

WORK
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Summative Assessment of U Start

A Final Report by Hatch
June 2023

Lancaster University

Summative Assessment of U Start

June 2023

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Appendix A - Consultees

Disclaimer & Limitations of Use

Executive Summary

- i. Hatch was commissioned by Lancaster University to undertake a Summative Assessment of the U Start project. The U Start project is required, as part of its grant funding requirements, to complete a Summative Assessment for the project prior to closure.
- ii. U Start commenced in April 2016 and was initially a £1.8m project, with c£1.1m ERDF investment and c.£700,000 Match funding. The project focussed on encouraging the entrepreneurialism of students, graduates, and staff of Lancaster University (LU) and the University of Central Lancashire (UCLan), as well as increase the resilience of existing and potential future businesses in the region. Two Project Change Requests (PCR) extended the length of the project from completion in June 2019 to 30th June 2023, as well as increasing the budget of the project to £5 million (£3 million ERDF funding and £2 million match funding)
- iii. This evaluation report covers the delivery period from April 2016 to June 2023, and considers the project's strategic fit (both at the start of the programme and throughout delivery), financial and delivery performance, beneficiary outcomes and impacts, a value for money assessment, in addition to a qualitative assessment of the programme's delivery and management).

Project Relevance and Consistency

- iv. The U Start project has centred on the entrepreneurship of students, graduates and staff of both partner HEI's, as well as latterly supporting existing businesses, to collectively respond to issues in the Lancashire LEP of lower-than-average GVA, lower than average levels of entrepreneurialism and low levels of graduate retention.
- v. The U Start project has remained well positioned to provide business support, despite an active and diverse business support landscape in which other start-up support services are available, because of the unique nature of its beneficiaries. Particularly with the high proportion of beneficiaries who were students and alumni of both Higher Education Institutions, the project has been important for supporting the entrepreneurs of the future to be more resilient- whether that be as a business owner or in any other graduate job.
- vi. The case for investment in entrepreneurialism has been magnified by the cost-of-living crisis, with rising costs and inflation providing greater incantations to generate alternative or additional income.

Progress Against Contractual Targets

- vii. By the end of the project in June 2023, the project is expected to meet 95% of its revised expenditure and P11 targets, which claims the number of potential entrepreneurs assisted to be enterprise ready. The project is expected to surpass its C1 and C4 output targets, which counts the number of enterprises receiving (non-financial) support.
- viii. Where the project has faced difficulty against its contractual targets has been though the C pathway targets. The target number of employment increases (C8s) and new products to market (C28) were stretching and described as overambitious by consultees, with an estimated 66% and 40% of the revised targets will be reached by project closure respectively.

- ix. The project supported a larger number of beneficiaries than could be claimed against the strict ERDF contractual targets. Often this was because not all beneficiaries reached the full 12-hour threshold needed to be claimed as an output. Further projects could look to relax the 12-hour threshold.

Delivery and Management Performance

Management and Governance

- x. The set up for the delivery of U Start was designed based on previous experience that the two partner institutions had together delivering other ERDF funded projects. The delivery team built strong relationships with one another, with effective operations and steering group meetings, as well as overseeing a successful transition to online during the Covid-19 pandemic.
- xi. The Memorandum of Understanding (MoU) established with Boost was intended to increase the number of beneficiaries engaging in support through an established referral pathway. Whilst referrals from U Start into Boost can be evidenced, referrals into U Start from Boost were not as fruitful, as demonstrated by only one of fifty-six survey respondents stating they found out about U Start from Boost. Having a more cooperative working relationship with other business support offerings in the region could be critical for securing future funding for the region, so efforts should be made to reflect on what has and what has not been effective in the case of the U Start project.
- xii. Both universities suffered with staffing issues throughout the lifetime of the project, with consultees describing the challenge of recruiting staff on a short-term contract basis. This left several members of staff performing multiple roles at once, as well as contributing to the underspend on the project.

Marketing and Engagement

- xiii. The approach to the marketing of U Start was to hide the wiring and avoid advertising U Start as a brand due to the time limited nature of the project. Instead, U Start was embedded into the already established entrepreneurship offerings of Propeller (at UCLan) and Work in Progress (at LU).
- xiv. Each university partner managed their own marketing, with advertising on campus, the use of the university careers website, email newsletters, as well as university lecturers being important for attracting potential students, staff, and alumni onto the project. Having a physical space on campus to engage with potential beneficiaries was also described by consultees as essential for engaging new beneficiaries.
- xv. Survey respondents show that meeting a representative from the project (13%) was the most successful way to recruit beneficiaries onto the project, with advertisements and word of mouth also important for engagement (both 13%).

The Support Offer

- xvi. The support offer from U Start was centred around providing group workshops and one to one mentoring sessions, to achieve the goal of increasing the number, and the resilience, of graduate start-up businesses in the Lancashire region.

- xvii. The majority (>90%) of beneficiaries were satisfied or very satisfied with the overall support they received during their time on the U Start project.
- xviii. The survey undertaken highlighted some important points, including:
 - 74% of the respondents to the survey were a student or graduate of Lancaster University or UCLan, whilst 11% were staff of either HEI. This shows that the majority of beneficiaries supported were internal to the universities, as opposed to external businesses seeking support (13% of respondents).
 - The most popular type of support received were group sessions. 54% of respondents at Lancaster university took part in group activity, whilst 36% of respondents said they took part in group workshops at UCLan.
 - The support offer successfully pivoted online during the Covid-19 pandemic, with project staff, case study beneficiaries and survey respondents noting the quality of delivery was not negatively impacted. Future project could look to see how a hybrid model could work in order to maximise the reach and accessibility of support.

Outcomes and Impacts

- xix. 94% of survey respondents stated they have achieved or made progress with their objective of learning how to start a business, whilst 56% of respondents, when they were asked what they have done since receiving support, answered that they have gone on to start a business or entered self-employment.
- xx. Multiple benefits were cited by project beneficiaries resulting from the support they received, that are not formally monitored under ERDF output requirements. It is recommended that future programmes look to proactively monitor these wider metrics such as graduate employment, freelance employment, as well as other benefits such as increased confidence and the commercialisation of research.
- xxi. Indicative assessment of the project's impacts is positive, identifying net additional GVA per £1 invested (all funding) of £1.50. This is despite a project which focuses much of its activity on pre-start businesses. The project also compares favourably with other business support projects in terms of cost-per output ratios. The exceptions in value for money metrics are cost per job, which are typically high for start-up support projects, and cost per new product brought to the market, which also tend to be benefits that accrue as a business becomes established.
- xxii. The wider benefits of the project are recognised in the summative assessment, which points to improvements in the confidence and knowledge of individuals to start a business, the development of valuable personal networks, and the likelihood that the project will make a positive contribution to enterprise activity in the areas in which the universities are located.

Recommendations

- 1) **Recommendation 1 - Continue to support entrepreneurship as an employment option:** The important role that universities play in fostering entrepreneurship has been underlined by the U Start project. With the project and ERDF funding coming to an end, steps should be taken to ensure this type of support can continue to help encourage and support the next generation of startup businesses in Lancashire . One way to do this could be through university courses.
- 2) **Recommendation 2 - Ensure services are responsive to demand:** Local, regional and national economies are continually changing with developments in technologies, products, services and markets. Future projects should be designed to be sufficiently flexible to gear entrepreneurship advice to demand for the specific types of business which are likely to emerge as these changes occur.
- 3) **Recommendation 3 - Ensure that future output targets are realistic:** Although the U Start project was well designed overall, consultees highlighted the legacy of overambitious target setting by observing that although the targets set out in the PCR were more realistic, they remained stretching. The underperforming against project targets for both C8 and C28 targets reflect this overambition. Future planning of targets for outputs, particularly employment and turnover targets, should therefore be realistic for the target audience of the support.
- 4) **Recommendation 4 - Assess and improve beneficiary aftercare:** The requirements of meeting ERDF and other funder targets, and the resources involved, can result in a lack of follow-up contact with those supported by a project. The universities should review their follow-up procedures and explore ways of maintaining and potentially providing further advice or onward referrals to beneficiaries 1 year plus after support. New start-ups typically find early stage business activity challenging, and there may be some benefit to survival rates and growth in doing this.
- 5) **Recommendation 5 - Proactive monitoring of wider benefits:** Case study and survey results from this evaluation have highlighted that the benefits of U Start go beyond the specific ERDF outputs. The monitoring of such benefits, including securing a graduate job, increased confidence, or the expansion of a personal network, are all important impacts of the project which are not monitored, but are indicators of success to consider for future projects.
- 6) **Recommendation 6 - Work More Closely with the Wider Lancashire Ecosystem:** The evaluation highlights the working relationship between the two partner HEI's and external business support providers such as Boost were not as fruitful as they were intended in the application. The referrals pathway into U Start from Boost did not materialize as outlined in the Memorandum of Understanding. However, as ERDF funding is phasing out, there would be merit in universities identifying external strategic partners and looking at opportunities to successfully collaborate to secure future funding.

1. Introduction

- 1.1 Hatch was commissioned by Lancaster University to undertake a Summative Assessment of U Start, a £1.8m project part-funded by ERDF that sought to deliver more resilient graduate start-up businesses in Lancashire and support the individuals involved to be enterprise ready. Through this, U Start aimed to increase the number of graduate new business owners engaging in support through Boost, through a referrals pathway established by a formal MoU.
- 1.2 The start date for the project was April 2016, with an original end date planned for the end of March 2019. Following three project change requests, the current agreed activity end date is the 30th June 2023.
- 1.3 The planned objectives for the project were to:
 - Foster a more entrepreneurial society, reduce barriers to starting up a business and support early-stage entrepreneurs
 - Deliver more resilient graduate start-up businesses
 - Engage beneficiaries in enterprise readiness and new business support
 - Introduce beneficiaries to innovative and effective planning tools that will increase their chances of success and reinforcing the support provided through Boost Growth Hub
 - Include group and 1-2-1 interventions, delivered physically and online, through enterprise educators, mentors, business advisors and entrepreneurial peers.

Evaluation Approach

- 1.4 The purpose of conducting a Summative Assessment is to gain an independent understanding of the project performance, impacts and value for money, in addition to exploring the mechanisms through which these impacts have been achieved and insight into what and why delivery approaches work. This includes reviewing any examples of best practice, challenges experienced and lessons which can be applied in future projects.
- 1.5 The evaluation adopts a Theory of Change approach which is consistent with the requirements of the ESIF Programme, the Ministry of Housing Communities and Local Government (MHCLG) guidance on the preparation of the Summative Assessment and other associated guidance.
- 1.6 This Summative Assessment provides a final evaluation to assess the overall performance of the project against contractual targets, review its delivery and management, analyse performance against intended impacts, and generate conclusions and recommendations to be considered by Lancaster University as the grant recipient, UCLAN as the other key project partner, and organisations designing and implementing similar interventions or developing related policies in future.
- 1.7 The Summative Assessment is structured to meet the ERDF Summative Assessment Guidance and the requirements of the brief. The Department for Levelling Up, Housing and Communities (MHCLG, Ministry of Housing Communities and Local Government) have provided guidance on the preparation of the Summative Assessment which states that the report must cover the following five themes. These are tailored to the project context and all strands of research are synthesised to clear and well evidenced conclusions and lessons tailored to internal and external audiences.

- **Relevance and consistency:** a review of project design and context which fully and critically explores all aspects of the project's intervention logic and market failure rationale.
- **Progress against the project's contractual targets:** considering performance against expenditure profile, output targets and horizontal principles and identifying the factors which explain performance.
- **Experience of delivering and managing the project:** analysis of the effectiveness of project implementation to build a picture of how the project was delivered and managed, identifying what has worked well and less well.
- **Analysis of outcomes and impacts attributable to the project:** providing an initial summary of project impacts, harnessing qualitative insights from SME beneficiaries and setting out the extent to which additionality is being achieved.
- **Cost effectiveness and value for money:** modelled using self-reported data from the beneficiary survey to provide a clear quantitative assessment of the return on investment (expected and actual) associated with the project.

1.8 These requirements are met through an evaluation methodology which has used a combination of quantitative and qualitative research methods. The evaluation draws on a variety of relevant information, data and qualitative insights including:

- **A review of background documentation:** and approved project logic model, submitted as part of the ESIF bid, to understand in detail and assess its continued relevance.
- **Detailed analysis of the project monitoring data:** captured by the team (including claims data, in addition to beneficiary monitoring data) and via beneficiaries to assess performance against financial and output targets.
- **A review of delivery context:** encompassing consultations with delivery partners and project stakeholders, capturing perspectives on project design, delivery and the mitigation of challenges, governance and impacts.
- **Beneficiary consultation:** including a web-based SME survey and in-depth interviews with a sample of beneficiaries. This explores beneficiary motivation for seeking support, views on experience and quality of intervention, outcomes, impacts (actual and expected), attribution and views on how the project could evolve better to meet their needs and support growth ambitions.
- **Quantitative impact analysis:** to obtain a more granular view of the economic impacts experienced by beneficiaries by grossing up impacts of the surveyed businesses, making gross-to-net impact calculations and assessing value for money for the net impacts achieved.

1.9 Although use of self-reported beneficiary surveys has its limitations as a means of estimating economic impact due to the potential for businesses to incorrectly recall or misreport the changes in business performance and the contribution of support, our evaluation scoping concluded that this was the most appropriate method, given limited opportunity to use counterfactual methods.

1.10 This will be supplemented by a small selection of case studies which will provide additional qualitative insight that explores in more detail the complexity of the mechanisms through which business support can generate and sustain impacts.

Dissemination of the Summative Assessment

- 1.11 Dissemination of the Summative Assessment key findings is essential for transparency and accountability purposes, in addition to ensuring that the findings are drawn on to inform the remaining delivery of the project, and the design, delivery and strategic direction of future projects.
- 1.12 The findings of the Summative Assessment are expected to be shared with a variety of stakeholders in a number of formats, such as print, on-line and through local media channels. Stakeholders include funding bodies, University Senior Management, project delivery staff, beneficiaries, the academic community and business networks.

