the proportion of overall income and activity that ESNE accounts for across the entire scope of their operations.

For example, the number of staff who are involved in or have oversight of ESNE varies from two or three in some delivery partners, typically smaller organisations where staff undertake a variety of roles, up to 14 or 15 in larger delivery partners, where there will be specialist contract staff and managers who have a high level oversight of the project, as well as various support staff who contribute to the administration and monitoring of ESNE within their organisation.
In some cases, this has changed within individual organisations over the course of the Programme, particularly in the latter stages of delivery as staff have left and it is no longer practical or feasible to bring in new people to work on the Programme.
Whilst all partners focus on providing a service that best meets the needs of the beneficiaries, the approach taken can vary. For example, some partners have a more structured path through the programme, with an initial diagnostic followed by a series of two or three workshops which will take beneficiaries up to or near to the required 12 hours of support. On completion of the workshops, clients are then able to access one-to-one support from a business advisor to refine their business plan and receive any other pre- or post-start support they may require.

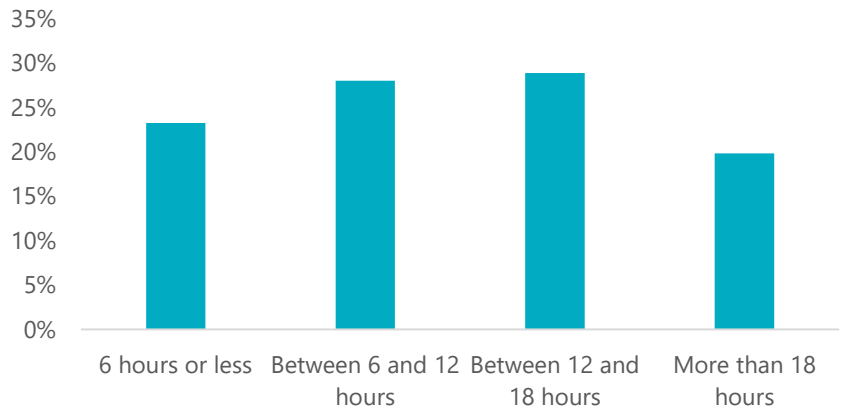
Other partners may take a less structured approach to delivery. For example, The Millin Charity uses an initial assessment to prepare a bespoke support plan for each client that will consist of a mix of workshops and one-to-one support that focuses on the specific needs of the individual, whether this is practical business skills or confidence building and personal development. The organisation also has a network of specialists who are able to provide individual or group support to develop practical skills, including photographers who will help clients to create images for websites and publicity materials, branding experts who can work with clients to create a brand identity for their product and service, and social media experts who will work with a client to set up and create content for social media accounts.

Intensity of support

While support is tailored to individual need, to meet the ERDF targets for the programme, the partners need to provide at least 12 hours of support to each beneficiary. However, evaluation feedback indicates that the intensity of support required can vary considerably between individuals, with some beneficiaries only needing a small amount of support. For example, some may only require advice on how to register a business, finance or marketing, while others need more intensive support, encouragement and confidence building over a longer period.

This is reflected in feedback from programme beneficiaries, which shows the largest proportion (29%) received between 12 and 18 hours of support, while 20% required in excess of 18 hours of support. Meanwhile 28% said they accessed between 6 and 12 hours of support and 23% had only accessed up to six hours.

Figure 16: Duration of support received



Source: Evaluation beneficiary survey

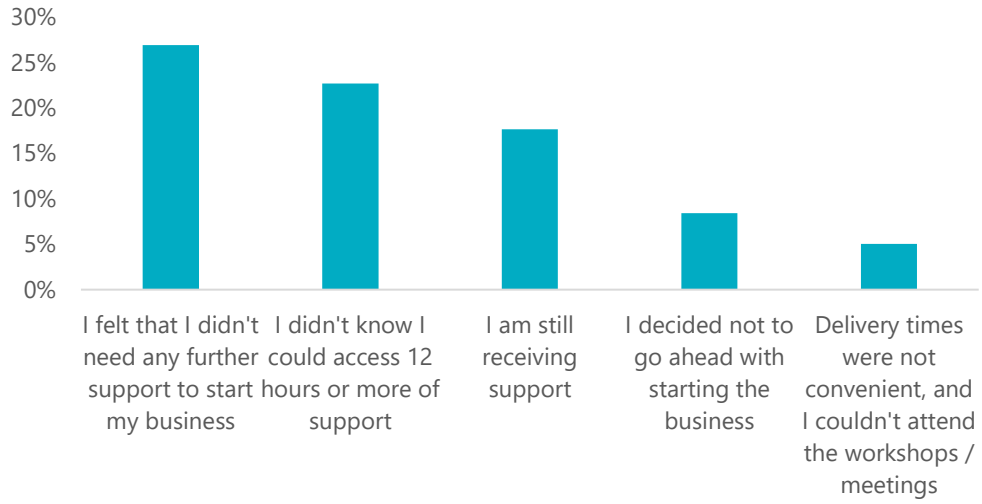
In some cases, the reason for beneficiaries accessing less than the minimum 12 hours required for a P11 output was because they were still registered with one of the partners and receiving support (18%). However, just under a quarter (23%) said they were not aware they could access 12 hours or more of support, while 27% felt that they didn't need any further support to start their business.

This is reflected in feedback from staff, who report that a proportion of clients will decide they feel ready to start a business before they have received 12 hours of support. In particular this can apply when clients have also undertaken start-up research and preparation independently, or for people recently or currently in employment who may have a greater level of confidence about starting a business.

Once a client has started a business and feels confident in what they are doing, their priority will understandably be to focus on the business, and it is therefore difficult to engage them in further support if they don't feel that it is needed. Nevertheless, the support that they have received has clearly been instrumental in helping them to make progress and set up a viable enterprise. This indicates that the minimum 12-hour requirement for support is, in many cases, not appropriate and suggests that more meaningful outcomes to measure are start-up and survival rates, rather than hours of support delivered.

However, 23% of survey respondents who received less than 12 hours of support said that they were not aware they could access more. These 27 individuals represent almost one in 10 survey respondents, suggesting there may be some a proportion of clients who would be willing to engage in more support. It should be noted that, since the time of the interim evaluation, the ESNE project manager and delivery partners have introduced more rigorous monitoring process that enable them to track the hours of support received and take proactive steps to encourage clients to engage in further support to reach the 12 hours required to achieve a P11 output. Since the interim evaluation the proportion of survey respondents who said they were not aware they could access more support has fallen by 3%, suggesting that this approach may have had some impact.

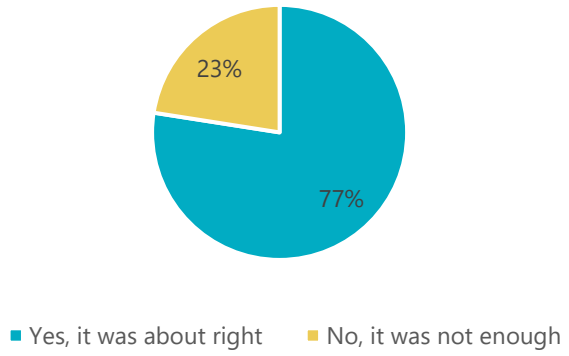
Figure 17: If you have had less than 12 hours of support, please tell us why.



Source: Evaluation beneficiary survey

Regardless of the number of hours of support accessed, the majority of beneficiaries (77%) reported that they were satisfied with the amount of support they had received, while (23%) felt it was not enough. Of the beneficiaries that said it was not enough, only nine had accessed more than 12 hours of support.

Figure 18: Was the amount of support sufficient?



Source: Evaluation beneficiary survey

Effectiveness and quality of the support

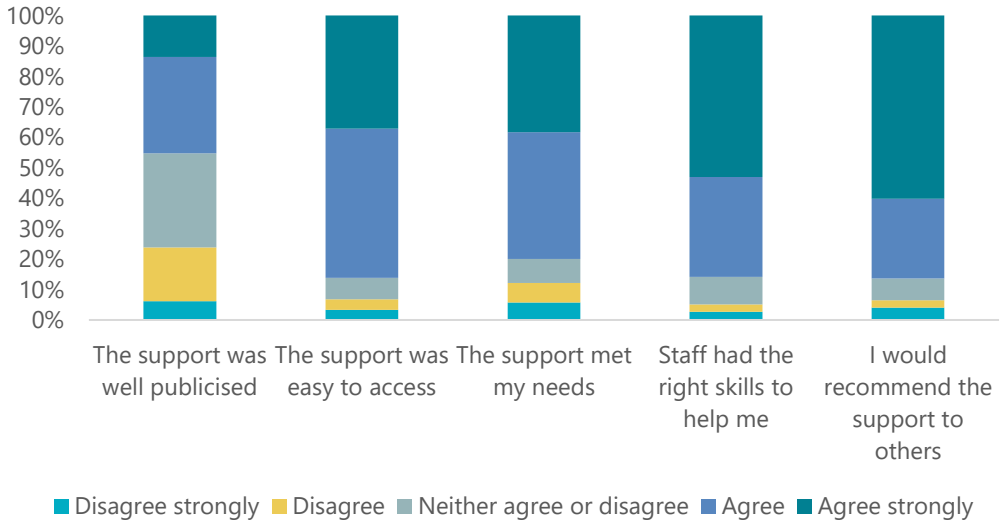
Overall, staff reported that the ESNE delivery model works well and provides sufficient flexibility to support the needs of individual clients. During the Covid pandemic, even greater levels of flexibility were required as delivery partners had to quickly adapt to remote and online methods of delivering support.

Overall, the transition to remote delivery worked well and often improved accessibility and ease of delivery, for example for clients in more remote rural areas, or those in work or with caring responsibilities. It is clear from feedback that both staff and beneficiaries continue to value face-to-face contact and the opportunity for networking with peers, and have enthusiastically returned to this form of delivery post-pandemic. Nevertheless, there are elements of remote delivery that have been maintained, such as online workshop delivery and one-to-one meetings via Teams or Zoom, which have helped to improve the overall quality and flexibility of the ESNE support offer.

The support provided by ESNE 2 is highly rated by beneficiaries. In particular, 86% agreed or agreed strongly that they would recommend the support to others, that the support was easy to access, and that the staff had the right skills to help them. Meanwhile, 80% agreed or agreed strongly that the support met their needs.

The area with the lowest overall ratings was marketing and awareness raising, with 24% of respondents disagreeing or disagreeing strongly that the support was well publicised, while 45% agreed or agreed strongly that the support was well publicised.

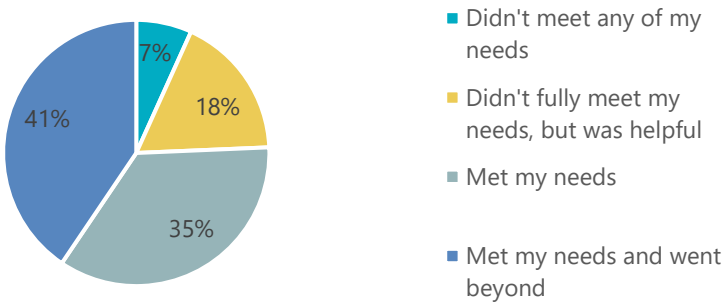
Figure 19: To what extent do you agree or disagree with the following statements about the support you have had from ESNE?



Source: Evaluation beneficiary survey

We also asked survey respondents to rate the extent to which they felt the support met their needs. The majority (76%) felt that the support either met their needs or met their needs and went beyond, while 18% said that, although it didn't fully meet their needs, it was nevertheless helpful. Only a small proportion (7%) of respondents reported dissatisfaction with the programme, stating that the support did not meet any of their needs. The primary reasons were that beneficiaries felt there had been insufficient or no contact from the provider, the support was not relevant to their needs or that there had been no financial support available.

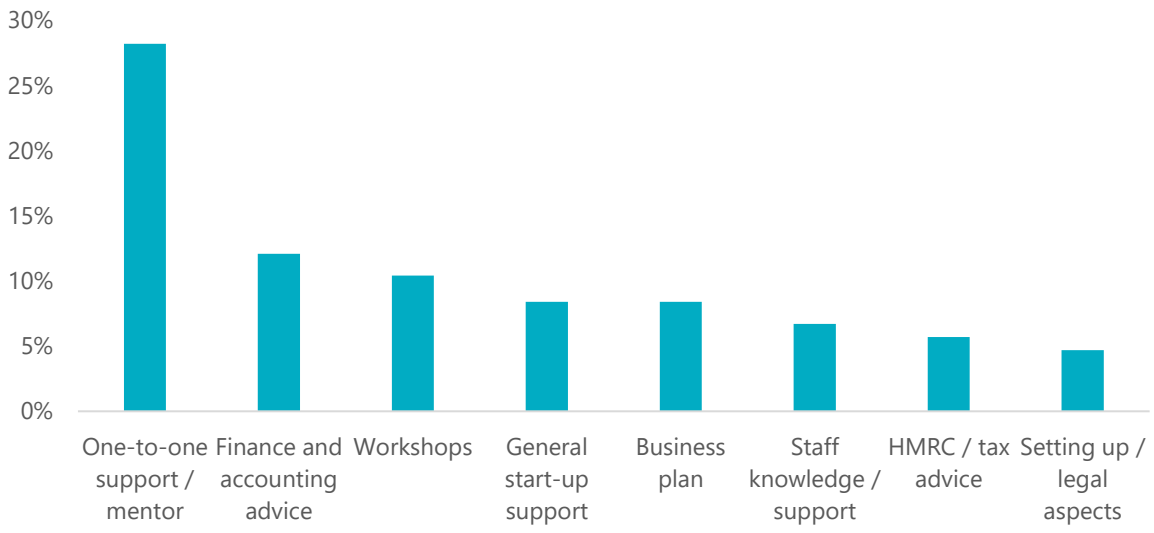
Figure 20: Overall, to what extent did the support meet your needs?



Source: Evaluation beneficiary survey

When asked to identify the most effective aspects of the support from ESNE 2, the largest proportion of survey respondents (28%) highlighted the one-to-one support provided by a dedicated business advisor / mentor, with beneficiaries highlighting the knowledge of staff as well as their supportive nature in helping them to build their skills and confidence. Other areas highlighted as beneficial include finance and accounting advice (12%), the workshops (10%) and for 8% the general start-up support and the business plan.

Figure 21: What aspects of the support have been most beneficial?



Source: Evaluation beneficiary survey

Project staff and stakeholders also identified one-to-one support as particularly effective, highlighting the knowledge and experience of staff, the independence and impartiality of the advice provided, and the time it gives staff to build up both the skills and confidence of individual beneficiaries. Staff also reported that the workshops are effective in building the important foundation skills and knowledge for starting a business, as well as providing networking opportunities and the chance for beneficiaries to talk to and support each other.

When asked if any areas of the support were less beneficial, the vast majority of respondents said that they found it all helpful. A small number of beneficiaries identified aspects of the support that they found less helpful, for example:

- 6% of survey respondents reported difficulties in contacting their advisor, or felt that there had been a lack of follow up support.
- 5% said that some elements of the support were either not relevant to them or were areas they were already familiar with.
- 4% highlighted that Covid had a negative impact on their access to support.

Beneficiaries were also asked if there were any potential improvements to the delivery model. A small number (11%) reported that they would have liked access to a grant or loan to help cover the costs of starting up a business. This is reiterated in feedback from delivery partners, who highlight the difference it can make to individuals to have some initial funding to help with start-up costs. This is particularly relevant for clients who are unemployed when they engage with the Programme, who are less likely to have access to savings or loans, and are disproportionately impacted by the increased cost of living.

In addition, 9% of beneficiaries said they would have liked more one-to-one or follow-up support; and 5% said they would like more support with finance / accounting. In addition, 2% would have liked more access to networking opportunities. Contact with other people who are starting up a business, and the opportunities this creates for peer-to-peer support, can be very beneficial to those who are in the early stages of their enterprise journey. In cases where the delivery model enables and encourages the formation of informal support networks between clients, such as The Millin Charity and The Prince's Trust, this can be a very valuable tool in enabling the longer-term survival and viability of a business.

The additional flexibility offered via online delivery has also created new opportunities that could be further capitalised on in the design of any future start-up support initiatives. In particular it provides a lower risk, lower cost opportunity to trial new content and create a wider range of support topics, including more specialised and sector specific content. There is also the opportunity for any delivery partners to share online workshop content and delivery, as well as the ability to create peer-to-peer support networks amongst clients.

At the time of the interim evaluation, it was suggested that the support offer could be enhanced by adding different skills to the ESNE workforce, such as younger or highly tech savvy staff who can help to improve understanding of engaging and supporting younger audiences, or staff with specialist skills in areas such as online retail or digital marketing.

Consultations indicate that there have been examples of delivery partners drawing on the resources and expertise of a wider network of business support contacts, for example bringing in experts to support clients with insurance, tax, social media and branding. This use of external experts can help to significantly enhance the quality and effectiveness of the support, without partners having to commit to employing additional staff. It also offers an effective way to create a more bespoke service that can be tailored to the needs of each individual client.

In addition, it was suggested that there is a high level of need for support for early-stage businesses that had been registered prior to the individual engaging with the ESNE Programme. Other than for a short time during the Covid pandemic when rules were relaxed, the funding regulations do not allow the ESNE programme to support these post-start businesses. However, while the business may have been formally registered, in many cases the individual has done so without first accessing pre-start support, and therefore has the same gaps in knowledge and support needs as those who are eligible for the ESNE Programme.

Some examples of direct feedback from survey respondents about the project are presented in Table 5.

Table 5: Direct feedback from beneficiaries

"The workshops were incredible and gave me the knowledge to start my business. Also my mentor has given me the courage to believe in myself to begin this new life and amazing opportunity for me."	**"Peer support was great - good to feel not alone. Really friendly encouraging approach."**	**"It is an incredible service and I am so grateful for the opportunity to be supported in this way. When my food truck business finally takes off I will remember the foundation of it was built on this programme."**
"My advisor is brilliant, she knows her stuff and is always available to me. "	**"The one-to-one support has been crucial to understanding what I needed to set up my own business."**	**"My mentor has been fantastic throughout, he's been patient, helpful and understanding."**
"I was very fortunate to get amazing support. Would recommend to anyone who is looking to open their own business."	**"All of the staff members I have encountered have been highly skilled and efficient. I have been highly impressed by the competence of everybody I have encountered and I am extremely grateful for the support."**	**"I genuinely could not fault it. My adviser was always available for me and has helped me tremendously."**

4.5 Horizontal principles

This section of the report explores the extent to which the two ERDF cross-cutting principles of equality and diversity, and environmental sustainability have been integrated into the project.

4.5.1 Equality and Diversity

Approaches to equality and diversity within the project tend to be guided by the wider equality and diversity policies of the individual delivery partners, and all are able to provide practical examples of how this works in practice.

ESNE 2 is universally available to any resident of the North East LEP area who has an interest in starting a business, with a particular focus on disadvantaged communities or under-represented groups. Many of the delivery partners have significant experience of working within the North East's most deprived communities to support people into employment and self-employment, and have developed strong networks and established reputations in these communities. Their informal and accessible approach to working with clients has proven effective in engaging with clients who often face significant barriers to business start-up, including lack of finance, mental and physical health problems, and chaotic lifestyles, and who traditionally are far less likely to access start-up support programmes.

The equality and diversity impact of ESNE has been further strengthened by the addition of The Millin Charity to the delivery partnership. The charity works with some of the most marginalised women in the region, including those from ethnic minority and refugee backgrounds, lone parents, women facing mental health challenges, and women who have experienced domestic violence. The programme has helped many of these women to become economically active and achieve financial independence, as well as having a significant impact on their self-confidence.

In addition, the universal introduction of remote support and online workshops across the ESNE Programme during the Covid pandemic significantly increased the accessibility of the support for a number of different client groups, including people with a disability, those with caring responsibilities, people in work or those who live in rural or more remote areas.

4.5.2 Environmental sustainability

As with equality and diversity, the individual ESNE delivery partners each have their own environmental policies which underpin their approach to integrating sustainability into the delivery of ESNE. This includes approaches taken within the organisations themselves to minimise their own environmental impact, such as limiting use of paper, recycling, or the use of sustainable transport and low energy lighting.

There was a significant positive impact on sustainability during the Covid pandemic, as a result of reduced travelling, online meetings and service delivery, and reduced paperwork through the introduction of digital signatures on forms. Post-pandemic delivery partners have adopted a hybrid delivery model, with many workshops still delivered online and clients being given the choice of in-person or online meetings with their advisor. As a result, many of these positive sustainability impacts have been maintained throughout the remaining lifetime of the Programme.

Delivery partners also contribute to environmental sustainability through the support they deliver to clients, for example by providing beneficiaries with information and tools to reduce their business costs through energy efficiency measures. This includes a 'Green Business Checker' toolkit which enables a business to set environmental benchmarks, and then to measure progress towards reducing their impact.

In addition, one of the ESNE 2 delivery partners delivers a workshop session for clients on integrating purpose-led, community driven sustainability into their new business. The contents of this session are available to the clients of all ESNE delivery partners.