Structure of the Evaluation Report

- 1.13 The final evaluation report is structured around the following topics:
 - **Section 3: Project Context.** This will consider the project logic model, alongside the economic and policy context in which the project was designed, including the nature of market failure, project objectives and rationale for the delivery approach. We will also consider the changes in economic and political environment which may have impacted the projects continued relevance and delivery rationale.
 - **Section 4: Progress against Contractual ERDF Targets.** This will consider the progress with project implementation in terms of performance against expenditure profile, output targets and horizontal principles.
 - **Section 5: Delivery and Management Performance.** This will provide a more qualitative analysis of the implementation of both the capital and revenue elements of the project, the project's delivery performance and consider the challenges and achievements in terms of different elements of project delivery.
 - **Section 6: Experience of Beneficiaries.** This will provide a review of the beneficiary journey, outcomes achieved, and satisfaction with support based on case study evidence. This section will also review the characteristics of beneficiaries supported to date, drawing on a review of project monitoring data.
 - **Section 7: Impacts and Value for Money.** This section will analyse the full impacts of the project and its value for money.
 - **Section 8: Conclusions and Recommendations.** This section will synthesise the evaluation findings drawing on evidence from all research strands, outlining the conclusions that can be drawn and emerging recommendations to inform the remaining delivery period.

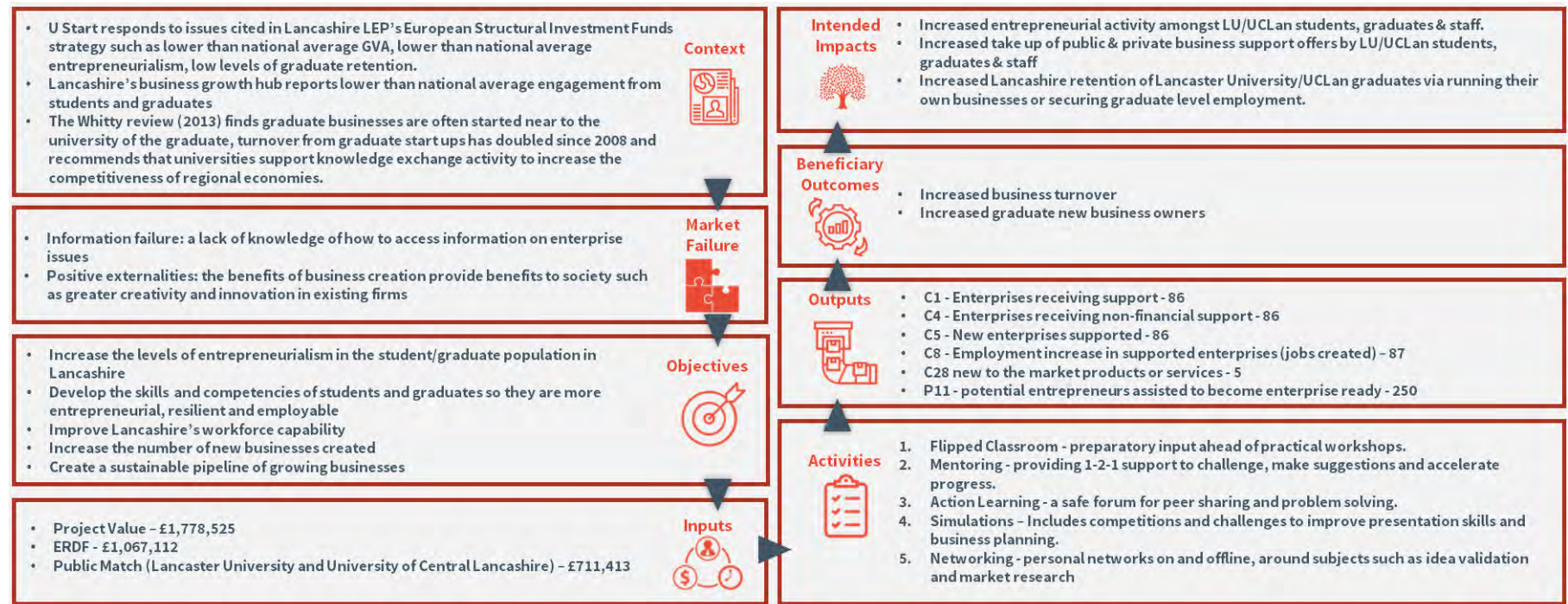
2. Project Context

- 2.1 This section reviews the economic and policy context in which U Start was designed. It explores the nature of the market failure it was seeking to address, and the related project objectives and rationale for the delivery approach adopted. It includes critical analysis about the appropriateness of the project design, given its objectives.
- 2.2 It then reviews changes in the economic and policy environment which may have impacted on the delivery of U Start, assessing the continued relevance and consistency of the project in light of any changes that occurred during its delivery period.
- 2.3 The analysis in this section has been informed by:
- A review of background documents for the project, including the project's original ESIF application form and other internal project management and delivery documents
 - Desk-based analysis of relevant social and national policy documents and socioeconomic data
 - Interviews with members of the project management and delivery team (a full list of consultees is provided in Appendix A).
- 2.4 This section draws on U Start's ESIF application form and logic model and as such reflects the project's original expectations and vision. Since the funding agreement was signed, there have been changes in the way the project has been delivered in practice. These changes and the rationale are analysed further in sections 3-5.

Project Logic Model

- 2.5 The intervention logic underpinning the need for U Start is presented in Figure 2.1. The model tracks the project's rationale to its intended outcomes in a sequential manner.

Figure 2.1 U Start – Logic Model



Source: Hatch, drawing on the project logic model

Strategic Context

- 2.6 U Start supported **Priority Axis 3: Enhancing the competitiveness of small and medium enterprises**. More specifically, the project responded to **Investment Priority Axis 3a**, to promote entrepreneurship through the facilitation of the economic exploitation of new ideas and fostering the creation of new firms.
- 2.7 At both the national and the regional level, policies were in place that are critical for understanding the strategic context at the time of U Start's inception, and closely aligned with the initiative's ambitions within the priority sectors of advanced manufacturing, low carbon energy, creative and digital, social enterprise, and health sector innovation.

National Level

- 2.8 At the time U Start was designed, national level business and economic policy was driven by **the UK's Industrial Strategy**¹. The strategy focussed primarily on technologies of the future, stressed the important role that universities play, and the role of innovation underpinning growth and productivity across sectors.
- 2.9 The U Start project was designed to respond to the strategy by capitalising on innovation assets of UCLan and Lancaster University, developing high growth sectors and facilitating spin off businesses. This in turn aimed to improve rates of business start-up and job creation in Lancashire.
- 2.10 **The Witty Review of Universities and Growth**² emphasised the important role business schools' play in increasing the contact between SMEs and universities. Most beneficiaries of U Start already had pre-existing relationships with either of the HEI partners- whether that be as student, staff or alumni of the Lancaster University or UCLan - but the project sought to strengthen these ties to deliver more entrepreneurial mindsets and more resilient SME start-ups in the Lancashire region. Contact between university and business took the form of activities such as mentoring and 1-2-1 support, simulations and networking which made the most of this opportunity.
- 2.11 **Business-University Research Collaboration: Dowling Review**³ highlighted the benefits stemming from of strategic business-university research collaborations. Not only can this collaboration improve business performance through developing new techniques or technologies, de-risk investment in research, and extend the capabilities and expertise available to the firm, but for the UK more broadly, investment in collaborative R&D can drive growth and improve productivity levels. Public funded projects such as U Start helped drive this relationship between business and the academic base at both Lancaster University and UCLan, and actively encouraged both business and academic entrepreneurship within the Lancashire LEP.

¹ Department for Business, Energy and Industrial Strategy, Industrial Strategy: Building a Britain Fit for the Future, 2017

² Department for Business, Innovation and Skills, Sir Andrew Witty's Independent Review of Universities and Growth, 2013

³ Department for Business, Innovation and Skills, Business-university research collaborations: Dowling Review, 2015

Regional and Local Level

- 2.12 At the regional level, the project was designed to align with the **Lancashire Strategic Economic Plan (2014)**⁴. The strategy was defined as ‘A Growth Deal for the Arc of Prosperity’. Amongst its priorities were to continue to work with universities to achieve a step-change in local economic performance, helping to close the productivity gap in Lancashire, and establishing industrial links with key international markets.
- 2.13 The U Start project, which targets the Lancashire LEP area, directly responded to the ambitions of the 2014 Strategic Economic Plan by aiming to establish a strong skills pipeline and resilient start-ups that contribute directly to the local economy. Where beneficiaries have not gone on to start businesses following the support, the project aims to strengthen the local talent base, as such supporting the Strategic Economic Plan.

Project Need and Market Failures

- 2.14 U Start was created with the intention of finding a solution to market failures which had been identified in the evaluation of previous ERDF funding projects delivered by UCLan and Lancaster University⁵. These failures included:
- Information failures – potential entrepreneurs lacked information about the opportunities around entrepreneurship and how to access information on enterprise formation.
 - Positive externalities - the benefits of business creation provide externalities through introducing greater creativity and innovation than existing firms.
- 2.15 These market failures have contributed to lower-than-average local economic output⁶, lower than average levels of entrepreneurialism and low levels of graduate retention, as identified by Lancashire LEP's European Structural Investment Funds Strategy. The U Start project sought to tackle these issues through its focus on entrepreneurs and businesses within the geographical area.
- 2.16 Without ERDF funding, the U Start project would not have been able to go ahead. Private sector investment to encourage and develop new start-ups is minimal outside the small number of angel investors which tend to focus on highly specific types of new enterprise - for example, so-called ‘tech’ start-ups. As the riskiest form of business, this also mitigates against intervention by the private sector. Public sector funding was also scarce.
- 2.17 The U Start initiative was aligned with other support services. For potential start-ups who were unsuitable for U Start support there was a referral system in place directing them towards the Boost growth hub programme. This therefore created a clear pathway of support for those who could not participate in U Start, but also for those who have left the U Start project but wish to build on support they had previously received.

⁴ Strategic Economic Plan: A Growth Deal for the Arc of Prosperity, 2015-2025, Lancashire LEP

⁵ For example the NW Enterprise Champions project 2009-2014.

⁶ Lancashire's GVA is 77% of the national average

Objectives

- 2.18 The main aim of the U Start project was to increase business start-up rates in the Lancashire LEP area. To do so, U Start aimed to deliver against the following set of priorities:
- Increase the levels of entrepreneurialism in the student or graduate population in Lancashire
 - Create jobs within Lancashire
 - Introduce new products to market
 - Increase the resilience of start ups
 - Address the GVA deficit
 - Attract and retain graduates
 - Develop an entrepreneurial culture at the partner universities
 - Develop a flexible enterprise support curriculum.
- 2.19 These objectives were well-aligned with the policy priorities identified by the LEP, evidence on lagging start-up rates and their knock-on effect on economic performance, and the findings of previous evaluations about the forms of support necessary to stimulate enterprise.

Inputs

- 2.20 U Start project was initially a £1.8m project, funded by ERDF, Lancaster University and UCLan as shown by Table 2.1. ERDF was the main funding source, covering 60% of the costs (£1,067,112), with the remaining amount funded by University of Lancashire and UCLan.

Table 2.1 U Start Project Funding Sources

| | ERDF | Lancaster University | UCLan | Total |
|---------|-------------------|----------------------|-----------------|-------------------|
| Capital | £0 | £0 | £0 | £0 |
| Revenue | £1,067,112 | £324,093 | £387,320 | £1,778,525 |
| Total | £1,067,112 | £324,093 | £387,320 | £1,778,525 |

Source: ERDF Grant Funding Agreement, August 2019

- 2.21 The expenditure plan covered the costs outlined in Table 2.2. The main cost was anticipated to be project salaries (78% of all costs), covering the activities of the advisors that were the main method of working with potential entrepreneurs and start-up businesses.

Table 2.2 Breakdown of Expenditure

| Category | Expenditure |
|--------------------|-------------|
| Salaries | £1,382,206 |
| Overheads | £205,319 |
| Consultancy | £90,000 |
| Marketing | £67,000 |
| Office Costs | £17,000 |
| Other Direct Costs | £12,000 |
| Professional Fees | £5,000 |

| | |
|-------|------------|
| Total | £1,778,525 |
|-------|------------|

Source: ERDF Grant Funding Agreement, August 2019

2.22 The key milestones of the original project Grant Funding Agreement were:

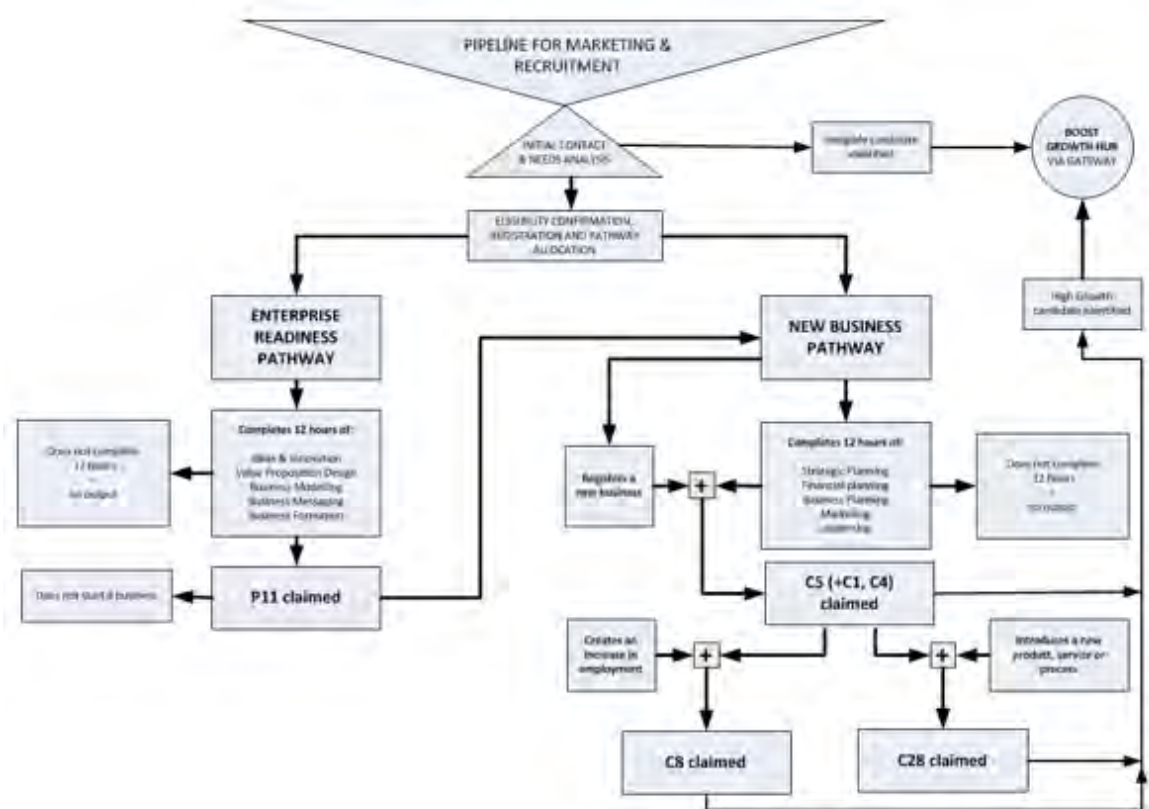
- Start Date: 1 April 2016
- Agreed Financial Completion Date: 30 June 2019
- Agreed Activity End Date: 31 March 2019
- Agreed Project Practical Completion Date: 30 June 2019

Project Activities

2.23 The project was designed to provide beneficiaries with support through two pathways:

- **Enterprise Readiness:** Offering potential entrepreneurs advice and guidance to grow their the confidence in starting a business and develop an enterprise culture. Content included ideas testing, market research, business planning, and business formation.
- **New Business:** Offering new business owners advice and guidance to develop the resilience of the business owner, de-risk and improve the sustainability of the businesses and prepare the business owner to engage in further growth support. Content including strategic planning, business leadership, securing finance, and marketing.