4.6 Management and governance

The management and governance arrangements for ESNE 2 are appropriate and effective. There is a core team of three staff within NEEAL to provide project management, including performance management, partnership co-ordination and ERDF compliance. The staff have significant experience in managing the project effectively, having been in place throughout the predecessor project.

They have continued to develop and improve robust performance management and monitoring systems to ensure compliance with ERDF requirements, as well as implementing additional processes to improve Programme performance such as structured monitoring and follow-up for clients who are close to achieving the minimum 12 hours of support required to be reported as a P11 output.

The feedback from individual delivery partners on the management arrangements for the Programme are universally positive and demonstrate a good working relationship between partners and the project management team. Most commonly the feedback highlights the helpful, supportive, and approachable nature of the project management team, as well as a high level of professionalism and commitment to ensuring all information and data is reported correctly. This attention to detail in gathering and monitoring data provides a great deal of reassurance to delivery partners, although it was highlighted that this can also at times make paperwork complicated and time consuming, particularly for partners with smaller delivery teams who have fewer resources to commit to programme administration.

Throughout the delivery of the Programme, regular partner meetings have continued either online or in-person. These meetings provide a good opportunity for delivery partners to discuss progress and to share ideas, good practice and approaches to common problems. Whilst feedback suggests there may have been opportunities for closer or more formal collaborative working arrangements, it is nevertheless clear that there is a strong and co-operative working relationship between delivery partners, and mutually beneficial opportunities to learn.

4.7 Summary

Overall, ESNE 2 has made positive progress in implementing recommendations from the interim evaluation. Feedback suggests there have been ongoing efforts to develop and improve the ESNE delivery model and the support it delivers to clients. This development activity has also highlighted further opportunities for improving start-up support to create a tailored service that is bespoke to the needs of individual clients, for example through the use of external specialists and targeted online resources and workshops.

ESNE 2 is well targeted and engages individuals from a wide range of backgrounds and experiences from across the North East LEP area. The project continues to be successful at engaging women, which has been further enhanced by the addition of The Millin Charity to the partnership. It has also been effective at engaging with people from a BAME community; people who are unemployed; and young people under the age of 30, largely as a result of having the Prince's Trust within the partnership.

There is a high level of awareness about the ESNE 2 delivery partners. Their established track record and wide reach into local communities and networks across the North East LEP area plays an important role in engaging people and generating referrals. It is also clear that continued efforts have been made to further strengthen these networks, for example by working collaboratively with other employability support organisations, charities, and colleges.

ESNE 2 has continued to develop its approach to marketing and targeting its efforts on priority areas. Post-Covid further support was sought from the external consultant and subsequent activities have focused primarily on the more challenging Transitional Area of County Durham. Evaluation data indicates that this activity, including re-engaging dormant clients and widening local networks, has had a positive impact on demand in the area.

In addition, the introduction of Enterprise Made Simple to the partnership has created further capacity in County Durham and appears to have contributed to increased demand for support. This has been further supported by approaches to addressing the geographical challenges of the County, including online support, as well as outreach to create accessible clusters in different parts of the County.

Feedback indicates that ESNE 2 fills a gap in the market for universal and free to access support, which complements other business support services available in the region. However, there is likely to be some overlap between ESNE and other business support provision, largely due to the breadth of the ESNE support offer. It is important, therefore, that the partners consider the design of any future start-up support interventions to ensure they remain relevant and competitive within the wider business support landscape.

Throughout the pandemic and post-pandemic period, demand for support via ESNE has fluctuated, but evaluation feedback suggests that project managers and delivery partners have responded well and adjusted to these changing patterns of demand. This includes the ability to recognise and respond to areas of emerging or increasing demand, such as social enterprise start-up, people seeking a change of career or better work-life balance, and people looking to increase and supplement their income in response to cost of living pressures.

Significant adaptations to the ESNE delivery model were required in response to the Covid pandemic, with all support being delivered remotely during lockdowns. This included delivery of one-to-one support either via telephone or online applications such as Zoom and Teams, as well as the delivery of online workshops. Delivery partners reported a number of benefits to this delivery model, including improved time efficiency, reduced travel, and greater flexibility for clients in accessing support. As a result, most delivery partners have maintained online delivery of support, in particular for the workshop sessions.

Each individual delivery partner takes a different approach to the way their delivery team and processes for ESNE are structured, often dependent upon the size of the organisation and staff resources available. Whilst the overall delivery model includes an initial one-to-one session and diagnostic, followed by a combination of workshop delivery and further one-to-one support, each delivery partner has the flexibility to tailor their approach, and there are variations in the length of workshops, topics covered, and the balance between workshop delivery and one-to-one support. This offers a good opportunity for partners to learn from each other's approaches and develop new ways to develop and tailor their own offers.

The intensity of support required varies considerably, with some beneficiaries requiring intensive support over a longer period of time to build skills and confidence, while others feel ready to start trading before they have received 12 hours of support. Once a client has started a business and feels confident in what they are doing, their priority will understandably be on the business, and it is both difficult and potentially unnecessary to engage them in further support. Nevertheless, the support received has been instrumental in helping them set up a viable enterprise, indicating that more meaningful measures of Programme success are start-up and survival rates, rather than hours of support delivered.

Overall, the quality of the support is highly rated by beneficiaries, with the most effective aspects of the project being identified as the one-to-one support from a business advisor, and the workshops. The additional flexibility offered via online delivery has created new opportunities that could be further capitalised on, such as the lower risk, lower cost opportunity to trial new content and create a wider range of support topics, as well as the ability to create peer-to-peer support networks amongst clients. Feedback also indicates that the use of external experts can further enhance the quality and effectiveness of the support and help to create a more bespoke service that can be tailored to the needs of each individual client.

Delivery partners suggested that the support could have been further improved by offering support to early-stage businesses that had been registered prior to the individual engaging with the ESNE Programme. Whilst these businesses may have been formally registered, in many cases the individual has done so without first accessing pre-start support, and therefore has the same gaps in knowledge and support needs as those who are eligible for the ESNE Programme.

Project managers and delivery partners have been effective at integrating the two cross-cutting themes of equality and diversity and environmental sustainability into project delivery. For example, remote delivery has made ESNE more accessible to a wider range of people, while at the same time reducing the environmental impact of travel. In addition, it is a universally available service that has been effective at engaging with disadvantaged communities and under-represented groups.

The management and governance arrangements for ESNE 2 are appropriate and effective. The core team of staff has the relevant skills and experience to manage the project effectively and delivery partners are highly positive about the quality, flexibility and accessibility of the support. In addition, there is a strong, effective, and collaborative working relationship between project managers and delivery partners

5 Project outcomes and impacts

5.1 Introduction

Enterprise Support in the North East 2 aims to raise awareness of enterprise, improve enterprise skills, and enable people to start sustainable businesses, creating employment for themselves and others. While the project has one key output target to achieve (2,015 potential entrepreneurs supported to be enterprise ready)[13], the logic model for the project also identifies a number of outcome and impact measures:

Outcomes:

- Beneficiaries becoming more entrepreneurial
- Increased enterprise awareness across the region
- An effective delivery model meeting local evolving needs

Impacts:

- Larger and more diverse business base in NELEP area
- Reduction in unemployment in the NELEP area
- Increase in new jobs in the NELEP area

In addition, a more rigorous six and 12-month review process has been implemented which monitors business starts and jobs created.

This section of the report assesses the extent to which the project has made progress towards the outputs and impacts set out in the logic model, and the difference it has made to beneficiaries.

The analysis is based on feedback from beneficiaries to the evaluation survey and NEEAL's beneficiary database, as well as feedback from staff and stakeholders.

5.2 Progress towards outcomes and impacts

5.2.1 Business start-up

Of the 298 beneficiaries providing evaluation feedback, 70% reported that they had gone on to start a business following support from the project, of which 86% said they were still trading. A further 12% said they plan to start a business but had not done so yet. In addition, 5% said they had to put their plans on hold due to Covid and 2% said they hadn't started a business as they were still in receipt of support.

The 209 beneficiaries who reported that they started a business have done so in a wide variety of sectors. This includes cleaning services; trades such as plumbing and electrical work; health and beauty; online retail; coaching and mentoring; health, wellbeing and counselling services; education and training service; business consultancy (such as HR, marketing, H&S); arts and crafts businesses; and pet services (such as walking and grooming).

[13] There is also a new target to support 15 enterprises in the Transitional area of County Durham

Although interest continued throughout the pandemic in the type of businesses often created by ESNE clients, for example window cleaning, mobile hairdresser, cleaning, construction trades (plumber, joiner, handyman) and or cafés, many clients were forced to put their plans on hold due to Covid restrictions and the increased risk of starting a business in such uncertain market conditions.

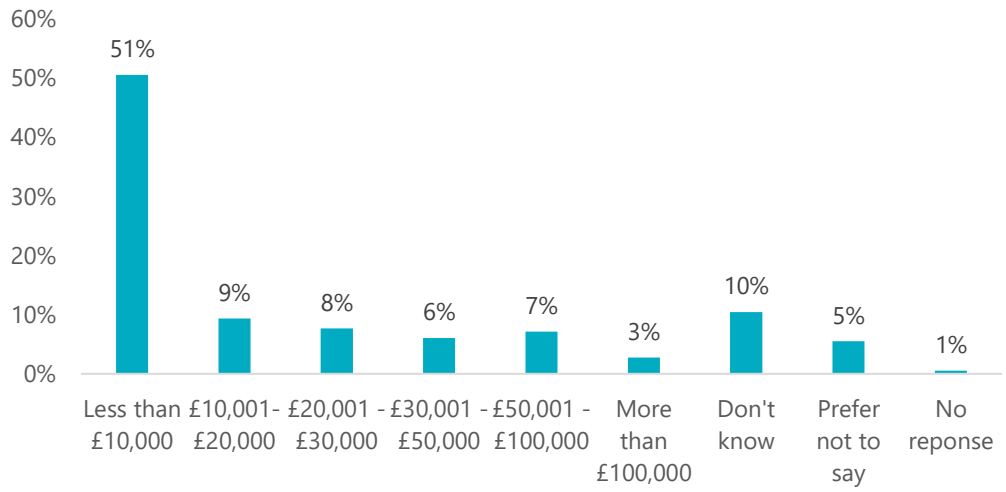
However, post-pandemic business starts of this type have once again increased. In addition, delivery partners noted an increase in people using their professional skills to start a business, such as accountancy; HR consultancy; management consultancy; or training, coaching and mentoring services; as well as those looking for a change in lifestyle or better work life balance. This includes people who are choosing a career change by developing a specific interest or hobby into a business.

In some cases, the increased cost of living has made clients cautious about the potential risks and increased challenges of starting a business during a time of economic instability and rising prices. However, it has also increased interest in self-employment among people who are seeking to improve their financial circumstances, for example by supplementing their existing income via part-time trading with a view to eventually achieving full-time self-employment that provides a viable income.

Turnover

Feedback from the 182 survey respondents that started a business, and that are still trading, indicates that most businesses are fairly small in terms of turnover, with just over half (51%) of all new businesses generating an annual turnover of less than £10,000. However, there has also been an increase in the proportion of businesses with a turnover of more than £30,000 since the time of the interim evaluation, increasing from 9% to 16%.

Figure 22: What was the actual / estimated turnover of your business for the most recent full year of trading?



Source: Evaluation beneficiary survey (182 responses)

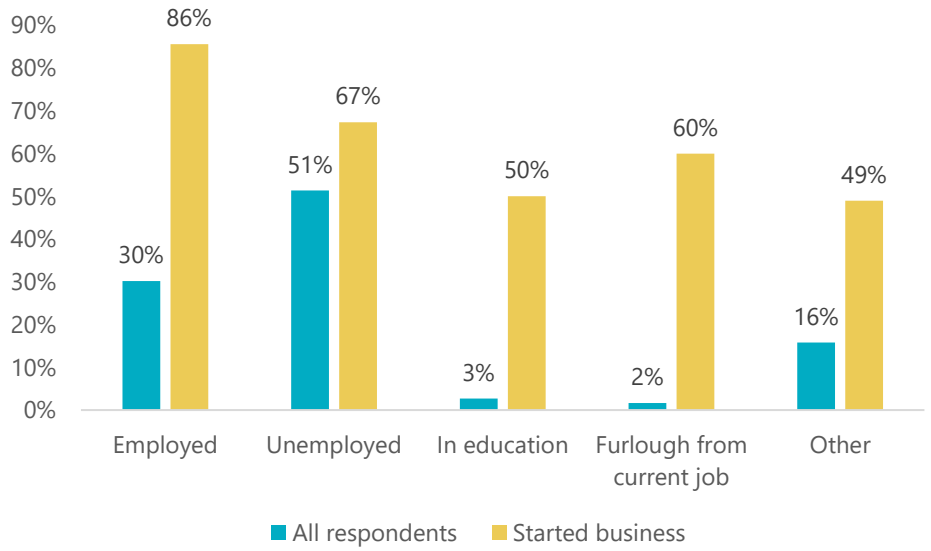
While most of the new businesses are fairly small, they collectively generate an additional turnover of £2.98m per annum in the local economy. This is a conservative estimate, based on the mid-point of each turnover range in Figure 22 above (e.g. we have assumed all 92 businesses with annual turnover of less than £10,000, generated an annual turnover of £5,000; the 17 businesses with turnover of between £10,001 and £20,000, we have assumed all generate annual turnover of £15,000, and so on).

Conversion rates

The project beneficiary database as at November 2022 indicates that 28% of individuals registering for support have benefitted from more than 12 hours of support and 1,056 have started a business, a conversion rate of 17%. However, the records also show that 45% of individuals have been able to start a business with less than 12 hours of support, and therefore have not been reported as a P11. This is consistent with data from the evaluation survey, where 42% of respondents who had stared a business said they had received less than 12 hours of support.

Of the 209 survey respondents that started a business, a greater proportion that were employed when they joined the project went on to start a business (86%) compared to those that were unemployed (67%).

Figure 23: Conversion rates by beneficiary economic status



Source: Evaluation beneficiary survey

5.2.2 Employment

A total of **170** new FTE jobs have been created by the 182 beneficiaries that reported starting a business, and that are still trading. This includes:

- Full-time employment: 89 beneficiaries who are employed full-time by their business.
- Part-time employment: 92 beneficiaries currently work part-time in their business. This equates to 46 new FTE jobs.

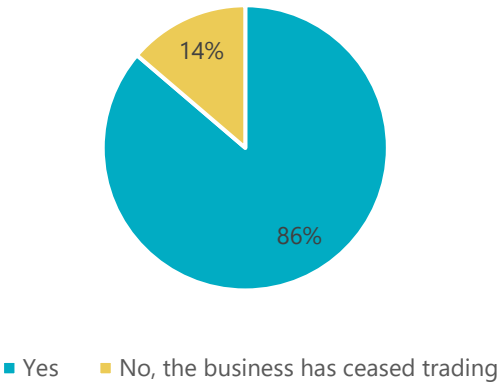
- Business creating employment: 28 businesses reported employing additional staff, creating a total of 35 new FTE jobs. This includes one business that had created four new FTE jobs and another that had created seven.

5.2.3 Survival rates

Evaluation feedback suggests that survival rates for businesses started as a result of support from ESNE, compare well against national business survival rates.

The majority (86%) of project beneficiaries that reported starting a business, stated that they are still trading. Many are still in the early stages of their business and this rate is slightly below average one-year survival rates for new businesses in the North East (94%), and in the UK (93%)[14].

Figure 24: Are you still trading?



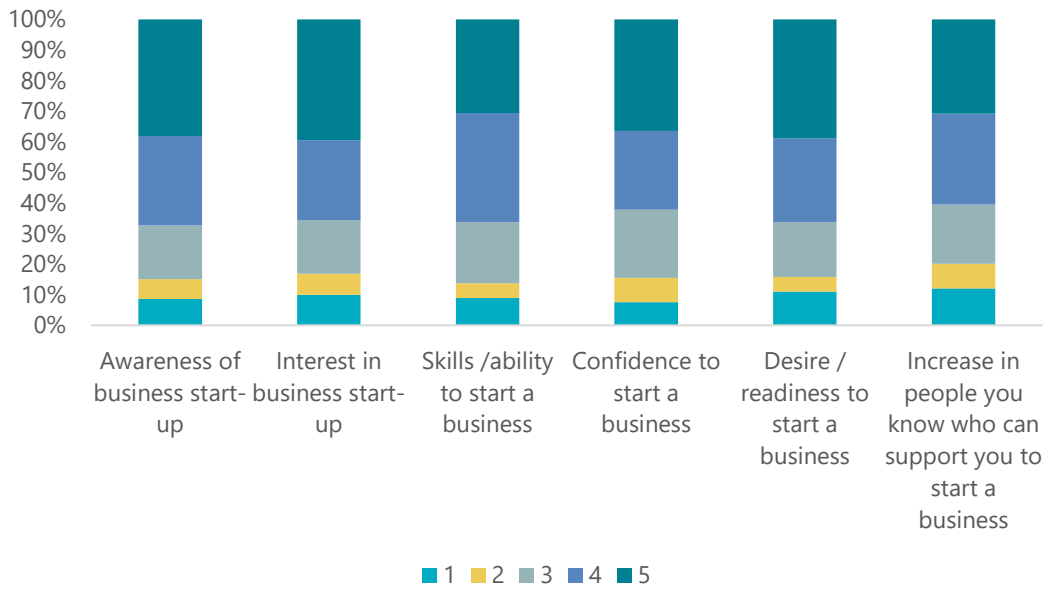
Source: Evaluation beneficiary survey

5.2.4 Other benefits

Evaluation feedback suggests that the project has had an impact on beneficiaries' awareness of enterprise and the development of their entrepreneurial skills. Two-thirds (66%) of all beneficiaries reported that the project had a positive impact on their desire and readiness to start a business, with the same proportion reporting a positive impact on their interest in starting a business. 67% also reported a positive impact on their awareness of business start-up as a result of participating in the project; and their skills / ability to start a business.

[14] ONS: Survival of newly born enterprises: by births of units in 2021 and their survival

Figure 25: Please tell us what other benefits, if any, the support from ESNE has had.



Source: Evaluation beneficiary survey

Other positive benefits identified by survey respondents include providing the motivation, encouragement and confidence to start-up in business; achieving a better work / life balance; improved financial and digital skills; and being able to access business networks.

Starting a business or becoming self-employed may not be the right option for everyone, and another important benefit of the Programme is the opportunity it gives individuals to explore in depth what is involved in starting a business and to make informed decisions. Whilst they may ultimately decide not to pursue their business idea, feedback indicates that the Programme nevertheless has positive benefits, with some beneficiaries highlighting that it gave them the understanding that starting a business was not the right option; and that it helped them to develop the ability and skills to get a job.

Beneficiary feedback suggests that ESNE has been an important factor in helping them to achieve these positive benefits. Just under one third of survey respondents (31%) said they would not have achieved any of these outcomes without support from the Programme, and a further 44% said it would have taken much longer or been more difficult.

Figure 26: To what extent would the positive benefits (e.g. skills, confidence) have happened without the support?

Source: Evaluation beneficiary survey

5.2.5 GVA

An important measure of an economy's wealth is GVA. The impact of ESNE (2) on GVA to date can be estimated based on the number of gross FTE jobs created to date (170[15]), and the average GVA per workforce job in the North East, which is £43,091[16].

On this basis, the total **annual GVA (gross) generated by ESNE** over the lifetime of the Programme **to date is £7.3m.**

Table 6: Gross actual GVA based on jobs created over the lifetime of the project

Total jobs created	170
GVA per job	£43,091
Total actual GVA (Gross)	**£7,325,470**

BIS guidance[17] suggests that when estimating the impacts of public sector investment, it is important to consider the extent to which benefits generated persist over time. Where support has developed the capacity of a business it may enable the organisation to sustain or continue to achieve further benefits in the future. BIS suggests that individual enterprise support programmes may generate benefits within one year but that they may persist for up to three years in total.

[15] As reported by beneficiaries responding to the evaluation survey.
[16] As at 2020 based on ONS North East Regional GVA and Workforce Jobs (2020)
[17] BIS RDA Evaluation: Practical Guidance on Implementing the IEF 2009

It is assumed, therefore, that the annual gross GVA impacts of the Programme will persist for three years in total (the first year, plus a further two years). Taking into account persistent effects, the total gross GVA impact of the Programme is estimated as £21.2m.

5.3 Net additional impact

Public sector investment should bring about change that would not otherwise happen or which would only happen on a smaller scale, or take longer to achieve. This is referred to as additionality.

There are a number of factors that affect the additionality of an intervention:

- Leakage effects: This refers to the extent to which any outputs or outcomes generated by the programme are lost outside of the target area of the North East LEP area or whether any ineligible beneficiaries are supported.
- Displacement effects: This refers to the proportion of programme outputs/outcomes that reduce outputs/outcomes elsewhere within the target area. For example, if by supporting one business to start trading, it takes market share away from another business in the region.
- Multiplier effects. Public investment may lead to further economic activity, for example, as local businesses spend money with local suppliers and employees spend wages in the local economy.
- Deadweight effects. This refers to the proportion of outputs/outcomes that would have happened anyway in the North East LEP area even without the public investment.