Figure 2.2 Entrepreneurial Journey Outline



Source: ERDF Application Form, 2016

2.24 The project was designed to be delivered through a range of media to enable for scalability and accessibility for all those involved. Specific activities of the project design included:

- **Flipped classrooms:** Participants would be provided with preparatory input and tasks ahead of more practical workshops where groups work together to apply what they have learned.
- **Mentoring:** Mentors would provide 1-2-1 support for individuals, to challenge and make constructive suggestions, to share relevant experience, and to sustain or even accelerate their progress.
- **Action learning:** Beneficiaries would be allocated to Action Learning Sets to establish a safe forum for peer sharing and problem-solving, and to reduce the risk of dropouts through isolation and demoralisation.
- **Simulations:** Competitions, challenges and other simulations would enable learning through the artificial sense of urgency and pressure created by the competitive process. Where appropriate, beneficiaries would be encouraged and supported to engage in these activities to develop their own ideas, presentation skills and elements of the business planning process.
- **Networking:** Beneficiaries would be provided with opportunities to develop their personal networks, on and offline, to extract value from them for their idea validation, market research, partnership development, sales and promotion.

- 2.25 U Start was to be managed by a project manager and supported by a project administrator. The project management board steered the project towards successful delivery, whilst the project advisory board was responsible for compliance. Both boards would be supported by a faculty leadership team. The LU Project Support Unit (PSU) was earmarked to undertake project monitoring of all LU ERDF project delivery.

Outputs, Outcomes and Impacts

- 2.26 The contractual output targets for the project were informed by the core ERDF outputs, as well as the objectives of the funders, Lancashire LEP and delivery partner universities. The output targets were estimated based on a number of assumptions and information, including initial discussions with and identified need from the SME sector. The targets set out in the original application form were as follows:

| Table 2.3 Original Output Targets | |
|--|--------|
| Output | Target |
| C1: Number of enterprises receiving support | 86 |
| C4: Number of enterprises receiving non-financial support | 86 |
| C5: Number of new enterprises supported | 86 |
| C8: Employment increase in supported enterprises | 87 |
| C28: Number of enterprises supported to introduce new to the market products | 5 |
| P11: Number of potential entrepreneurs assisted to be enterprise ready | 250 |

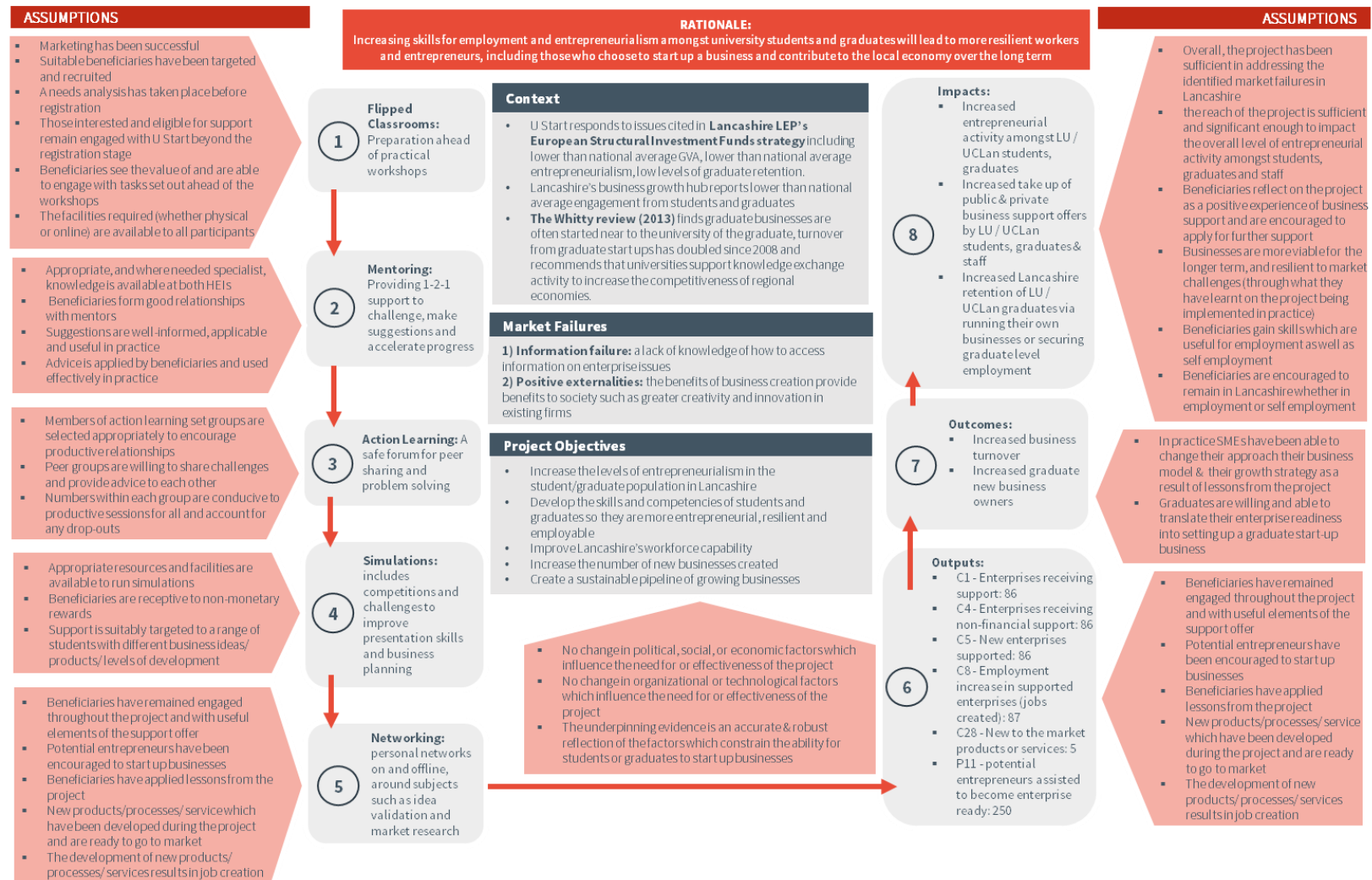
Source: ERDF Application Form, 2016

- 2.27 The project logic model also identified the following intended outcomes:
- Increased GVA
 - Increase in new graduate business owners
- 2.28 The intended impacts of the U Start included:
- Increased entrepreneurial activity amongst LU/ UCLan students, graduates and staff
 - Increased take up of public and private business support offered by LU/UCLan students, graduates and staff
 - Increased Lancashire retention of LU/UCLan graduates via them running their own business or securing graduate level employment

Theory of Change

- 2.29 Figure 2.3 presents the Theory of Change for the U Start project. The Theory of Change diagram traces the step-by-step rationale for the intervention to its intended outcomes and impacts in a sequential manner and explains the assumption which the intended outcomes and impacts depend on.
- 2.30 As such, it is a useful tool to evaluate the U Start project, referencing original intent compared to how the project has performed in practice.

Figure 2.3 Theory of Change



Source: Hatch, 2023

Changes to Delivery Context

- 2.31 This section of the report reviews changes in the economic and policy environment which have impacted on the delivery of the U Start project, assessing the continued relevance and consistency of the project in light of any changes that have occurred during its delivery period.

Key Contextual Changes

- 2.32 Since the project launched in 2016, there have been changes to both the local and national political and economic landscape, which have had a range of impacts on the project's delivery, impact and its continued importance. Key changes to note are:
- **The COVID-19 pandemic** had multiple implications for the project, both in its effect on the university partners themselves and for beneficiaries. In response to UK Government restrictions, both LU and UCLan moved project delivery online and spend profiles were impacted without the ability to deliver in person events. During the pandemic and recovery, there were fewer jobs available for graduates, and limited opportunities for work experience. In turn, the importance of, and demand for, U Start remained consistent throughout the pandemic and recovery period.
 - **Economic conditions and rising inflation** have created a context characterised by uncertainty for the beneficiaries of the U Start project. Covid-19, the UK's exit from the EU, as well as the war in Ukraine are important external factors underpinning recent pressures to the cost of living and whilst this has posed challenges, the appetite for entrepreneurialism has increased as a way to gain an alternative or additional income.
 - **Challenges to staffing** have been prevalent at both universities throughout the length of the project. At UCLan, a university wide restructuring in 2020 moved the U Start project into the Lancashire School of Business and Enterprise and led to the loss of core staff members, whilst at Lancaster there was a consistent struggle to recruit for administrative roles. The fixed term contract nature of the project meant that staffing issues became more acute as the project has neared its completion. This, in turn, placed increased pressure on the team.

Project Change Requests

- 2.33 An initial Project Change Request (PCR) was submitted in September 2017 to reprofile spend and activity between years. The project reprofile enabled the project to make up for lost time which occurred when the project start was delayed due to contracting issues with DLUHC (previously the Ministry for Housing, Communities and Local Government, MHCLG) as the department dealt with EU exit. There was, however, no change to the overall costs or outputs to the original application.
- 2.34 A second PCR was submitted in December 2018 to extending the project by three years as follows:
- Activity End Date: 31st March 2022 (originally 31st March 2019)
 - Financial Completion Date: 31st March 2022 (originally 30th June 2019)
 - Practical Completion Date: 31st March 2022 (originally 30th June 2019)
- 2.35 Expenditure and output targets were also reprofiled. Including a change of total project value from £1,778,525 to £3,866,182 and changes the following changes to output targets:

- Enterprises Receiving Support (C1, C4 and C5) targets increasing from 86 to 198
- Employment Increase (C8) targets changing from 87 to 199
- Number of enterprises supported to introduce new to the market products (C28) targets increased from 5 to 10
- Number of potential entrepreneurs assisted to be enterprise ready (P11) increasing from 250 to 573

2.36 A third PCR was submitted in December 2020. This PCR was necessary due to the impacts of the COVID-19 pandemic requiring a reprofile of expenditure profile and deliverables. Changes included:

- Activity End Date: 30th June 2023 (previously 31th March 2022)
- Financial Completion Date: 30th September 2023 (previously 31th March 2022)
- Practical completion date: 30th September 2023 (previously 31th March 2022)
- Increasing total Revenue from £3,866,182 to £5,026,268.33
- Enterprises receiving support (C1 and C4) targets to increase from 198 to 284
- Number of new enterprise supported (C5) targets increased from 198 to 240
- Decrease employment targets (C8) targets from 199 to 196
- Number of enterprises supported to introduce new to the market products (C28) targets increasing from 10 to 20
- Number of potential entrepreneurs assisted to be enterprise ready (P11) increasing from 573 to 811

Table 2.4 Changes to Delivery Context

| Factor | Changes | Impact on Project |
|-------------------|--|--|
| COVID-19 Pandemic | <ul style="list-style-type: none"> • Since the COVID-19 pandemic outbreak in the UK in March 2020, the Government has enacted several measures, which have restricted economic and social activity, to curb the spread of the virus. • To date, these measures have included but are not limited to three separate national lockdowns, a tiered regional lockdown approach, and restrictions to certain sectors and business' operations. • To support the economy, through the pandemic, the Government introduced several support schemes such as the job retention scheme, bounce back loans scheme and specific sector funding to support vulnerable individuals and businesses which have restricted them from operating normally. | <ul style="list-style-type: none"> • Due to social distancing rules, project delivery shifted from occurring in person to online. Many consultees delivering from both LU and UCLan noted how quickly the move to online delivery was made. A hybrid approach has since continued at both universities. • Consultees explained that, as students were not spending time on campus, the option of marketing the project through on-campus visibility of activities was not available. However, several consultees noted that with normal activities restricted, students were looking for new activities they could carry out at home. One consultee reported that following the pandemic, demand for and engagement in the project increased. • The need for schemes which support employment increased during the COVID-19 pandemic and recovery when fewer jobs were available and opportunities for work experience were more limited. |
| Inflation | <ul style="list-style-type: none"> • The UK is currently experiencing levels of inflation not seen for decades. For small businesses this has manifested as price rises, increased energy costs and raw materials becoming harder to source. The knock-on effect of such pressures has often been the halting of hiring of new employees and stalled plans for growth. | <ul style="list-style-type: none"> • The current cost of living crisis in the UK may have affected incentives for entrepreneurialism, due to increased costs and risks associated with starting a business compared with other employment routes. However, the cost of living crisis may also have encouraged |

| | | |
|--------------------|---|---|
| | | entrepreneurialism as a means to gain alternative or additional income. |
| EU Exit | <ul style="list-style-type: none"> Following UK's exit from the EU, a new trade deal came into place from January 2021. For businesses across the UK the result has been uncertainty, particularly in relation to trade, employment and regulation. | <ul style="list-style-type: none"> The Tier 1 Graduate Entrepreneurship Visa was cancelled. This impacted the demand on the project from international students and was no longer a relevant outcome. |
| Lancashire Economy | <ul style="list-style-type: none"> GVA per head of population in Lancashire is £21,982, a decrease of 4% since 2019. Although the reduction in GVA reflects the England average, the productivity rate is still significantly lower than the rate across England of £29,757⁷. The unemployment rate in Lancashire is 4.9%⁸, compared to 3.7% at the same time last year (and 2.5% in 2020), a marginal increase of 28%. Unemployment is now higher than the national average of 3.9% despite previously being below in 2021 and 2020. Lancashire's business base, similar to the national business base, is predominantly made up of SMEs, accounting for 99.7% of all businesses⁹. Lancashire has a relatively higher proportion of small (9.6% vs 8.5%) and medium (1.6% vs 1.5%) businesses. Latest data for 2019 showed that Lancashire had fewer business births per 1,000 working age population than the national level with 6.9 In the 2020/21 academic year, an estimated 4,257 graduate start-ups were registered. In the North-West of | <ul style="list-style-type: none"> The focus of U Start on supporting start-ups in priority sectors was intended to increase engagement in key industries of the future. With a lower business birth rate than nationally, there is a clear need for potential entrepreneurs and new businesses to be supported to form and be sustained in Lancashire. This has remained the case throughout the project's delivery. The data shows UCLan is particularly successful at establishing Graduate Start-ups that are resilient despite external pressures such as those caused by the COVID-19 pandemic in the 2020/21 academic year. This shows there are opportunities for peer support and networking within the university ecosystem. The extent to which the U Start project has enabled this is explored in chapters 5 and 6. |