5.3.1 Leakage effects

Analysis of the characteristics of the businesses supported by the Programme suggests that leakage effects are likely to be low. Data shows that the Programme has been well targeted on SMEs located in the North East LEP area, therefore it is likely that most of the economic benefits arising from business growth (e.g. turnover and employment) will be retained within the region. 1% of businesses responding to the survey gave a location that was outside of the North East LEP area[18], while the location of a small number of businesses is unknown. We have therefore applied **a leakage effect of 4%** to the Programme impacts, which is at the lower end of leakage for individual enterprise support projects delivered at the sub regional level[19].

5.3.2 Displacement effects

Evaluation evidence suggests that there are likely to be some displacement effects as businesses operate in local, regional as well as national markets. Individuals were asked to estimate what proportion of their sales were to customers based locally. The median average range reported by respondents was 81% to 100% of sales being to customers based in the North East.

[18] These businesses may have relocated since receiving support from the Programme
[19] BIS Research to Improve the Assessment of Additionality 2009

Analysis of the location of the businesses' main competitors indicates that the median range reported by respondents is 41% to 60% of businesses' main competitors are based within the North East. Therefore, as the businesses are supported to grow turnover, access new opportunities, and increase their market share, there is a risk that this may affect the 41% to 60% of competitors based in the North East.

Overall, the proportion of competitors based locally is moderate, and at least 81% of sales are to customers inside of the region. Therefore, there will be some displacement effects of the Programme. We have applied **a displacement factor of 16.5%** to Programme impacts, which is the mean average displacement effect recommended by BIS for individual enterprise support projects delivered at the sub regional level[20].

5.3.3 Multiplier effects

There will be knock-on effects in the regional economy as businesses increase their spending with suppliers and employees spend wages on goods and services locally. Feedback suggests that local supply chains among the businesses started may be moderate – the median average range reported by survey respondents was between 41% and 60% of business expenditure with suppliers based in the North East.

However, the extent of multiplier effects will ultimately depend upon the extent to which business sales increase and the opportunities for spending with locally based suppliers increases.

Meanwhile, the Programme has had a moderate local employment impact, with a total of 170 FTE jobs created to date in the North East (135 FTE jobs for beneficiaries supported by the Programme and a further 35 FTE jobs created by the businesses started). These individuals will go on to spend some of their wages in the regional economy, suggesting there may be a moderate income multiplier effect.

As supply chain multiplier effects are likely to be at the lower end of the range, and income multiplier effects are likely to be moderate, we have applied **a combined multiplier effect of 1.2**, which BIS suggests is the mean multiplier for enterprise support projects at the sub regional level. [21]

5.3.4 Deadweight effects

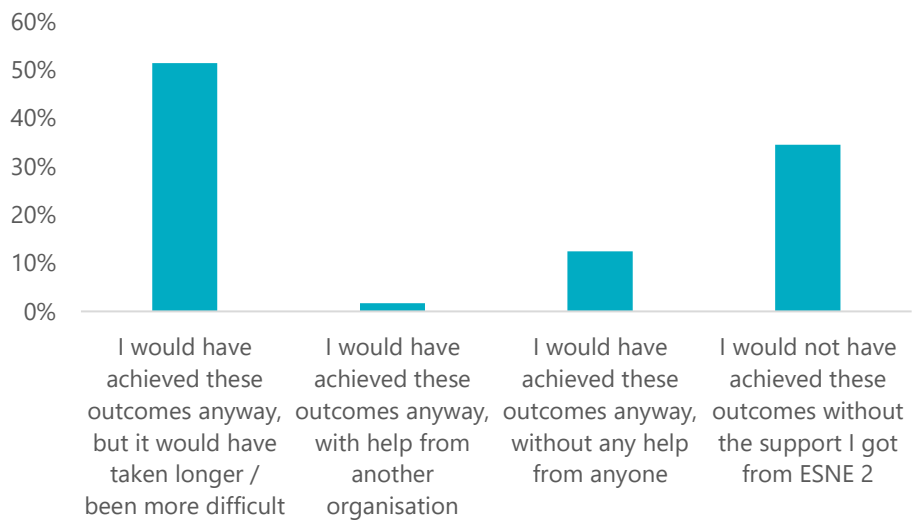
Feedback from businesses indicates that there may be an element of deadweight associated with the impacts. Overall, 34% of survey respondents reported that they would not have achieved any of the changes in turnover and employment without the support of the project.

[20] BIS Research to Improve the Assessment of Additionality 2009
[21] BIS Research to Improve the Assessment of Additionality 2009

51% of businesses reported that they would have achieved the benefits but it would have taken longer or been more difficult. This is partial deadweight, and it equates to 25.5% deadweight. A further 9% of beneficiaries said that the changes would have happened anyway, even without the support, while 2% said they would have achieved the benefits with help from another organisation, giving a combined total of 11%. This is pure deadweight.

Adding together these effects, gives a total deadweight effect of 36.5%, which falls within a median range of deadweight as per BIS benchmarks. We have, therefore, applied a deadweight effect of **50.7%** to the programme impacts, which is the mean deadweight effect for enterprise support projects at the sub-regional level.

Figure 27: How likely is it that the positive impacts and benefits for your business would have occurred anyway WITHOUT the support from ESNE?



Source: Evaluation beneficiary survey

5.3.5 Total net additional impact

Applying the above additionality components to the gross Programme impacts results in the following net additional impacts, as presented in Table 7.

The gross employment impact of the Programme is 170 FTE jobs, and the **net additional employment impact is 80.6 FTE jobs.**

The annual gross GVA impact of the Programme is £7.3m and the **net additional annual GVA impact is £3.5m.**

Table 7: Gross and net additional impact (employment and GVA)

		Impact area: North East LEP area	
Impact indicator		**Measure**	**Adjustment**
Employment: FTEs (Reported by SME survey respondents)	Gross impact	170	-
	Deadweight / reference case	83.8	50.7%
	Displacement	70.0	16.5%
	Leakage	67.2	4%
	Multiplier	80.6	1.2
	Net additional	**80.6**	-
GVA: £m (annual))	Gross impact	£7.3m	-
	Deadweight / reference case	£3.6m	50.7%
	Displacement	£3m	16.5%
	Leakage	£2.9m	4%
	Multiplier	£3.5m	1.2
	Net additional	**£3.5m**	-

The total gross GVA impact of the Programme (including persistent effects) is £21.2m, and the net additional GVA impact (including persistent effects) is £10.06m.

The overall **net additionality ratio for ESNE (2) to date is estimated as 47.4%**, which compares well with other business support and innovation programmes. BIS Research suggests the median average net additionality ratio is 43% for enterprise support projects at the sub regional level. [22]

It should be noted, that the project is not required to report on job creation or GVA impacts for ERDF purposes. Therefore, the actual impact for the project is likely to be higher than reported here, as the above figures are based on direct feedback from 182 beneficiaries[23] as part of the evaluation research.

[22] BIS Research to Improve the Assessment of Net Additionality 2009

[23] Beneficiaries responding to the evaluation survey who had started a business and are still trading.

5.4 Case Studies

A key focus of the evaluation has been to assess the benefits and outcomes of the project, based on the experiences of individual beneficiaries. This section presents case studies from a selection of project beneficiaries. It includes four case studies gathered during the final summative assessment, as well as eight beneficiary case studies gathered during the interim evaluation, four of whom provided and update on their situation during this evaluation.

Case Study: Fibonetic

Newcastle based artist Ian Lang was unemployed and claiming Universal Credit when he discussed his ideas for a business with his adviser at the local Job Centre. Through these discussions Ian agreed to delve further into starting a business, and was put in touch with the staff at Project North East (PNE).

Commenting on these early discussions Ian said: "**I'd left my job as a technical support officer for an accountancy software company and was signing on, but I had always fancied working for myself. The Job Centre pushed me in the right direction, and I've never looked back.**"

Ian described the support from PNE as a 'lifeline' that has allowed him to achieve one of his life goals of starting his own business. Fibonetic produces and sells artwork using mathematical drawings to create unique pieces of art. Ian was given support to develop the machine that produces the artwork, as well as accessing workshops, online tutorials, and one-to-one support from a PNE Advisor.

Commenting on his learning journey to business start-up, Ian said: "**Meeting other people in the same position as me in the group sessions was really good, I learnt a lot from the tutorials and the one-to-one support.**" Describing the progress he made, he said: "**I have gained a lot of knowledge and learnt new skills. Without the support from PNE I would be about two years behind in achieving my goal of starting my own business.**"

Ian is already busy with future plans for Fibonetic, including new products which are already at the early design stages. When asked what advice he would give to anyone thinking about starting a business, Ian replied: "**Get in touch with PNE, they hand hold you all the way, they can help you turn your idea into reality, the support from the staff and their energy is incredible.**"

2023 Update

Since taking part in ESNE Ian has had some health issues which, combined with the impact of the COVID pandemic, meant that work in the business plateaued, although it is still operational. Ian used the downtime to access further enterprise support via the Business Factory, including courses in social media, smartphone photography, and how to master LinkedIn. He continues to develop new products to enhance his business offer and is currently looking for a grant to help fund his plans to move the business online.

Case Study: Nina Cleaner

Boldon based Corrina Danby was working as a care worker, but found the role was not fulfilling. A family member suggested she contact TEDCO about starting a business, as they had done this and gone on to build a successful business.

Corrina enrolled on a free two-day workshop and, with some additional online support from the tutors, developed her business plan. In the summer of 2019, she set up Nina Cleaner, a domestic cleaning service covering South Tyneside.

Commenting on the support, Corrina said: **"I wanted to start my own cleaning service company and didn't have a clue where to start. The course was great, and I learnt loads, especially around the finance side of things. I even use an App to do my books!"**

As a mum to three children, Corrina makes sure her working pattern fits around the needs of her family, but has plans for future expansion when the time is right. Commenting on the support, Corrina said: **"I would recommend ESNE to anyone who is even just thinking about starting your own business as it gives you the basic knowledge to get started and supports you to put this knowledge into practice. If you are thinking about it my advice to you is to just do it – it's the best thing I've ever done."**

2023 Update

Four years on and the business is still going strong with a healthy client base of around a dozen repeat clients. Corrina works part time in her business, which she highlighted as the greatest benefit to being her own boss. The next steps for Nina Cleaner is 'more of the same' and to keep building the reputation of the company.