⁷ONS, Regional gross value added (balanced) per head and income components, 2022

⁸ ONS, Annual Population Survey, 2022

⁹ ONS, UK Business Count, 2022

| | | |
|-------------|--|---|
| | <p>England, a total of 363 new graduate start-ups were registered in 2020/21. The University of Central Lancashire came fourth highest (42) in terms of the number of Graduate start-ups that were created in 2020/21¹⁰, behind The University of Manchester (47), The University of Salford (48) and The Manchester Metropolitan University (122).</p> <ul style="list-style-type: none"> Regarding active firms that have survived more than 3 years, the University of Central Lancashire totals 489 businesses, which is higher than other HEIs in the region and represents 48% of the total 1,026 in the NW region¹¹. These 489 active firms by the 2020/21 academic year employed over an estimated 1,800 FTE staff. | |
| UK policies | <ul style="list-style-type: none"> Build Back Better (2021): Replaced the UK Industrial Strategy (2017) and identifies levelling up the entire UK, transitioning to net zero and the vision for Global Britain as its three priorities, which it aims to achieve by building on three pillars of growth: infrastructure, skills and innovation. The policy outlines a broad spectrum of actions to bolster innovation, including increasing the international competitiveness of high-growth, innovative businesses and supporting SMEs UK Innovation Strategy (2021): The aim of the UK Innovation Strategy is to make the UK a 'global hub for innovation' by 2035. The strategy commits to fuelling businesses that want to innovate, stimulating innovation to tackle major challenges faced by the UK and the world and drive capability in key technologies. It highlights the | <ul style="list-style-type: none"> The U Start project aligns with overall national strategy supporting growth and innovation. The diversification of growth, with a greater emphasis on the North of England through the Levelling Up agenda, can be boosted by business creation within the Northern Powerhouse region. The project's rationale and objectives respond to the aims of increasing national (and regional) competitiveness through by increasing numbers of business start-ups. |

¹⁰ HESA, Start-ups and Spin-offs, 2022

¹¹ HESA, Start-ups and Spin-offs, 2022

| | | |
|-----------------------|---|--|
| | <p>UK Government's ambition to make the UK a global hub for innovation, placing innovation at the centre of everything the nation does.</p> <ul style="list-style-type: none"> • Levelling Up the United Kingdom (2022): Closely aligned with Build Back Better, Levelling Up focuses on tackling geographical disparities through changed system to the way that government works to deliver the Levelling Up Agenda. At its heart are twelve national missions, which among others, aim to encourage innovation, Boost productivity, and Boost economic growth. | |
| Lancashire LEP policy | <ul style="list-style-type: none"> • Lancashire LEP's Growth Deal has delivered £320 million¹² of government funding to the LEP to support economic growth in the area. This programme builds on local key economic assets (including universities and colleges) and is a key part of the Northern Powerhouse initiative. It is focussed on 4 key themes: <ul style="list-style-type: none"> ○ Releasing Growth Potential ○ Renewal of Blackpool ○ Growing the local skills and business base ○ Innovation and manufacturing excellence • The Growth Deal has close ties with, and continues to support the Boost initiative¹³, which is targeted towards ambitious and fast-growing SME's in the region so they can grow, access to markets and receive government support. | <ul style="list-style-type: none"> • The goals of the U Start project align with the ambitions for the Growth Deal in the Lancashire LEP, including the renewed push towards growth through innovation and building up the skills base. • Upon completion of the project, the Boost initiative can provide valuable follow up support. However, several consultees reported the extent to which the universities and Boost successfully referred between projects was limited. This is explored in more detail in chapter 5. |

¹² [Growth Deal - Lancashire Enterprise Partnership \(lancashirelep.co.uk\)](https://lancashirelep.co.uk/growth-deal)

¹³ Active since 2013. See [Boost – Lancashire's Business Growth Hub - Lancashire Enterprise Partnership \(lancashirelep.co.uk\)](https://lancashirelep.co.uk/boost)

| | | |
|-------------------------------|---|---|
| Lancaster University Strategy | <ul style="list-style-type: none"> ● Lancaster University's Strategic Plan 2021-26¹⁴: Since its last Strategic Plan in 2015, the economic and political context of the UK has changed. The Strategic Plan responds to the new challenges faced regionally and nationally, and seeks to build economic growth and wellbeing in the region. The overarching theme of the plan is that of delivering 'transformative change', achievable through three strategic priorities: <ul style="list-style-type: none"> ○ Research that transforms practice and thinking ○ Teaching and learning that transforms people's lives and society ○ Engage actively with their communities to transform wider society | <ul style="list-style-type: none"> ● The U Start project supports Lancaster University's ambitions for transformative change, by supporting students to create innovative new products, processes and services. |
| UCLan Strategy | <ul style="list-style-type: none"> ● UCLan's Strategic Plan 2021-2028¹⁵: Across 6 priorities, the UCLan strategic plan emphasises its ambitions to become a UK leading university that holds research, innovation and growth at its core through its real-world and practice-based education. In turn, UCLan seeks to create prosperity and opportunity in the local community. ● UCLan undertook a university wide staff restructuring exercise in 2020. | <ul style="list-style-type: none"> ● The U Start project and its activities encapsulate the ideas of practice-based and real-world learning experiences which are central to the university's strategy. U Start activities encourage resilience by increasing skills for work or entrepreneurship. As such, the principles of the UCLan 2021-28 strategy are closely aligned with the U Start project. ● Staff restructuring meant that some core staff were lost and were not able to be replaced. Specifically mentioned by consultees here was the University restructuring in 2020. This process involved the project being moved from the UCLan enterprise and innovation service and into the Lancashire School of Business and |

¹⁴ [Strategic Plan | Lancaster University](#)

¹⁵ [Strategic Plan 2021-2028 - UCLan](#)

Enterprise. One consultee noted how this led to the loss of two mentors and an administrator which mean too few people doing the number of jobs. However, another noted how the U Start service was an offering that was well suited to being within the business school,

- With a set project end date and fixed term work contracts, the team are faced with high levels of uncertainty as to what happens next. Particularly at the latter end of the project this situation led to increased staffing challenges. This has put pressure on those already on the team with some staff performing several roles at once.
-

Relevance and Appropriateness of the Project Design

- 2.37 The rationale for the U Start project was appropriate considering the need and market failure evidence presented in the original application. The project design responded to the rationale and core objectives and identified appropriate outputs, outcomes and impacts.
- 2.38 The project remains relevant within an evolving strategic and economic landscape. It is clear from consultations with the delivery team and external stakeholders that the Lancashire business support landscape has become denser. However, U Start provides a unique offering linking potential entrepreneurs in the UCLan and LU organisational ecosystems with start-up business support.
- 2.39 There is a clear role for universities to enable entrepreneurship, by at least signposting students, graduates, and staff to relevant business support. Delivery of the U Start project by two universities enabled ease of access to support via the pre-existing relationships of beneficiaries with the with the respective delivery university and the physical space on campus. Plus, the academic offering of LU and UCLan means they are well placed to enable knowledge exchange between academics and entrepreneurs.
- 2.40 The project delivery team successfully shifted delivery online in response to the COVID-19 pandemic and submitted appropriate project change requests to make the most of the project funding. The pandemic has also increased the need for the project given the disruptions to opportunities for employment experience for students and graduate which increased the need for entrepreneurship experience as a stand-in.
- 2.41 Similarly, need for the support has increased given the cost of living crisis. With higher costs of living, there is a greater incentive to generate alternative or additional income through entrepreneurial activity.
- 2.42 Local and national economic conditions, and economic growth and resilience priorities, also suggest a continued need for U Start activities. UK policy emphasises the need for innovation and productivity – both of which can be targets by developing entrepreneurial skills. Lancashire continues to suffer from a low business birth rate and Lancashire policy remains focused on growing the skills and business base. The project is also well-aligned with university priorities.
- 2.43 Overall, the project continues to be relevant, and its design is consistent with the rationale of the project logic model.

Key Messages

The assessment concludes that the U Start project has remained a relevant and appropriate entrepreneurship support offer.

U Start has demonstrated the value of universities providing entrepreneurship support as a mechanism for knowledge transfer, as well as to foster entrepreneurship among of its students, staff, alumni and local SMEs.

During the COVID-19 pandemic, the project successfully pivoted its offer to online rather than in person delivery. The project management made appropriate use of a PCR to respond to the changing context and reallocate funds accordingly.

Throughout the project, both universities were reactive to the external context of the time, such as the COVID-19 pandemic and cost-of-living crisis. Both of these contextual changes have reinforced the need for entrepreneurship support.

3. Progress Against Contractual ERDF Targets

- 3.1 This section assesses the project's progress in terms of the contractual ERDF output targets and contracted financial profile, and the extent to which it has supported the horizontal principles. It includes a discussion of factors contributing towards any areas of under or over performance.
- 3.2 The analysis draws on the latest data provided by Lancaster University, including copies of quarterly claims submitted and underpinning data. Performance is analysed using the latest data provided, which covers the period up to the end of Q1 2023.
- 3.3 This section also draws on consultations with delivery and management staff which has provided further qualitative insight into the internal and external factors which may have affected project progress.

Progress Against Contractual ERDF Targets

- 3.4 The project's performance as of Q1 2023, and its expected final outturn, are summarised below.

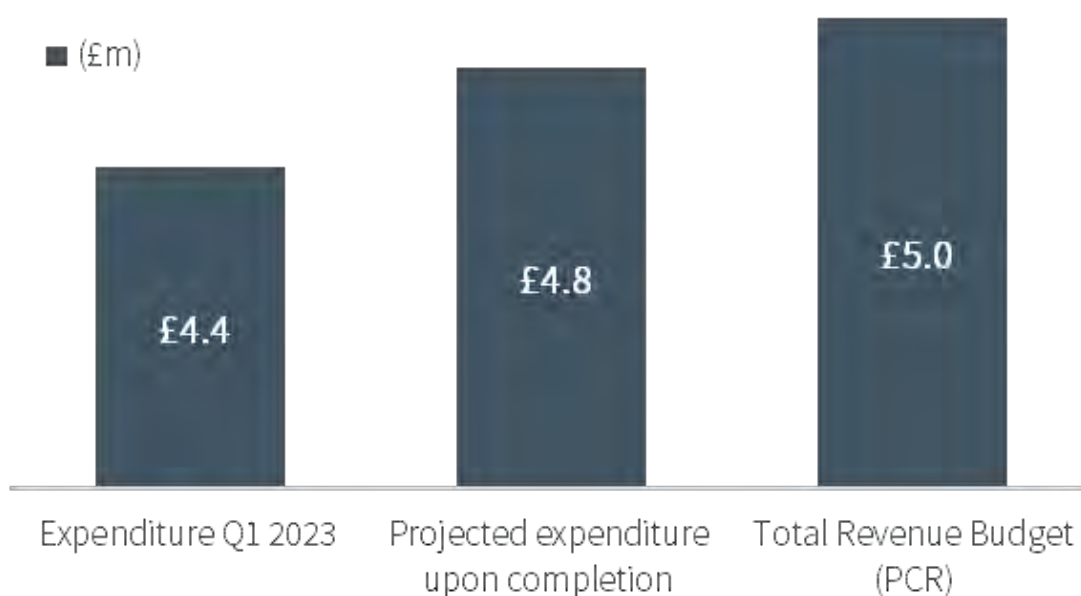
Table 3.1 Spend and Output Performance, Q1 2023

| | Original Targets | Latest Targets | Performance at Date of Latest Available Quarterly Claim (Q1 2023) | | Expected Performance at Project Completion | |
|--|------------------|----------------|---|-------------|--|-------------|
| | | | No. | % of Target | No. | % of Target |
| Expenditure: | | | | | | |
| ERDF | £1,967,112 | £3,015,754 | £2,623,504 | 87% | - | - |
| Match Funding | £711,413 | £2,010,514 | £1,744,320 | 87% | - | - |
| Total | £1,778,525 | £5,026,268 | £4,367,824 | 87% | £4,774,954 | 95% |
| Outputs: | | | | | | |
| P11- Number of potential entrepreneurs assisted to be enterprise ready | 573 | 811 | 746 | 92% | 763 | 94% |
| C1 - No. of enterprises receiving support/ | 198 | 284 | 254 | 89% | 294 | 104% |
| C4 -No. of enterprises receiving non-financial support | 198 | 284 | 254 | 89% | 294 | 104% |
| C5- Number of new enterprise supported | 198 | 240 | 178 | 74% | 204 | 85% |
| C8- Employment increase in supported enterprise | 199 | 196 | 112 | 57% | 130 | 66% |
| C28- Number of enterprises supported to introduce new to the market products | 10 | 20 | 4 | 20% | 8 | 40% |

Financial Performance

- 3.5 A Project Change Request (PCR) was approved in December 2020, which increased the total budget of U Start by 30% to £5,026,268. Of the total budget, 60% was ERDF investment and 40% was public match funding.
- 3.6 As of Q1 2023, the project has spent £4,367,824 which equates to 87% of the revised budget target. Upon project completion, it is estimated that 95% of the total project revenue will have been spent, which equates to £4,774,954.
- 3.7 The Q1 2023 Project Progress Report notes that expenditure remained lower than profiled, as shown in Figure 3.1. Lancaster University noted staff fluctuations for underspend, with UCLan too attributing that underspend can be attributed to staffing underspend, with the loss of the project administrator in January 2023. Staffing has been a constantly fluctuating issue throughout the duration of the project for both universities, as noted in previous PPR reports, and has consistently contributed to underspend. This may have been affected in part by both the Covid-19 pandemic, and the effect this had on the retention of staff, and by the imminent closure of ERDF funding in the UK which has seen specialists in ERDF seek other careers well in advance of closure.

Figure 3.1 Revenue Expenditure, of as Q1 2023



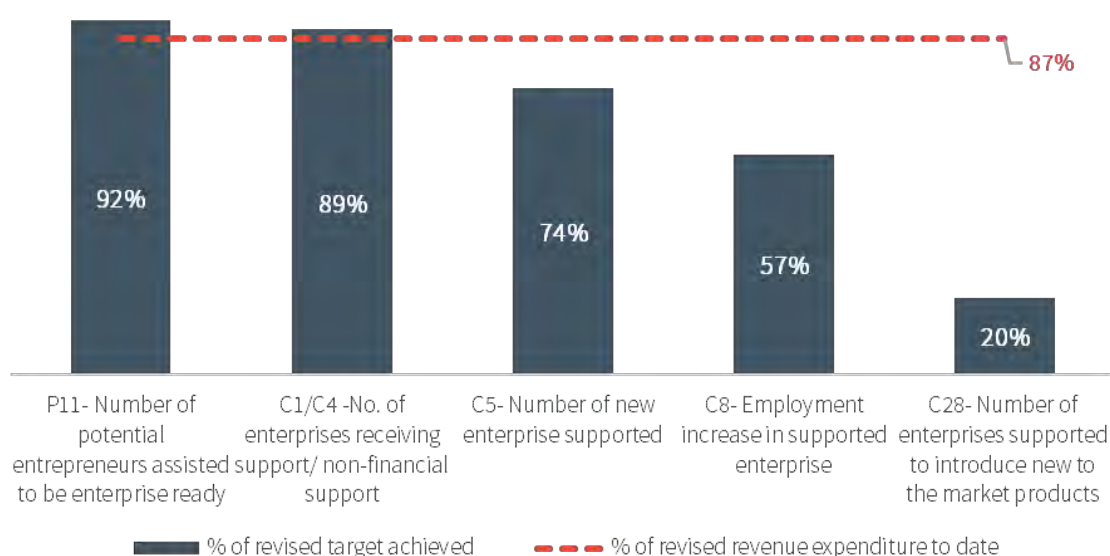
Source U Start Claim Form, Q1 2023; Annex #A PCR Financial and Output Information 03-12-2020

Output Performance

- 3.8 Figure 3.2 shows that, as of Q1 2023, none of the output targets have been achieved. However, the project PPR submitted at the end of Q1 (2023) indicated that all outputs are on or ahead of profile.

- 3.9 The number of potential entrepreneurs assisted to be enterprise ready (P11) is the best performing indicator, with 92% of the target output achieved, and alongside the number of enterprise receiving (non-financial) support (C1/4) was acutely focussed on by both universities during Q1 of 2023.
- 3.10 The employment increase in supported enterprise (C8) target was described as unrealistic in consultations, with one consultee stating they thought the initial targets were naïve and based on the assumption that a larger proportion of P11s would translate into C8s than happened in practice. This was reflected in the 2020 PCR where, despite the extended timeline and expenditure budget for the project, the C8 targets were not adjusted upwards, but rather were reduced by 3 to 196 by project completion. By the end of Q1 2023, 57% (112) of this target has been met.
- 3.11 The achievement of the number of enterprises supported to introduce new to the market products (C28) has seen the weakest performance target to date. This is understood to reflect the time lag between a beneficiary receiving support, and a new product coming to market, as well as lost relationships with beneficiaries several years down the line making it hard to track new to market products. 40% of the C28 PCR target is expected to be met by project completion.

Figure 3.2 Progress against headline output and outcome indicators



Source U Start Claim Form, Q1 2023; Annex #A PCR Financial and Output Information 03-12-2020

- 3.12 Consultees from both HEIs noted that the project stimulated interaction with far more beneficiaries than outputs recorded, due to not meeting the full 12-hour ERDF target requirement. This enabled more individuals to be supported than the outputs suggest. This is a characteristic of entrepreneurship advice and support activity, in which ERDF output requirements are not best-aligned with the flexible nature of the services that potential entrepreneurs require – for example, providing information to an individual who might be thinking about enterprise as a career option is unlikely to require 12 hours of advice.
- 3.13 Furthermore, U Start has supported beneficiaries, the substantial majority of which are students, many of whom graduated after engaging with the service. This has led to difficulties in tracking and contacting beneficiaries via university emails which have been deactivated. This was a

problem exacerbated by Covid-19 which removed the ability to obtain wet signatures from clients for work already completed.

- 3.14 Delivery consultees also reported that the project achieved a number of other outputs that were not measured under the ERDF metrics, and formally recorded as outputs, but which nonetheless are important to consider when evaluating the performance of the project. These include:
- Developing entrepreneurial mindsets.
 - Increased personal confidence.
 - Increased personal and business ambition.
 - Increased employability for graduates
 - Benefits for the Lancashire economy of more entrepreneurial residents, students, and graduates
 - Increased sense of community amongst beneficiaries.

Expected Lifetime Outturn

- 3.15 Table 3.1 sets out the expected performance of the project at closure. The U Start project is expected to utilise 95% of its revised PCR budget, representing an 8 percentage point increase in spending from the end of Q1 2023. Given the challenges presented by staff departures and the pandemic restrictions, this represents a reasonable outcome for the project.
- 3.16 Table 3.1 also highlights the expected lifetime outcomes of the outputs for the U Start project, which are mixed. It is estimated that the number of P11 outputs, which measures the number of potential entrepreneurs to become enterprise ready, will only increase by 2 percentage points between the end of Q1 2023 and the completion of the project in September 2023. The data suggests that P11 outputs have tailed off towards the end of the project, and overall will slightly underperform against the target by 6% (65 outputs) in total.
- 3.17 The project is expected to exceed targets for both the number of enterprises who received support (C1/4), as well as the number of new enterprises supported (C5), by 4 percentage points.
- 3.18 Whilst there is expected to be an increase in C5 outputs, representing new enterprises supported, by the end of the project, the projections suggest that 85% of the revised PCR target will be achieved. This is consistent with a project whose activity has responded principally to demand from students considering starting a business, and what appears to be a limited pipeline of existing enterprises with which the project was able to work.
- 3.19 The most challenging targets to achieve throughout the project have been the C8 and C28 targets, and this is projected to be reflected in the lifetime outturn. There is expected to be an increase in C8 (employment increases) and C28 (new to market products) claims towards the end of the project, which will have been helped by both universities focussing on following up with previously claimed beneficiaries to increase the count. However, both will fall short of their PCR adjusted targets. Upon project completion, it is forecasted that 66% of C8 targets will be achieved and 40% of C28 targets will be met. The reasons for this have been explained earlier in this section and are issues which might be considered in setting appropriate targets for future services of this type.

The Horizontal Principles

- 3.20 The project has responded to the ERDF horizontal principles of equality, diversity, environment and sustainability via Lancaster University's existing policies set up to address these principles. This is achieved by assisting beneficiary businesses to factor the horizontal principles into future business operations and resource planning for new product, process and service development.

Equality and Diversity

- 3.21 Several consultees noted that purposeful actions were not taken to align the project with the Equality and Diversity principle specifically. The project did collect information on diversity amongst beneficiaries at the registration stage, including their age, gender, ethnicity, sexuality and disability. Whilst these underrepresented groups have not been consistently positively targeted to join the project, in the last quarter (Q1 2023) Lancaster University ran a female only entrepreneurship programme.

Environment and Sustainability

- 3.22 The project aligned with the policies of the university which focussed on sustainability and the achievement of goals such as net zero, however such principles were not built into the design of the project itself.
- 3.23 A consultee from LU noted how some events actively encouraged students to think about sustainability such as the Eco-Challenge. The Engagement Academy within the U Start project also enabled beneficiaries to take part in the Engagement Fellowship which supported sustainability outcomes.

Tackling Poverty and Social Exclusion

- 3.24 The project helps tackle poverty and social exclusion by equipping beneficiaries with the knowhow to start a business if they want to. This provides a new route to earning for many. U Start was also available to all who wanted to participate and met the eligibility criteria.

Key Messages

Expenditure performance by the project has been positive despite challenges including the Covid-19 pandemic and its impacts on face-to-face activity by advisors, and the departure of project staff as the ERDF programme began to move towards closure. The final outturn is projected to be 95% of target which is a reasonable achievement in light of these circumstances.

The project's key output target (P11) is expected to reach 94% at project closure. This is a high volume output and the final outturn is understood to be likely to understate the volume of individuals with whom the project has engaged since not all assists will meet ERDF requirements. The C1 assists are expected to exceed the target, which is also a positive performance achievement given the challenge of identifying and working with established businesses.

Significant underperformance is expected against both C8 (employment) and C28 (new products) target. This points to original targets which were set too high given the focus of the project on new enterprises, which are less likely than established businesses, to create and increase employment. The project's challenge in maintaining contact with new businesses who might only be bringing new products to the market well past the time of the assist is

reflected in C28 performance. These are lessons which should be considered in setting future targets for similar services.

Finally, some progress in delivering the horizontal principles is identified by the evaluation. This is a mix of both activity to raise awareness amongst beneficiaries of equality/diversity and sustainability, and the monitoring of performance against the principles. However, it does not appear to have been a strong focus for the project's delivery.

4. Delivery and Management Performance

- 4.1 This chapter provides an analysis of how effectively the project has been implemented and delivered, highlighting factors which explain the project's development and performance. It synthesises findings from consultations with management and delivery staff of the U Start project (a full list of consultees is provided in Appendix). These semi-structured consultations were carried out in January and February 2023 by telephone / Microsoft Teams calls. A list of consultees was provided by both Lancaster University and the University of Central Lancashire, which included current and past management and delivery staff involved in designing and delivering the project.

Project Set Up and Contracting

- 4.2 The U Start application was led by the Lancaster University's staff in the Research and Enterprise Services, supported by the LU Project Support Unit (PSU), and in collaboration with UCLan's Enterprise and Innovation service. The U Start project was governed by a partnership between UCLan and the Lancaster University and each university delivered the project activities separately, but in parallel.

The delivery partners drew successfully on previous experiences of shared project delivery

- 4.3 The two delivery partner teams were experienced in delivering ERDF projects, both individually and as partners. Most notably, LU and UCLan collaborated on the delivery of the Northwest Enterprise Champions project between 2007- 2013. Several delivery consultees noted the strong relationships between the delivery teams at the two universities.
- 4.4 The project sought to facilitate innovative start-up businesses to create jobs and economic output (GVA) in Lancashire. To do this, the project was designed to support entrepreneurship. The project design built upon learning from the previous experience of the two universities, and drew on examples of previous ERDF funded projects that supported student and graduate entrepreneurship. This solid foundation of experience allowed both universities to 'hit the ground running', as one external consultee put it.

There were opportunities for further collaboration

- 4.5 A memorandum of understanding was signed between LU and UCLan, Lancashire County Council, Boost and the Funder. Through this they sought to work together increase the number of graduate business owners who would gain support through U Start and Boost. As discussed below, this activity was limited in practice.
- 4.6 Consultees reported an original intention for other local universities, Edge Hill University and University of Cumbria, to be involved in delivering U Start to heighten the project's influence on the business ecosystem in the North West. Unfortunately, these additional universities were not able to match fund the project and so did not take part.

Project Administration and Governance

- 4.7 At LU, the U Start project operated out of the Research and Enterprise Services. At UCLan, U Start initially sat within the Enterprise and Innovation Service, before transitioning into the Lancashire

School of Business and Enterprise, following a university wide restructure of staff and departments in 2020.

4.8 The project was governed by two groups:

- **A steering group** chaired by the project director and attended by the project managers from both universities and external stakeholders from LCC, BOOST and the Funder.
- **An operations group** of quarterly meetings chaired by the project managers and was attended by the senior project team at each university.

4.9 These were overarching governance and management arrangements which appear to have ensured the presence of senior strategic personnel from the institutions and the involvement of key project management officers.

Project governance arrangements worked well

4.10 Consultees reflected that steering group meetings were a useful way of building rapport between stakeholders. For example, they noted that the steering group meetings offered an important opportunity to demonstrate to the funder what was being delivered as a result of their investment.

4.11 During the COVID-19 pandemic, the meetings continued online. One delivery consultee described these as being quicker and more transactional, but still useful for pooling resources to discuss responses to challenges and future plans. The Operations Group also ran smoothly online.

4.12 It was described in one consultation that the Steering Group was reactive to any issues, rather than anticipating them, and that this arrangement allowed them to adapt as needed with support. One consultee said that because of the success of the project, there had been no need for crisis management.

Changes of staff made administration challenging

4.13 LU's Project Support Unit (PSU) had ultimate responsibility for compliance checks, aggregation of claims, and claim submissions. PSU worked to ensure the U Start project (both LU and UCLan delivery) was effectively planned, managed and delivered so that all contractually agreed objectives were maximised. PSU undertook 100% of the evidence checks during each claim period, which involved collating the necessary evidence before spending and outputs could be submitted to claiming. UCLan's Grants and Funding Unit supported the UCLan's delivery team to ensure UCLan outputs were reported correctly to Lancaster University's PSU.

4.14 Consultees reported that changes in PSU staff at an early stage in the project resulted in administrative arrangements being modified as the new staff settled in. When working with one colleague from PSU consistently, delivery teams report finding it easier to keep track of what was needed.

4.15 Both universities experienced issues around staffing project delivery. Many members of staff were on fixed term contracts, which meant there was a lack of job security beyond the lifetime of the project. This proved to be a more acute issue towards the end of the project, as members of staff moved on to opportunities that offered greater certainty as the ERDF programme reached its end, and it was a struggle to fill vacant positions on a short term contract basis. One consultee noted that there was a lack of secretarial support at Lancaster University throughout the project. Project administration and management roles changed hands several times, or were held by members of staff who already had multiple responsibilities.

- 4.16 These are issues which numerous ERDF projects have faced in the last years of ERDF in the UK. Experience of managing and the administration of ERDF is a valuable commodity, and the loss of experienced staff has had consequences for the consistency and clarity of project management arrangements.

Marketing and Demand Stimulation

Marketing and demand stimulation centred on each university's offer

- 4.17 Marketing the U Start project, was not focused on advertising U Start as a brand, rather the aim was to advertise each university's entrepreneurship support offer as a whole. The aim was to hide the wiring, and embed U Start within the established Propeller (UCLan) and Work in Progress (LU) support offerings.
- 4.18 Internally aimed at students, staff and graduates of both delivery universities, marketing involved advertising on campus, online marketing using social media, use of university careers pages and events, and email newsletters, as well as by sharing information in lecture settings.
- 4.19 It was noted by one consultee that there was a struggle to differentiate the marketing between the different target audiences of establishes businesses as well as potential entrepreneurs, with the same graphics and language used universally. It could have been more effective to have utilised different approaches to marketing dependent on the target beneficiary.