Case Study: Jessie-Jay

30-year-old Jessie-Jay had been unemployed for a short time after working in security services. The County Durham based mum had always wanted to be self-employed as a personal trainer and decided to find out how to go about it.

She contacted East Durham Business Services, who put her in touch with an advisor. She attended a series of enterprise workshops and had one-to-one sessions with her adviser, which culminated in her developing a business plan to take her idea to the next stage.

Commenting on the support, Jessie-Jay said: **"I knew what I wanted to do with my future but didn't know how to go about it. I was very sceptical and negative at the start of the programme and by the end I was feeling very positive and raring to go."**

The COVID pandemic put Jessie-Jay's plans on hold, but she didn't stop completely. She enrolled onto a Sports Coaching Development course at a local college and started coaching at a local football club. Jessie-Jay said: **"I would recommend the programme to anyone who, like me, has a business idea. The staff at EDBS are the experts and they are there to help you."**

2023 Update

Unfortunately, due to ill health, Jessi-Jay was advised by her doctor to stop working and her business has now ceased trading. Nevertheless, she remains positive about the support she received from ESNE, explaining: "The staff at EDBS did everything they could to support me but my health has let me down. I still would recommend the programme to anyone thinking about starting their own business."

Case Study: Taylor and Associates Counselling Services

Forty-eight-year-old Sarah Taylor from Choppington, Northumberland was a part time mature student at Sunderland University. Having finished a very stressful job in the NHS, she saw a poster advertising NBSL's ESNE support in the local job centre. Sarah's studies were taking her onto a new career path, and when she achieved her Foundation Degree in Counselling she decided she wanted to be self-employed and build a business around her new skills and qualifications.

Commenting on the NBSL support, Sarah said: **"I really appreciated the support I got from my adviser in my one-to-one sessions and the free courses. Over a period of time this support led to me producing my business plan and the launch of my company."**

Her business, Taylor & Associates Counselling Services, launched in September 2019 and operates across the UK. However, Sarah isn't stopping there and has plans for future growth, which include a move from home working to an office. She is also studying for a Master's degree in Psychology at Northumbria University.

Asked if she would recommend the programme to others, Sarah said: **"I was so impressed with it that I have already recommended it to others. You need advice and guidance when you are starting out, it's invaluable."** She continued: "My advice to anyone starting a business is plan, plan and plan again. I had a dream for a long time and now it has come true."

2023 Update

Since we last spoke to Sarah her business has grown steadily. With an average of fourteen clients per week, it allows her to work the flexible hours she wants to give her a good work/life balance. The current business model also enables her to work with other professionals as associates of her company. Sarah highlighted the increased confidence she gained from attending the ESNE workshops, which helped to crystallise her thoughts on her business offer and ethos. Looking ahead, the potential next step for the business is seeking funding to set up a clinic in the local area as a base for her and her associates.

Case Study: Pure Advice

Jolanta Acewicz had been unemployed for more than two years when staff at her local Job Centre suggested she enrolled onto ESNE with CDC Enterprise Agency, to help her fulfil her dream of owning her own business.

As a trained psychologist, Jolanta was interested is becoming self-employed as a life coach and channelling her skills and abilities into helping other people. Her company, Pure Advice, which is based in Consett and offers its service across the North East, launched in February 2021.

Commenting on the support she received from CDC, Jolanta said: "**One of the best things about the support I received was the conversations I had with my adviser, who pointed me in the right direction throughout my time with CDC. This included gaining access to funding from another organisation.**"

Jolanta has plans to continue to grow the business and implement more of the learning from the ESNE programme, which she attributes to her improved skills and knowledge in areas such as planning and marketing. Summarising her experience on the ESNE Programme Jolanta said: "**I would definitely recommend the programme to anyone thinking about starting their own business and this recommendation comes from my own personal experience.**"

Case Study: Huckleberry Barks Collection

Sixty-one-year-old Lynn Forsyth had overcome major health challenges and faced a longer term of unemployment when she decided to take control of her destiny and start up a new business. She was supported along her journey by CDC Enterprise Agency, who helped her produce her business plan and point her in the direction of other free business support available in her local area.

Huckleberry Barks Collection Ltd, an online supplier of pet supplies and accessories, was launched in October 2020 from her home in Chester-le-Street, County Durham. Commenting on her experience of taking part in the ESNE programme Lynn said: "**The support from the business advisers was tremendous, they are all experts in their own field.**"

Lynn has plenty of ambition and ideas for her company once the online business is established, with plans to expand into dog grooming and an extended range of products and supplies.

Case Study: Lucy McKenzie

After being unemployed for over a year, Gateshead based Lucy McKenzie (24) was placed on the New Enterprise Allowance scheme. Although it didn't suit her, she was keen to continue exploring her business idea. The adviser at the Job Centre suggested the Prince's Trust Enterprise Programme may be better suited to Lucy's needs and so she transferred onto it.

Commenting on the support Lucy said: "**One of the things I liked most about the programme is that it is for young people who are currently unemployed and interested in exploring whether self-employment is right for them. I really enjoyed the one-to-one sessions with my adviser and the two-day intensive course. I loved the group work as you met people who were in the exact same position as you, so we had a lot in common.**"

Lucy completed the course but decided to hold off starting her business for now, as she felt the time was not right due to the COVID situation. She is currently working in the public sector and has plans in place to launch her arts and crafts business when the marketplace feels right. She is also spending some of her free time helping her Mum set up a silversmith business by developing a website for her.

Lucy said: "Going on the Prince's Trust programme changed my view about self-employment. It assured me that one day I do want to be my own boss and own a successful business. She continued, "**My advice to any young person thinking about starting a business is that it is a leap of faith, but one that is definitely worth taking. Be passionate about your idea, stay motivated and have a clear idea – just go for it!**"

Case Study: Penny Hornsby

Penny Hornsby (55) lost her job in August 2020 due to the impact the COVID pandemic had on the chair design company she worked for. Fifteen years previously, Penny had been self-employed and worked in sales and marketing, and now had an idea to set up a new business. The local Job Centre put her in touch with NBSL who helped turn this idea into reality.

Penny attended a number of free workshops which helped to reassure her she was on the right lines, saying: "**I had done some planning prior to going on the courses. The support from the tutors gave me the confidence to continue with my plans as they reassured me that the approach I was taking was the right one for my business.**"

Penny launched her Amble based holiday let business in April 2021 and is fully booked until September. Commenting on her progress, Penny said: "**This is a great start and I couldn't have asked for more. I would recommend the programme to anyone who is thinking about becoming self-employed; use the support that is available to you.**" She continued, "The courses are free to access and are invaluable. I left each session with a tick list of things to do which really helped me to keep focused."

Case Study: Aiden Neville

County Durham based Aidan Neville is 36 and recently returned to the UK after a spell of teaching in the Czech Republic. A trip to the local Job Centre led him to information about the ESNE support offered by Enterprise Made Simple. Aiden had an idea for a mobile catering business, specialising in Mexican food, an idea which gained momentum following support from an EMS business coach.

Commenting on the support, Aiden said: **"Working on a one-to-one basis with my business coach was incredible. He gave me guidance and direction. I was hoping to get more information on all aspects of running a business as I knew nothing and my coach was absolutely fantastic."** One of the main outcomes from the enterprise support was the development of a robust business plan, which Aiden is using to secure funding for Mexigo, a food truck that can supply food to the public at markets, local fairs, and festivals.

With the due to launch in the Spring of 2023, Aiden is really positive about the support he received through ESNE, saying: "The best thing about the programme for me was access to a business coach. Having a connection with a very knowledgeable professional is priceless. Just knowing that the support is there when you need it in a very competitive sector is invaluable to a startup business. It's an incredible service and I feel privileged to be a part of it." He continued: **"My coach helped me to believe in myself and my idea, the whole experience has exceeded my expectations."**

Case Study: Sarah Burdis

Forty-five-year-old Sarah Burdis struggled with a skin condition when she was younger and had always wanted to develop a product that would help her and others like her. As a qualified optician, Sarah works full time but had ambitions to start up her own skin care company. A family member mentioned the enterprise support programme offered by SDEA and Sarah contacted them to find out more.

Sarah knew nothing about what was involved in setting up a business and has been supported in her endeavours by a personal business coach, who has helped cement her idea and turn it into reality. Modern Purist is due to launch in early 2023, offering a unique skin care range of facial serums made from ingredients sourced from Australia. She is now looking to the future for her business, with a target to achieve turnover of around £50k within two years and plans to double the product range.

Commenting on her experience to date Sarah said: **"I knew that I wanted to start my own business but I just had an idea. Working with my business coach has not only helped me to focus, but increased my knowledge, skills, and self-confidence. The best thing about the programme is having someone to turn to that you trust and are genuinely interested in what you are trying to achieve."**

Case Study: Jodie Newbrook

Gateshead based Jodie Newbrook is a full-time carer for her disabled son. During a discussion with her Universal Credit Disability Worker, she mentioned that she had a business idea but didn't know how to get it off the ground. Jodie was put in touch with The Millin Charity and has never looked back since.

Jodie's hobby is bee keeping and she is the secretary of the Tyneside Bee Keepers Association. She's very knowledgeable about the positive environmental impacts of bees and thought this may be of interest to companies looking to increase their biodiversity and reduce their carbon footprint. Through The Millin Charity, Jodie accessed workshops as well as support from a business adviser. Commenting on the support, Jodie said: **"I knew what I wanted to do I just didn't know where to start. The sessions with my business adviser were superb. She helped me develop my business plan and the workshops gave me the information I needed to set up my accounts and social media platforms."**

In September 2022 Jodie set up Bee Green Development Ltd, offering bee keeping and green space design services. The business quickly landed a major contract with an international Blue Chip company. It has since gained another four customers and has a projected turnover of £55k for the first year of trading. Further growth is planned for year two by doubling the customer base and increasing turnover to £140k. Jodie is also hoping to employ two members of staff in the coming years. Reflecting on the support from ESNE, Jodie said: **"The support changed my view about starting a business. It was harder than I thought but the support I received was tremendous. I would not be where I am today without it, it has changed my life!."**

Case Study: Sue Gannon

In 2018 Consett based Sue Gannon and her partner set up URetreat, a CIC that provides day and overnight retreats for people who want to relax and have time to themselves. Describing the ethos of the company, which specialises in retreats for carers and people who have been bereaved, Sue said: "At U Retreat we are passionate about providing a space for people to come to when they are feeling overwhelmed and need to recharge."