In-person promotion of support was successful

- 4.20 Consultees from both LU and UCLan reported that advertising the support face-to-face was particularly successful at getting potential beneficiaries signed up to the mailing list. In particular, they noted that with an influx of new students and those returning to campus, September was an important time for signing prospective beneficiaries up to communication from the project and in turn, stimulating demand.
- 4.21 At Lancaster University returning into a physical studio space on campus following COVID-19 restrictions, was important to engaging new beneficiaries. This allowed people on campus to see what was taking place and view advertising on the windows. The space also provided the ability to run in-person events such as hackathons, networking events, coffee mornings, to increase footfall and share information on the U Start offer.
- 4.22 Consultees explained that an additional benefit of the project marketing has been a general higher awareness of entrepreneurship as an opportunity among staff and students and graduates. Demand has grown over time as the culture around entrepreneurship shifted.
- 4.23 Consultees also noted that the language used to advertise support to student as opposed to businesspeople was important. More successful marketing routes avoided use of business-related terms.

The support offer was valued by students studying areas which lead onto freelancing roles

- 4.24 Consultees also noted that marketing for the project seemed particularly effective for those students within sectors where freelancing is particularly prominent, such as journalism, art, media, and videography. On the contrary, it was less common to attract people from science and engineering backgrounds onto the project. This could have been to do with project not only operating out of the Business School, but also complementing the curriculum taught in the

business school. Therefore, the project may have seemed less visible and accessible to those whose studies were not located in the Business School on a day-to-day basis.

There was limited referral activity between U Start and Boost

- 4.25 U Start was also designed to align with, and reinforce, the support provided by Boost, whilst avoiding the duplication of services and generating a pipeline of graduates and businesses engaging in support through Boost. Both delivery and external consultees noted that there was not as much referral between the university and Boost as planned in either direction. This was likely detrimental to the number of beneficiaries engaging with U Start and other suitable entrepreneurship or business support projects. One external stakeholder noted how Boost is designed to be the first port of call for potential beneficiaries who can then be pointed in the right direction (whether that be the U Start project or another), but the process did not work this way.
- 4.26 It is not surprising that U Start beneficiaries would be more likely to connect directly via the universities given they are primarily students, staff and graduates. An external stakeholder consultee noted that both universities were a trusted source of support for the beneficiaries targeted, because of the pre-existing relationships of beneficiaries as students, members of staff or alumni. Still, there is value in referrals being made between U Start and Boost, and future services should consider how to make this two-way referral process between services work to best effect.

The support offer was extended to local SMEs

- 4.27 The potential beneficiary base was later opened up to include SMEs in Lancashire. However, given the original focus on the enterprise ecosystems of the two universities, the wider Lancashire start up business base does not appear to have been particularly aware of the project. One consultee also noted that marketing could have been extended to reach out to those people who were at pre-university level to funnel them into the project early on.

Project Delivery

- 4.28 The U Start project had the overarching aim of supporting enterprise readiness and new business starts. This ambition was described by one delivery consultee as therefore operating at the very beginning of the journey into entrepreneurialism (leading to P11 outputs) and new business development (potentially leading to C5 and C8 outputs), and project delivery reflected this.
- 4.29 There were common delivery approaches adopted at both universities, including flipped classrooms, mentoring, action learning, R&D projects, simulations, and networking. However, the specifics of the client journey differed at each university.
- 4.30 At UCLan, the U Start project operated under the university's Propeller services, and delivery involved:
- Four 3-hour weekly workshop sessions, providing the basic information and tools needed to start a business. Beneficiaries could also attend one-off workshops as desired.
 - Mentorship. Whilst the university has worked with mentors before, the U Start project allowed this process to be formalised, including mentoring workshops focused on topics such as marketing, social media, tax returns, website design and finance.

- 1-2-1 mentoring sessions. These were tailored to the specific challenges that individual beneficiaries face. In these sessions, beneficiaries could deep-dive into bespoke topics on a regular basis. Consultees described how there is no linear journey to business, so these 1-2-1 sessions were important for catering to individual needs.

4.31 At LU, U Start operated under their entrepreneurship offer known as Work in Progress. U Start offered two strands of support:

- Advice and guidance for people who wanted to develop their entrepreneurial skills and prepare for the workplace. U Start is positioned right at the beginning of the journey into building a business, and workshops reflect this including covering topics such as how to build a website, how to complete a tax return, how to utilise social media
- Support for those who already had pre-existing businesses. This involved either a 12-hour intensive bootcamp held over 2 days, or the Start Up Validation programme, which included 12 hours of support over a longer period of time. Most business owners chose the bootcamp support option.

The project design responded flexibly to need wherever possible

- 4.32 U Start was designed to provide the opportunity for different client journeys dependent on their need. Consultations suggest that delivery was flexible and reactive to the needs of beneficiaries.
- 4.33 U Start workshop content was focused in response to feedback on the beneficiaries' needs. Popular topics have included social media, website design, tax returns and finance. The delivery teams were also able to call on academics for any specialist support needed.
- 4.34 Delivery teams noted how the combination of one-to-one mentorship support, alongside workshop sessions were effective at providing beneficiaries the flexibility to deep dive into specific topics or issues they had, whilst still being able to learn interactively in a group workshop setting.
- 4.35 Some beneficiaries noted that workshop sessions primarily focussed on the start-up or prestart up stage of a business and for those who were further along in the entrepreneurial process the group sessions were therefore less relevant.

There were drawbacks to the workshop-based format for some participants

- 4.36 The workshop format was not ideal for all participants. For example, beneficiaries with caring responsibilities and students with timetable clashes would have benefitted from shorter sessions. One consultee suggested holding workshops on a variety of days and times would have helped with this.
- 4.37 The shift to online delivery was successful but it was reported that in general beneficiaries preferred in person support. To some extent, the pandemic led to increased demand given people were looking for opportunities to get involved in something new while the range of activities they could be involved in was limited.

The project team was important to the success of the project

- 4.38 Delivery consultees report that beneficiaries can find it overwhelming to set up a business but this becomes easier with U Start support. They believe that the skills of the delivery teams have been vital to this success. Important qualities for the delivery teams included enthusiasm, getting on well with students and problem-solving skills.

Key Messages

Overall a positive picture of delivery arrangements, including governance and management. The project succeeded in reaching a high volume of individuals interested in or ready to start a business, despite the significant constraints imposed by the pandemic.

Generally, the evaluation found consistency between how the project was delivered across the two universities, assisted by a central project management team and supporting governance arrangements that brought together individuals of appropriate strategic authority.

Evidence on the marketing of services suggests that face-to-face engagement seems to have been a more productive route to reaching beneficiaries than online resources, although both worked in tandem. This is more labour intensive, but may be more effective when individuals are not aware of the option to start a business or are faced with crowded online and social media messaging.

The evaluation found some weaknesses in the effectiveness of cross-referral between U Start and other business support programmes including Boost. This could be the result of combination of U Start focusing on university students and staff and a project with its 'own' targets to meet, and the much broader reach of the Boost service. This is an issue to consider for future services.

The delivery of services was well-structured with a clear offer provided by each of the universities. Workshops enabled the project to deal with a high volume of interested individuals through one-to-many sessions, and to tailor sessions thematically in response to what the universities identified as beneficiaries' needs. There is some suggestion that beneficiaries would have welcomed more one-to-one advice, or greater flexibility in when and how the workshops were timed and delivered.

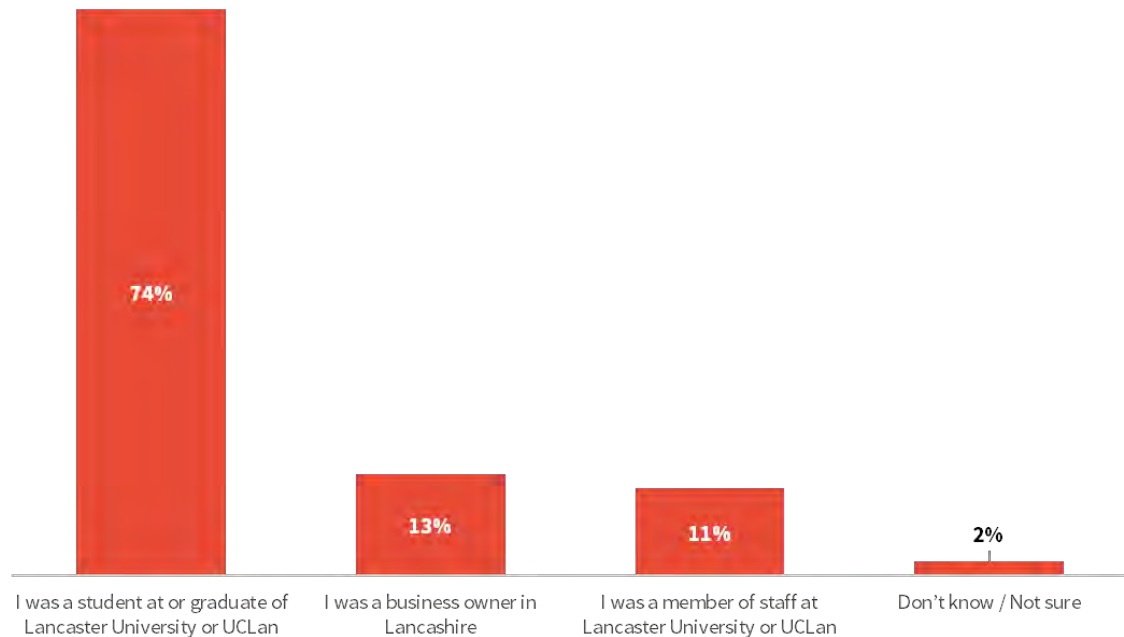
5. Experience of Beneficiaries

- 5.1 This chapter reviews progress with targeting and recruiting beneficiaries and focuses particularly on beneficiary insights into experiences with the project and the extent to which it has helped them to achieve outcomes and impacts.
- 5.2 To inform this review, the evaluation draws on evidence gathered through:
- **A survey of SMEs that have received support through U Start.** An online survey of beneficiaries was undertaken in May 2023. Out of the 784 beneficiaries contacted, 56 respondents were cited (including 52 completed and 4 partial responses), representing a response rate of 7%. Where all respondents have answered each question, this implies a margin of error of +/- 13% at the 95% interval.
 - A selection of **case studies**, developed through five in-depth beneficiary consultations, providing insight that explores the greater complexity of how the business support has generated and can sustain improvements in performance. In addition, the case studies are intended to explore the key challenges and successes in delivery from the viewpoint of beneficiaries and suggestions for improvements for the remaining delivery period and the design of any future projects.

Beneficiaries Supported

- 5.3 Figure 5.1 shows that, of all the respondents to the survey, 74% (N = 39) were students or graduates from either Lancaster University or UCLan at the time of receiving support. A far smaller percentage of beneficiaries were business owners at the time of receiving support, at only 13% (N = 7). Members of staff at either of the partner institutions were also eligible to participate in the project, and 11% of the survey respondents were identified as such. This suggests success in promoting and delivering the project to students, and perhaps less success in extending the offer to new starts who had already created a business.

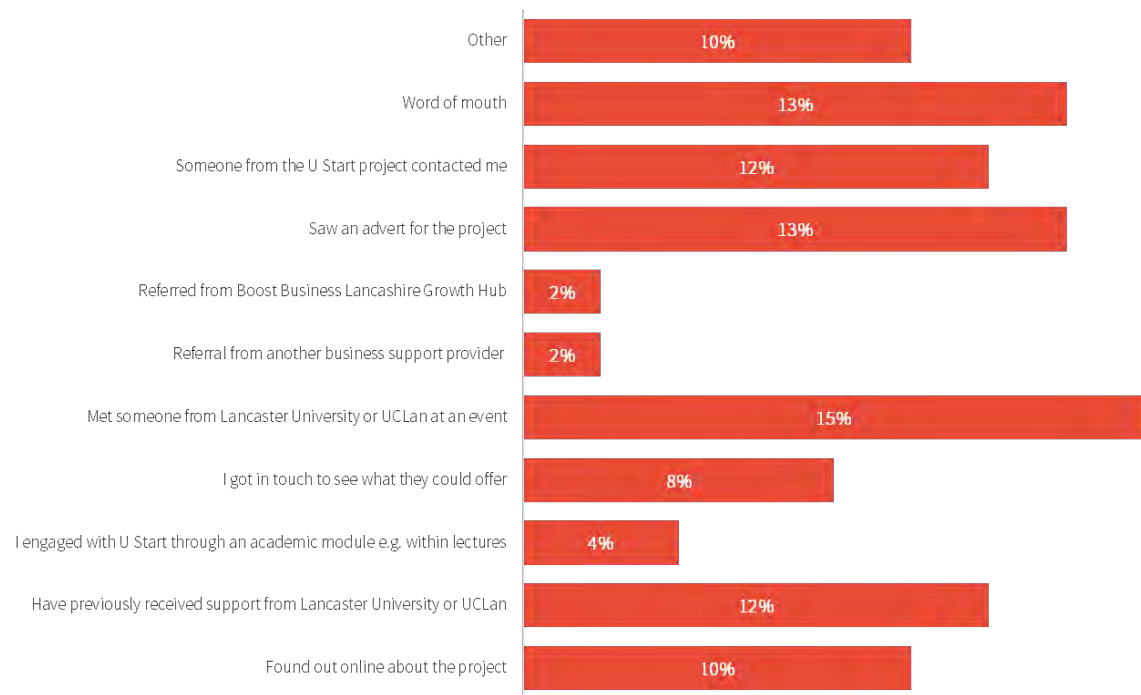
Figure 5.1 Origin of beneficiaries before receiving support (% of respondents)



Source Hatch, Beneficiary Survey, 2023. N = 53

- 5.4 Survey data shows that the majority of beneficiaries who responded found out about U Start through meeting someone from Lancaster University or UCLan at an event (15%). Word of mouth, as well as seeing an advert for the project (both 13%) were also successful in engaging with beneficiaries. This is entirely consistent with the finding described in chapter 5 which points to face-to-face contact as the most effective way to stimulate interest and generate a flow of beneficiaries.
- 5.5 Figure 5.2 highlights the different ways in which beneficiaries interacted with the project. It is important to note across both universities that only one respondent stated they were referred to U Start from Boost. It is difficult to read into one response a message that it is consistent with the description of limited referral activity in chapter 5, but this may be an indicator that supports the point.

Figure 5.2 Ways in which beneficiaries heard about the project (% of respondents)



Source Hatch, Beneficiary Survey, 2023. N = 52

Motivations for seeking support

Beneficiaries were primarily attracted to the opportunity to explore entrepreneurship, with many stating that if it were not for U Start, they would have not accessed this type of support

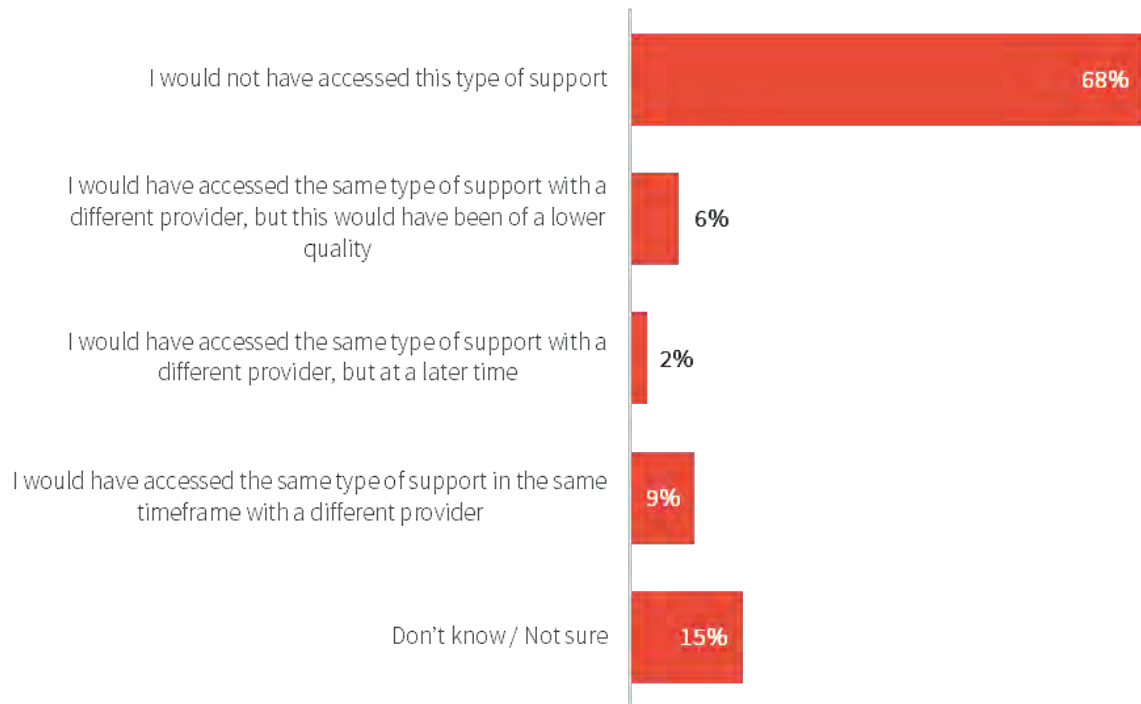
- 5.6 Respondents were also asked about their goals when they first started working on the U Start project, with the responses shown in Figure 5.3. The most popular response from survey beneficiaries was the desire to explore the option of entrepreneurship (65%). This underlines the extent to which the project's primary activity involved raising awareness and supporting potential entrepreneurs at the very initial stage of considering whether to start a business.

Figure 5.3 Survey respondents' goals when they first started working on the U Start project (% of respondents who answered 'Very much')



Source Hatch, Beneficiary survey, 2023. N = 46.

- 5.7 To understand if beneficiaries would have been able to pursue their ambitions by accessing support from other providers, survey respondents were asked to consider what they would have done without support from the U Start project. Figure 5.4 shows that the vast majority (68%) of respondents would not have accessed this type of support, which suggests that many beneficiaries of U Start would not have accessed business support if it were not for the project being available. For those involved in designing future start-up support which is targeted particularly at students, this finding suggests that operating a free of charge service through universities may be the most effective approach to reaching large numbers.

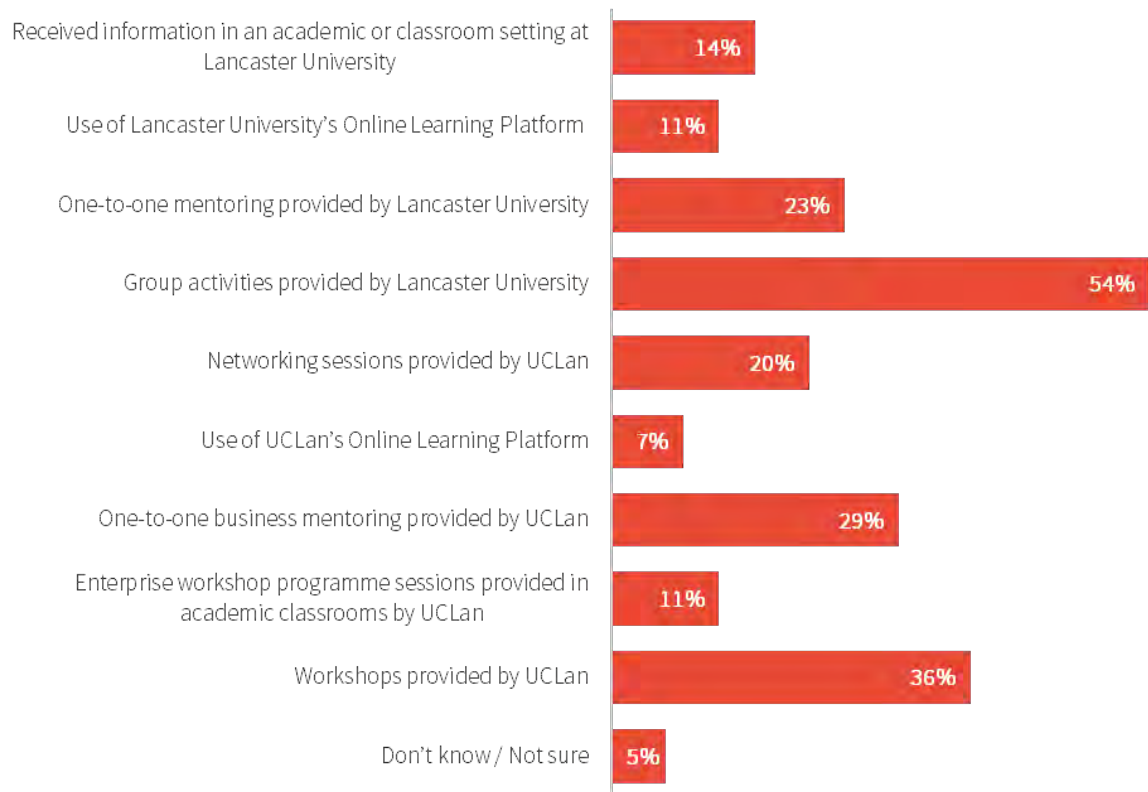
Figure 5.4 What would you have done without the support from the U Start project?

Source Hatch, Beneficiary survey, 2023. N = 47

The Experience of Seeking Support

One-to-many delivery confirmed as the main activity

- 5.8 The most common types of support received were group activities (54% at LU and 36% at UCLan) and one-to-one business mentoring (29% at UCLan and 23% at LU). Networking sessions provided by UCLan were also utilised by 20% of respondents, whilst the online platforms available at both universities were not a commonly used type of support (11% at LU and 7% at UCLan).
- 5.9 Group activity was described by survey respondents as a great opportunity to learn from other like-minded individuals, as well as understand a range of perspectives of those from different industries, degree disciplines and academic backgrounds, who they may not ordinarily interact with.

Figure 5.5 Type of support received through the U Start project (% of respondents)

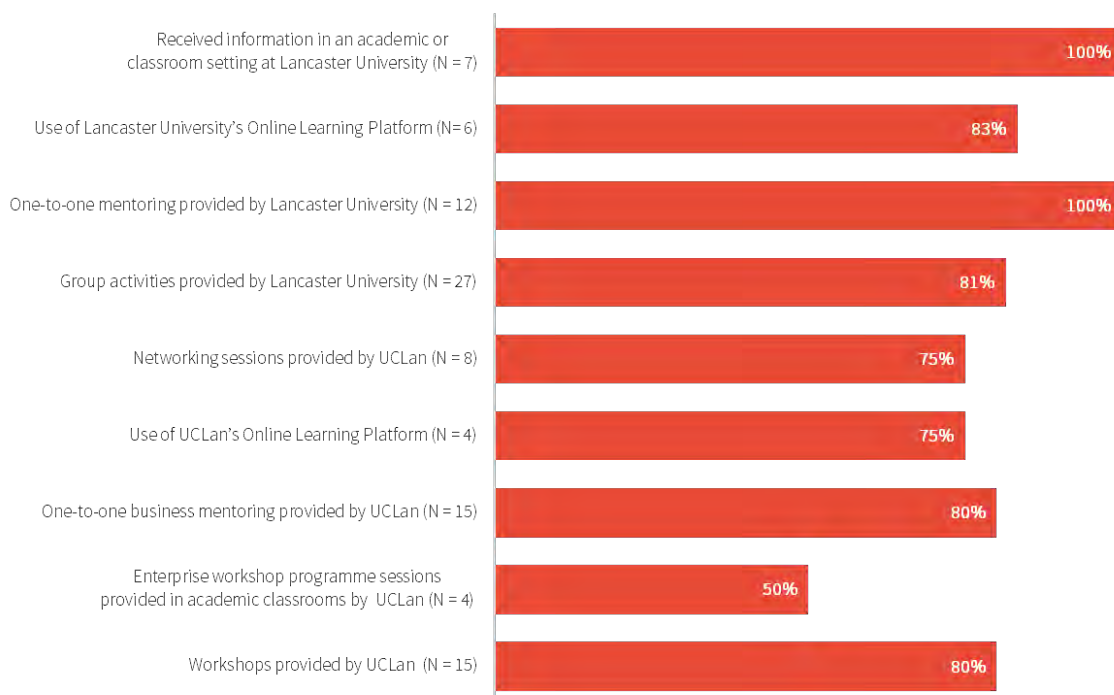
Source Hatch, Beneficiary Survey, 2023. N = 56

Overall, beneficiaries felt supported and that their time on the project was beneficial

- 5.10 Figure 5.6 highlights the proportion of beneficiaries who rated their experience of support on the U Start project as beneficial or very beneficial. Specifically, the one-to-one mentoring provided at Lancaster University, as well as information received in an academic or classroom setting at Lancaster University were rated as beneficial or very beneficial by 100% of respondents. At UCLan both the one-to-one business mentoring and the workshops provided were proportionally rated as the most beneficial by respondents, with 80% of responses rating them beneficial or very beneficial. The least beneficial type of support proportionately was the enterprise workshop programme sessions provided in academic classrooms by UCLan, with only 50%¹⁶ of beneficiaries rating them as beneficial or very beneficial.

¹⁶ However, with only 4 respondents, this type of support had a low sample size and therefore is lacking in robustness.

Figure 5.6 The percentage of respondents who rated the support they received as beneficial or very beneficial



Source Hatch, Beneficiary Survey, 2023.

5.11 Survey respondents were given the opportunity to provide written feedback on their experience on the U Start project and what they thought did and did not work well. Some common themes of what worked well included:

- **The variety of group sessions** on offer were engaging and allowed for beneficiaries to **network with likeminded individuals**. Particularly for students, group sessions offered a space to meet people from different academic disciplines, beyond the peers from their course.
- **One-to-one mentoring offered an opportunity to have more tailored support**, where individuals could explore specific goals or barriers they were experiencing. These sessions were described as particularly useful for beneficiaries who already had a business, or a business idea that they wanted support with.
- **That staff on the project** were both knowledgeable, and supportive throughout, and therefore contributed to the positive experiences reported by the substantial majority of beneficiaries.

Indicators of Change

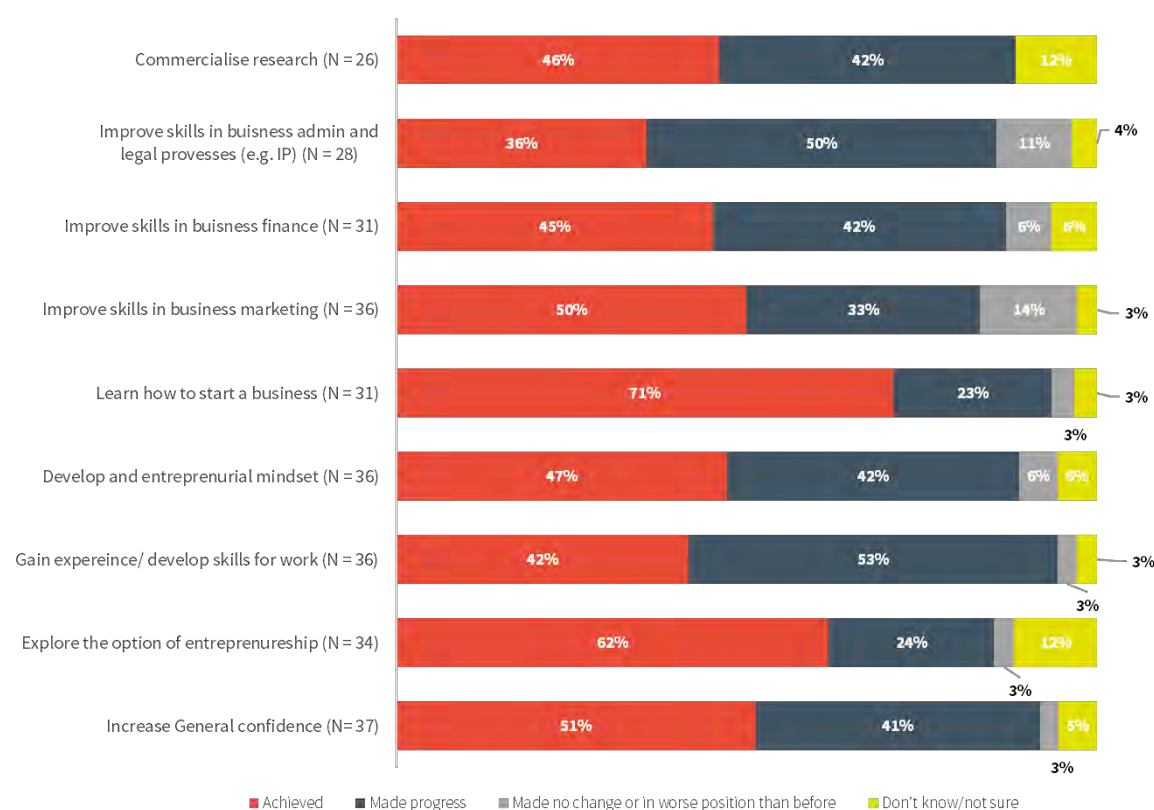
Many respondents feel they have achieved, or made progress, with their aims from seeking support

5.12 Figure 5.7 illustrates the extent to which respondents felt they had achieved their goals as set out at the beginning of the project (see Figure 5.3). Most notably, the percentage of respondents who felt that had achieved the goal of learning how to set up a business is high at 71%. A further

23% felt they have made progress with this goal. Of the respondents who wanted to explore the option of entrepreneurship, 62% felt they have achieved this and a further 24% have made progress.