Having been supported by the North East BIC to set up the business, Sue returned to them for support when she was looking for advice on extending URetreat's services. This gave her access to workshops on business planning, and financial forecasting, while her colleague attended a marketing workshop. Commenting on the support, Sue said: **"We found the workshops very useful as, not only did we gain new knowledge and skills, but we increased our own personal confidence in our abilities to go ahead with our plans for growth."**

The planned new service will help people to access nature in a walled garden, where they can relax, reflect, and meet people in similar situations to them. One-to-one sessions with a business advisor are helping Sue and her colleague to formulate their ideas into a business plan for growth. Commenting on her experience to date, Sue said: **"The support is ongoing and very useful to us. It is good to know that someone is there supporting us all the way. I would highly recommend it to anyone thinking about starting their own business."**

5.5 Summary

Evaluation feedback from beneficiaries, staff and stakeholders indicates that overall, ESNE (2) has made good progress towards the achievement of outcome and impact indicators included in the project's logic chain.

Overall, 70% of beneficiaries reported that they had gone on to start a business following support from the project, the majority of which (86%) continue to trade. The new businesses operate across a variety of sectors, providing a wide range of products and services. These new businesses will help to create a more diverse business base in the region.

The new businesses created collectively generate annual turnover of approximately £2.98m, and have created 170 new FTE jobs, helping to increase the number of new jobs in the region. As these figures are based on survey feedback from a proportion of beneficiaries, actual turnover and job creation may be higher.

The project has also had a positive impact on beneficiary awareness of enterprise, entrepreneurial skills and confidence, and desire to start up in business, as well as on general self-confidence and quality of life, including better work-life balance and increased income.

Based on the number of gross FTE jobs created by respondents to the evaluation survey (170) the total annual GVA (gross) generated is £7.3m. Taking into account persistent effects, the total gross GVA impact of the Programme is estimated as £21.2m.

An assessment of net additional impact indicates that the net additional annual GVA impact is £3.5m, and the net additional GVA impact, including persistent effects, is £10.06m. However, it should be noted, that the project is not required to report on job creation or GVA impacts for ERDF purposes. Therefore, the actual impact for the project is likely to be higher than reported here, as these figures are based on direct feedback from 182 beneficiaries[24] as part of the evaluation research.

[24] Beneficiaries responding to the evaluation survey who had started a business and are still trading.

6 Value for money

It is good practice to measure the value for money of public sector investment in terms of:

- Cost effectiveness as measured by cost per net outputs / outcomes; and
- The return on investment (ROI).

6.1 Cost effectiveness

To estimate the cost effectiveness of the Programme to date, two net output / outcome indicators have been calculated.

- Cost per net job created - The number of net additional jobs created by ESNE to date is 80.6 FTEs. This is based on jobs reported by beneficiaries responding to the evaluation survey. The total public sector expenditure defrayed by the end of December 2022[25] was £1.443m. **Therefore, the cost per net job created for ESNE to date is estimated as £17,903.**
- Cost per net beneficiary supported - A total of 1,720 (gross) potential entrepreneurs were supported to be enterprise ready by the end of December 2022[26]. Applying the net additionality factor of 47.4% for the Programme, results in a total of 815 net individuals supported. The total public sector expenditure defrayed by ESNE by the end of December 2022 was £1.443m. **Therefore, the cost per net individual potential entrepreneur supported for ESNE to date is estimated as £1,770.**

There is currently a lack of readily available benchmark information against which to compare the cost effectiveness of enterprise support programmes in England. The most recent comprehensive benchmarking report was published in 2009: Impact of RDA Spending, BIS (March 2009). Comparators taken from this report are presented in the table below.

Average benchmark comparators have also been derived for a selection of other enterprise support projects (in the North East) evaluated by New Skills Consulting during the past three years.

[25] The date of the most recent ERDF claim
[26] As above

Table 8: Benchmark comparators - cost per net output / outcome to date

Output / outcome	Cost per net job created	Cost per net beneficiary supported
ESNE	£17,903	£1,770
RDA business development and competitiveness interventions[27]	£20,106[28]	£13,772[29]
Average from selection of North East business support projects (New Skills)	£16,291	£11,881

The analysis shows that the costs per net job created by ESNE are comparable with the average for RDA business development and competitiveness interventions (inflation adjusted), and the average cost per net job achieved by a range of North East enterprise and business support programmes evaluated by New Skills.

Meanwhile, the cost per net beneficiary supported is significantly lower than the average for RDA business development and competitiveness interventions, and the average cost per beneficiary supported by a range of North East business support and innovation projects evaluated by New Skills. The lower average cost for ESNE is likely to reflect the fact that some of the interventions delivered through the programme are less intensive (12 hours of support), than many other of the more intensive and time-consuming types of enterprise and business support interventions. In addition, the Programme has a lower cost base than many other enterprise support interventions, where the support may include a grant, as well as access to external experts, consultants or university academic staff.

6.2 Return on investment

In accordance with government guidance, the return on investment (ROI) delivered by ESNE to date is estimated based on the net additional annual GVA impact (£3.5m), divided by the total public sector expenditure defrayed by the end of December 2022 (£1.443m).

Based on performance to date, **the return on investment is positive at 2.41:1 i.e. for every £1 of public sector investment, £2.41 of net additional GVA is generated.** Taking account of persistent effects, the return on investment is 6.97:1 (£6.97 of net additional GVA generated for every £1 of public sector investment).

[27] Impact of RDA Spending, BIS (2009)
[28] Value of £14,221 in 2009, adjusted for inflation up to 2022 to arrive at current prices estimate. Average CPI inflation rate of 2.7% pa 2009 to 2022 (ONS, www.ons.gov.uk/economy/inflationandpriceindices/timeseries)
[29] Value of £9,705 in 2009, adjusted for inflation up to 2022 to arrive at current prices estimate. Average CPI inflation rate of 2.7% pa 2009 to 2022 (ONS, www.ons.gov.uk/economy/inflationandpriceindices/timeseries)

7 Conclusions, lessons, and recommendations

7.1 Introduction

Overall, the evaluation evidence indicates that ESNE 2 is an effective project, providing valuable support to residents in the North East LEP area with an ambition to start a business. This section of the report summarises the key lessons and conclusions from the evaluation. Where appropriate, the summary also includes recommendations which NEEAL and the delivery partners may wish to consider during the design and development of any future start-up support programmes.

7.2 Lessons and recommendations for NEEAL and delivery partners

7.2.1 Programme design and need for business start-up support

- Overall, there is a clear need for a project in the North East LEP area to increase awareness of enterprise, and to improve the business start-up rate. There is a clear rationale for investment, and the delivery model is appropriate and relevant, providing a universal offer, supported by a targeted marketing campaign to engage under-represented groups in the project.
- Whilst Covid-19 had a significant impact on demand for support, with fluctuations in demand throughout the pandemic and its associated lockdown restrictions, project staff and delivery partners adapted well to the circumstances. Demand has also been impacted by lower-than-expected levels of unemployment post-pandemic, as well as the recent cost of living increases. Nevertheless, whilst the achievement of the P11 target has been challenging, it is achievable.
- ESNE 2 has one key ERDF output indicator against which performance is measured[30] Whilst processes were strengthened to monitor business start, sustainability, and job creation more consistently, it is unrealistic to expect that the tracking of these outcomes and impacts will have been as rigorous as it would be for a formal ERDF target, particularly given the time input required and challenges involved in gathering this evidence.

7.2.2 Project performance

- Overall, the project has made good progress towards its financial and output targets, given the challenges created by the Covid pandemic, which impacted on both the achievement of P11 outputs and project spend.
- It is currently forecast that total project expenditure will reach £2.9m by the completion date, slightly exceeding the approved total project cost figure of £2.873m. However, the management team is working closely with partners to ensure overall expenditure does not exceed the agreed project budget.

[30] NB: A second indicator was added in February 2022 for the Transitional area only

- It expected that the P11 target for potential entrepreneurs to be enterprise ready will be met and possibly exceeded, with a forecast 2,066 individuals supported against a target of 2,015. Performance against this indicator is strongest in the More Developed area, which is forecast to achieve 105% of the target, compared with 97% of the target for the Transitional area.

7.2.3 Delivery and management arrangements

Delivery model

- Significant adaptations to the ESNE delivery model were required in response to the Covid pandemic, including delivery of one-to-one support either online or by telephone, as well as online delivery of workshops. There have been a number of benefits to this delivery model, including improved time efficiency, reduced travel, and greater flexibility for clients in accessing support. As a result, most delivery partners have maintained online delivery options to improve the flexibility and accessibility of support for clients.

- Individual delivery partners take different approaches to the delivery of ESNE, often dependent upon the size of the organisation and staff resources available. Whilst the overall delivery model includes an initial one-to-one session and diagnostic, followed by a combination of workshop delivery and further one-to-one support, each delivery partner has the flexibility to tailor their approach, and there are variations in the length of workshops, topics covered, and the balance between workshop delivery and one-to-one support. This offers a good opportunity for partners to learn from each other's approaches and develop new ways to develop and tailor their own offers.

Recommendation 1:
Partners may wish to explore opportunities to learn from each other's approaches to delivery and to identify aspects of support that have been particularly effective at engaging with and supporting clients. This review could be used to inform the design and delivery of future start-up support programmes.

Targeting

- Analysis of beneficiary characteristics indicates that the project is well targeted with all beneficiaries being resident in the North East LEP area. It engages individuals from a wide range of backgrounds and experiences from across the North East LEP area, including people from a BAME community; people who are unemployed; and young people under the age of 30. It also continues to be successful at engaging women, further enhanced by the addition of The Millin Charity to the partnership.
- The continuation of remote delivery has enhanced the ability of ESNE 2 to increase engagement with groups who may otherwise find the support difficult to access, including people with disabilities, those with caring responsibilities, people living in rural or remote locations and those in employment.

Awareness raising, interest and demand

- Delivery partners are well established and trusted organisations in their local areas and evaluation evidence indicates there is a high level of awareness about their support offer across the region. This is demonstrated by the wide range of referral routes into the project, and continued efforts have been made to further strengthen and develop these networks.
- ESNE 2 has continued to develop its approach to marketing and targeting its efforts on priority areas. Post-Covid efforts have focused primarily on the more challenging Transitional Area of County Durham. Evaluation data indicates that this activity, including re-engaging dormant clients and widening local networks, has had a positive impact on demand in the area.
- Expanding the ESNE partnership to create further capacity in County Durham also appears to have contributed to increased demand for support. This has been further supported by approaches to addressing the geographical challenges of the County, including online support, as well as outreach to create accessible clusters in different parts of the County.

Recommendation 2:
Whilst generating demand in the Transitional Area of County Durham has been more challenging throughout the lifetime of the Programme, more recent targeted activities appear to have been successful. This creates an opportunity to identify specific initiatives and partnerships that have proven effective in County Durham, which can be used to inform the design of any future start-up support and associated marketing campaigns in the area. For example, this could include the creation of local hubs in different parts of the County that are accessible to individuals from specific catchment areas.

- Throughout the pandemic and post-pandemic period, demand for support via ESNE has fluctuated. However, project managers and delivery partners have responded well to these changing patterns of demand. This includes recognising and responding to areas of emerging or increasing demand, such as social enterprise start-up, people seeking a change of career or better work-life balance, and people looking to increase and supplement their income in response to cost of living pressures.

Fit within the landscape

- Feedback indicates that ESNE 2 fills a gap in the market for universal and free to access support, which complements other business support services available in the region. However, there is likely to be some overlap between ESNE and other business support provision, largely due to the breadth of the ESNE support offer.
- It is important, therefore, that partners consider the design of any future start-up support interventions to ensure they remain relevant and competitive within the wider business support landscape. For example, this could include further use of external specialists to make support more bespoke to individual clients, and tailoring interventions to address the specific needs, challenges and opportunities in local areas.

Reasons for engaging

- The main reason beneficiaries gave for engaging with ESNE 2 was to learn more about starting a business (65%), while 61% thought it would give them the skills to run a business, and 52% thought it would give them the confidence to do so. In addition, access to a mentor was a draw for 41% of survey respondents.
- One-fifth (21%) of beneficiaries engaged because they thought ESNE would give them access to a grant or loan. Whilst the Programme itself does not have a grant fund element, partners have been able to help clients access funding through other programmes and services. This has been a particularly valuable outcome of the support for some clients, particularly those from more disadvantaged backgrounds who are less likely to have access to loans or savings, and are disproportionately impacted by the increased cost of living.

Recommendation 3:
In the design of any future start-up support services, partners may wish to consider the inclusion of a grant or funding element to the support. This may be directly through the programme itself, or by identifying complementary services that would give clients access to such funds.

- Survey feedback shows that almost two thirds of respondents (64%) had a business idea at the time they sought support from ESNE 2, and for 40% it was something they had always wanted to do. A smaller proportion (17%) went into the process more speculatively, saying they just wanted to find out more about it, while 16% had either been made redundant or were under threat of redundancy and 12% felt there were no other job opportunities.

Intensity of support

- The intensity of support required varies considerably, with some beneficiaries requiring intensive support over a longer period of time to build skills and confidence, while others feel ready to start trading before they have received 12 hours of support, particularly when they have undertaken start-up research and preparation independently, or are currently in employment and may have a greater level of confidence about starting a business. This is reflected in data from the ESNE client spreadsheet, which shows that 45% of individuals recorded as having started a business, have done so with less than 12 hours of support.
- Once a client has started a business and feels confident in what they are doing, their priority is understandably on the business, making it both difficult and potentially unnecessary to engage them in further support. Nevertheless, the support received has been instrumental in helping them set up a viable enterprise, indicating that more meaningful measures of Programme success are start-up and survival rates, rather than hours of support delivered.

Recommendation 4:
Whilst expected outcomes, and the parameters for the level of support required to achieve these outcomes, is largely the remit of programme funders, this is an area that partners could potentially address with funders in the design and development of future start-up support initiatives. The move from ESIF funding to more regionally and locally delivered programmes such as UKSPF may offer partners better opportunities to initiate these discussions.

Quality of support

- Overall, the quality of the support is highly rated by beneficiaries, with the most effective aspects of the project being identified as the one-to-one support from a business advisor, and the workshops. In particular, 86% agreed or agreed strongly that they would recommend the support to others, that the support was easy to access, and that the staff had the right skills to help them. Meanwhile, 80% agreed or agreed strongly that the support met their needs.
- The additional flexibility offered via online delivery has created new opportunities that could be further capitalised on, such as the lower risk, lower cost opportunity to trial new content and create a wider range of support topics, as well as the ability to create peer-to-peer support networks amongst clients. Feedback also indicates that the use of external experts can further enhance the quality and effectiveness of the support and help to create a more bespoke service that can be tailored to the needs of each individual client.
- Delivery partners suggested that the support could have been further improved by offering support to early-stage businesses that had been registered prior to the individual engaging with the ESNE Programme. Whilst these business may have been formally registered, in many cases the individual has done so without first accessing pre-start support, and therefore has the same gaps in knowledge and support needs as those who are eligible for the ESNE Programme.

Recommendation 5:
Delivery partners may wish to consider ways in which future start-up services can be designed to ensure they are accessible to both pre-start and early-stage businesses, who will both have similar needs in terms of the advice and support they require. There will also be opportunities to consider how any future support remains relevant to the needs of these pre-start and early-stage businesses. For example, by creating more tailored support with external experts and specialised content.

Horizontal principles

- Project managers and delivery partners have been effective at integrating the two cross-cutting themes of equality and diversity and environmental sustainability into project delivery. For example, remote delivery has made ESNE more accessible to a wider range of people, while at the same time reducing the environmental impact of travel. In addition, it is a universally available service that has been effective at engaging with disadvantaged communities and under-represented groups.

- The equality and diversity impact of ESNE has been further strengthened by the addition of The Millin Charity to the delivery partnership, which works with some of the most marginalised women in the region, including those from ethnic minority and refugee backgrounds, lone parents, women facing mental health challenges, and women who have experienced domestic violence. The programme has helped many of these women to become economically active and achieve financial independence, as well as having a significant impact on their self-confidence.

Project management

- The management and governance arrangements for ESNE 2 are appropriate and effective. There is a core team of staff within NEEAL who manage the Programme effectively and who continue to develop and improve robust performance management and monitoring systems to ensure compliance with ERDF requirements, as well as implementing additional processes to improve Programme performance.
- Delivery partner feedback on management arrangements for the Programme are universally positive and demonstrate a good working relationship between partners and the project management team. The attention to detail in gathering and monitoring data provides a great deal of reassurance to delivery partners, although at times it can make project paperwork complex and time consuming.
- Regular partner meetings provide a good opportunity for delivery partners to discuss progress and to share ideas, good practice and approaches to common problems. Whilst feedback suggests there may have been opportunities for closer or more formal collaborative working arrangements, it is nevertheless clear that there is a strong and co-operative working relationship between delivery partners, and mutually beneficial opportunities to learn.

7.2.4 Outcomes and impacts

- Evaluation feedback from beneficiaries, staff and stakeholders indicates that overall, ESNE (2) has made good progress towards the achievement of outcome and impact indicators included in the project's logic chain.
- The majority (70%) of beneficiaries responding to the survey reported that they had gone on to start a business following support from the project, the majority of which (86%) continue to trade. The new businesses operate across a variety of sectors, providing a wide range of products and services. These new businesses will help to create a more diverse business base in the region.
- The new businesses created collectively generate annual turnover of approximately £2.98m, and have created 170 new FTE jobs, helping to increase the employment base in the region. As these figures are based on survey feedback from a proportion of beneficiaries, actual turnover and job creation may be higher.
- The project has also had a positive impact on beneficiary awareness of enterprise, entrepreneurial skills and confidence, and desire to start up in business, as well as on general self-confidence and quality of life, including better work-life balance and increased income.

- The net additional GVA impact of ESNE 2 is £3.5m. Including persistent effects, the GVA impact is estimated as £10.06m. The programme has also generated a positive return on investment of £2.41 (net additional) GVA generated for every £1 of public funding invested.

7.3 Lessons and recommendations for those designing and implementing similar interventions

- Using online resources and remote delivery methods can add significant value to the overall enterprise support offer, making the support more accessible to a wider range of clients and making delivery more flexible. Digital technology also offers a low risk and cost-effective way to widen the scope of workshops, with more specialist and sector specific content. Therefore, whilst there remains a need and a strong appetite for face-to-face delivery, providers can improve the overall quality and efficiency of their business start-up programmes through the integration of remote and online delivery.
- Specific start-up needs and challenges can vary significantly between different clients, based on their existing skills, abilities, experience and economic circumstances, as well as in the type of enterprise they are choosing to set up. While there are many common areas of knowledge that can be delivered efficiently and highly cost-effectively through workshops, the use of additional subject experts offers the opportunity to create a more tailored and bespoke service to complement and enhance this more general support. This can be particularly effective when providing hands-on practical support, for example in developing financial, marketing, and social media skills.
- A key challenge often faced by organisations delivering funded business start-up support is the need to balance engagement and promotional activity, project monitoring and administration, and customer service to maintain client engagement and progression, whilst maximising the time available for Business Advisors to deliver workshops and tailored advice and support. Whilst the extent to which delivery organisations can provide additional staff to support Business Advisors is often constrained by the overall staff resources available on each project, there may be opportunities to free up the time of Advisors whilst also improving customer support, as well as retention and progression rates. For example, this could be achieved by creating a client triage and support role on projects, or by incorporating elements of this work into the role of existing project support staff.

7.4 Lessons and recommendations for policy makers and DLUHC

- It is anticipated that ESNE will lead to the creation of new businesses and jobs, helping to diversify the business base and reduce unemployment in the local area. However, there is no formal ERDF contractual requirement for NEEAL and the delivery partners to monitor performance and evidence these important impacts on beneficiaries and the wider economy. Including business starts, survival and jobs created as formal targets could be considered by policy makers when designing future enterprise support interventions. In addition to ensuring these outcomes are monitored more rigorously, this would also provide a more meaningful assessment of overall project impact.

- While ESNE support is tailored to individual need, to meet the ERDF targets for the programme, the partners are required to provide at least 12 hours of support to each beneficiary. However, evaluation evidence indicates that some clients are able to start-up and sustain successful businesses before they reach this 12-hour threshold. Once the business has been set up and the individual feels confident in what they are doing, their priority is naturally to focus on running their business. At this point it is difficult, and often unnecessary, to engage them in further support. Nevertheless, the support they have received has often been instrumental in getting them to this point in their enterprise journey, and partners have dedicated significant resources to delivering this support. Whilst it is understandable that some parameters are in place to ensure that public funds are used responsibly and effectively, this suggests that more meaningful outcomes to measure impact and value for money are required. For example, targeting start-up and survival rates, rather than hours of support delivered.
- Delivery Partners highlighted in their feedback the benefits of the additional flexibilities granted by MHCLG during the Covid pandemic, which have for example enabled them to support a wider client base, as well as simplifying administrative processes through the use of electronic signatures on paperwork. DLUHC may wish to consider maintaining such flexibilities in future, to enable the deliverers of enterprise support programmes to streamline administration processes and to respond more quickly to changing market contexts and client needs.

Appendix A: Acknowledgements

New Skills Consulting would like to thank the following for their input to the evaluation:

Name	Organisation
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