- 5.13 Conversely, there are two specific areas in which respondents felt they had made no progress or finished their time on the project in a worse position than before. These are improving skills in business marketing (14%) and improving skills in business admin and legal processes (11%). This may indicate that there were not enough workshops on these topics for beneficiaries to attend, or that material covering these skills was not as effective as other topics. It also suggests that the project was generally more effective in providing advice about enterprise as an option than some of the specific steps that new entrepreneurs need to take at the early stage of creating a viable business.

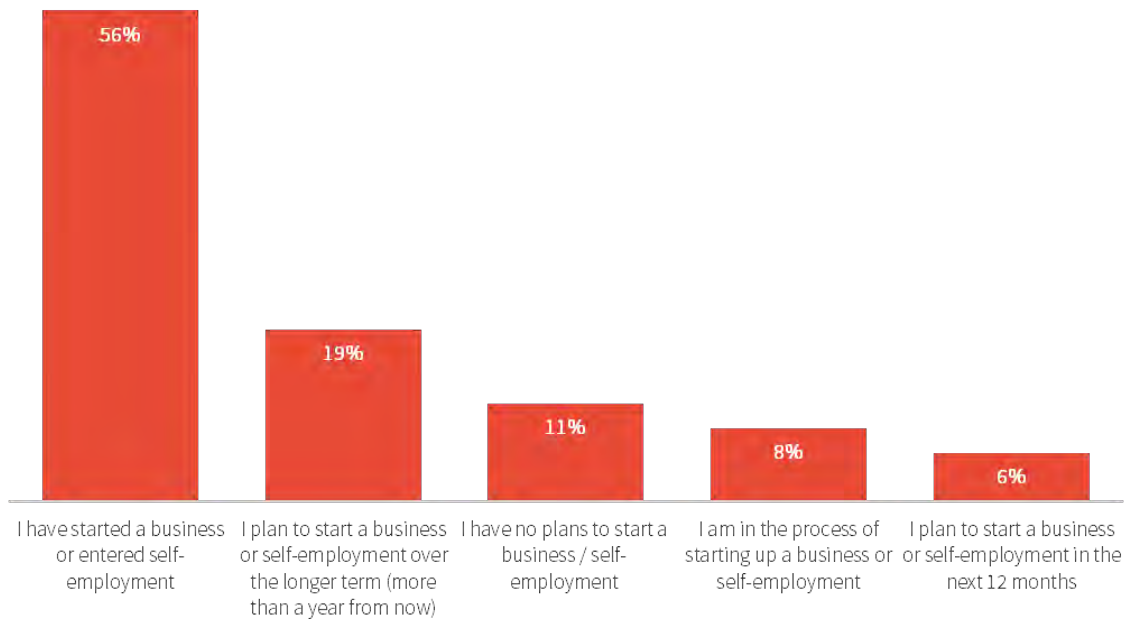
Figure 5.7 The extent to which the U Start project has enabled respondents to achieve their objectives (% of respondents)



Source Hatch, Beneficiary Survey, 2023.

- 5.14 When asked specifically about progress towards setting up a business, over half of respondents (56%) stated they had started a business or entered self-employment. A further 6% planned to start a business in the next 12 months and 19% planned to start a businesses or self-employment more than a year from the time of the survey. This total of 81% of respondents having already started, or planning to start, a business, suggests that the project's objective of increasing entrepreneurialism amongst beneficiaries had broadly been achieved.

Figure 5.8 The percentage of respondents who have made progress towards setting up a business



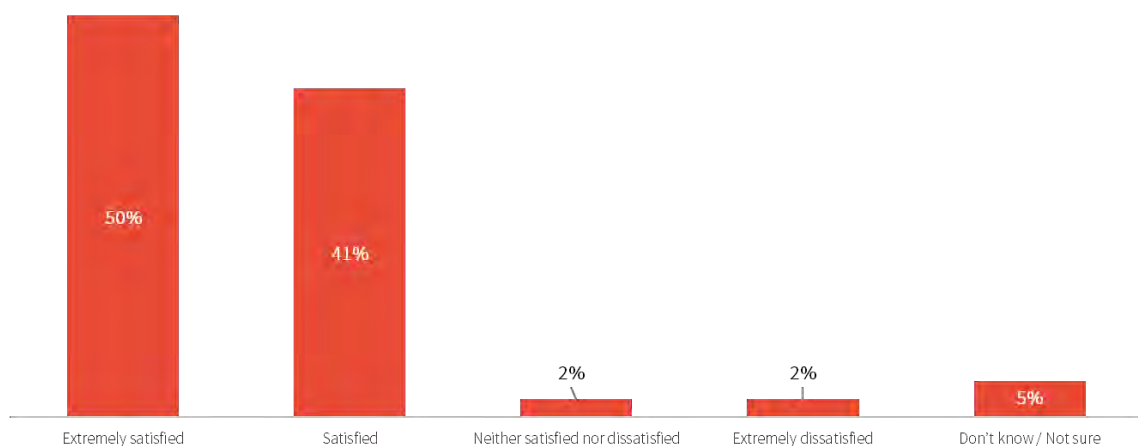
Source Hatch, Beneficiary Survey, 2023. N = 36.

Overall Satisfaction

Beneficiaries had high overall satisfaction with support received from the U Start project.

- 5.15 91% of all survey respondents indicated that they were satisfied or extremely satisfied with the support they received on the U Start project. Only one respondent stated they were dissatisfied.

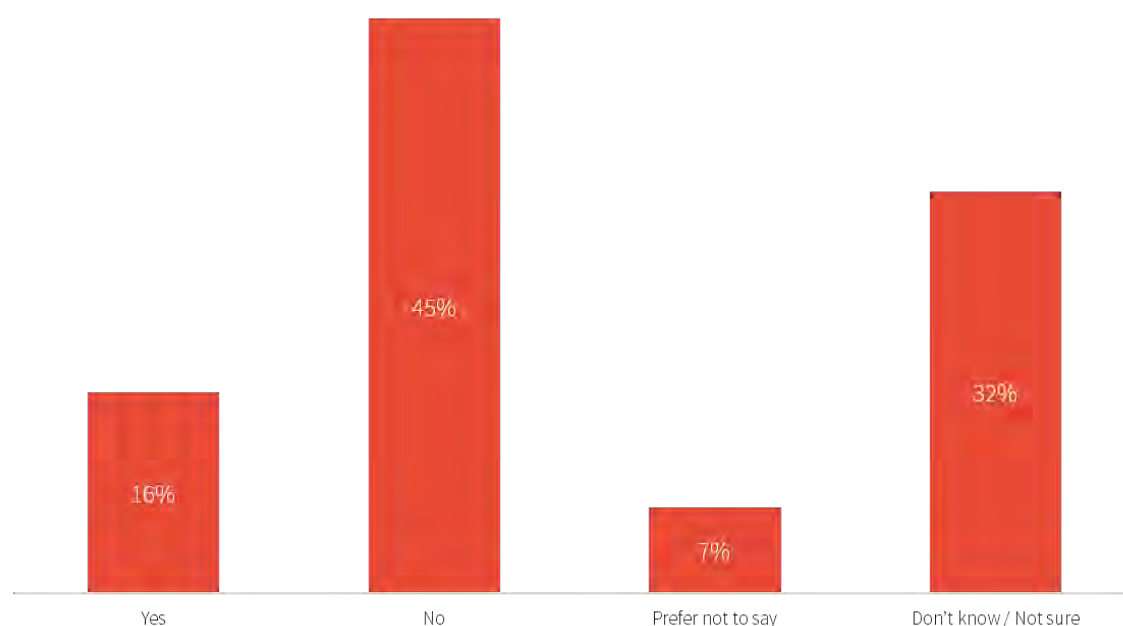
Figure 5.9 Beneficiary satisfaction with the support they received (% of respondents)



Source Hatch, Beneficiary Survey, 2023. N= 44

- 5.16 Survey respondents were also asked whether, based on their experience of the project, they would have been willing to pay to access the support if it had not been available free of charge. The majority (45%) indicated that they would not have been willing to pay to access the support, while 16%¹⁷ said yes. Just under a third of respondents¹⁸ (32%) reported that they were not sure whether they would, or would not, be willing to pay. These results suggest that, without free interventions such as U Start, many beneficiaries would not have experienced some of the previously stated benefits associated with receiving support on the project since they would not have sought and paid for services.

Figure 5.10 Percentage of respondents who would be willing to pay for U Start support



Source Hatch, Beneficiary Survey, 2023. N = 44.

- 5.17 Since the majority of beneficiaries were students, the willingness to pay finding is not unexpected. With less disposable income, support such as U Start being free of charge makes business support accessible for the next generation of business owners and entrepreneurs, which they otherwise might not be able to utilise.

Broader range of topics would be useful to beneficiaries

- 5.18 Survey respondents were asked to provide written feedback on ways in which the U Start project could have been improved. Some of the responses included:
- A lack of advanced workshop sessions for those beneficiaries who already had some prior knowledge of topics.

¹⁷ Hatch, Beneficiary Survey, 2023. N = 7

¹⁸ Hatch, Beneficiary Survey, 2023. N = 14

- The volume of paperwork which was considered by some to be excessive and time consuming. Future projects should look to simplify levels of paperwork involved. This was also an observation made by delivery consultees.
- Facilitation of sector specific networking, instead of more general networking events.
- A greater variety of topics to be covered in the workshop sessions. Marketing, finance and legal topics came up as areas on which beneficiaries suggested they would have welcomed more support.

Case Studies

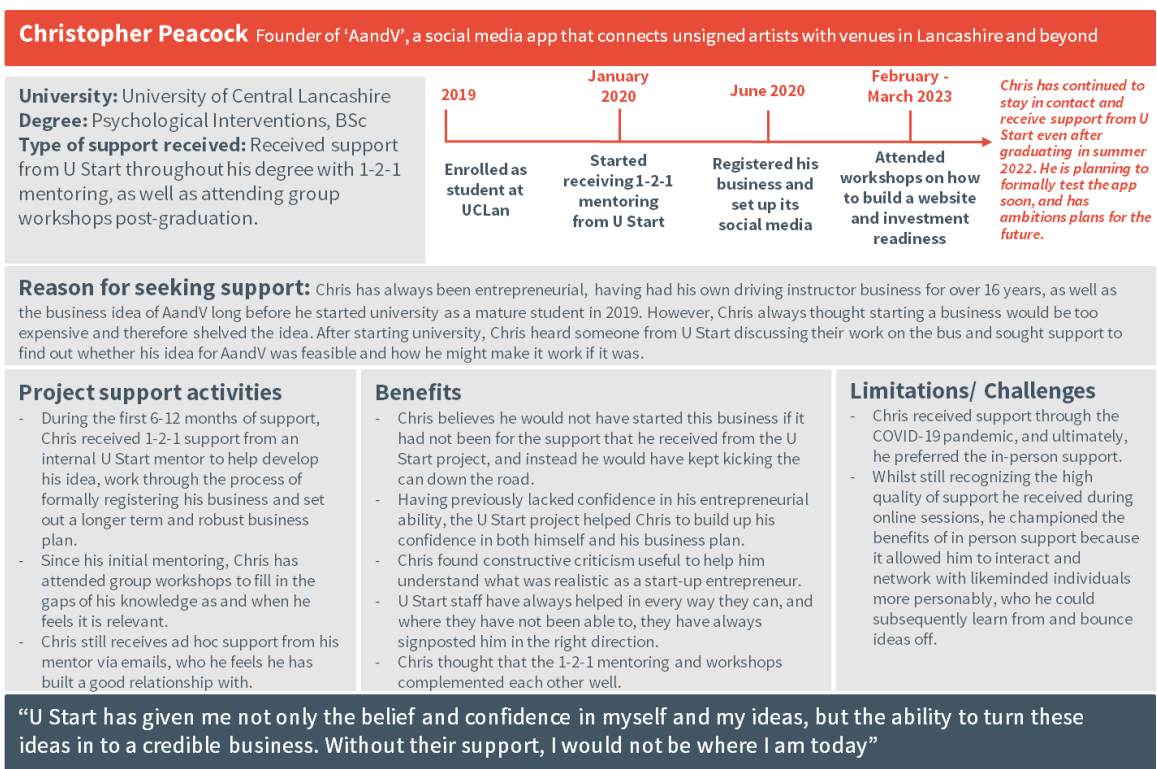
- 5.19 The case studies included in this section provide deeper insights into the impacts of the U Start project for its beneficiaries, drawing on in-depth consultations undertaken with five beneficiaries. The businesses consulted with were chosen to represent the full U Start support offer. The case studies seek to explore the mechanisms through which support was effective for beneficiaries.
- 5.20 Some common reasons for seeking out support from the U Start project included:
- Having a business idea but not knowing how to translate it into a viable business model and long-term plan
 - Feeling overwhelmed with the steps required to register a business
 - Looking for opportunities as a student to increase employability and stand out more during interview processes for graduate jobs.
- 5.21 Key benefits gained through participating in the U Start project highlighted by beneficiaries were:
- **Registered their business** – Those consulted who formally registered their business credited U Start for helping them take this step. Several stated they would have taken longer to complete the process if it had not been for the support, as they initially felt the process was overwhelming. This is a common challenge for many individuals considering starting a business.
 - **Breaking down the steps required to start a business** - Many beneficiaries started U Start with the preconception that it would cost too much to start a business, but with help from U Start, they were able to make the necessary steps to register their business, develop their marketing strategy, manage their finances and even learn how to build a website where needed. The one-to-one sessions between beneficiaries and a mentor were highlighted as particularly helpful in providing tailored support throughout the process. This service being free of charge service was seen as a major benefit of the whole project.
 - **Increase their employability** – As stated above, some beneficiaries took part in U Start to boost their chances with job applications. The ability to advance transferable skills such as time management, leadership, critical thinking were named as key benefits of the project that students were able to talk about in job applications and interviews. Whilst this benefit is more specific to students applying for jobs, the benefits of developing such transferable skills were universal to all U Start beneficiaries.
 - **Understand their own strengths and weaknesses** – In particular, participation in group workshop sessions was seen as a great opportunity to enhance teamworking and communication skills, and understand their weaknesses. All beneficiaries consulted also

noted improved confidence following participation in the project. This spans from confidence in themselves and their ideas, to confidence in their businesses.

5.22 Some common challenges faced by beneficiary consultees included:

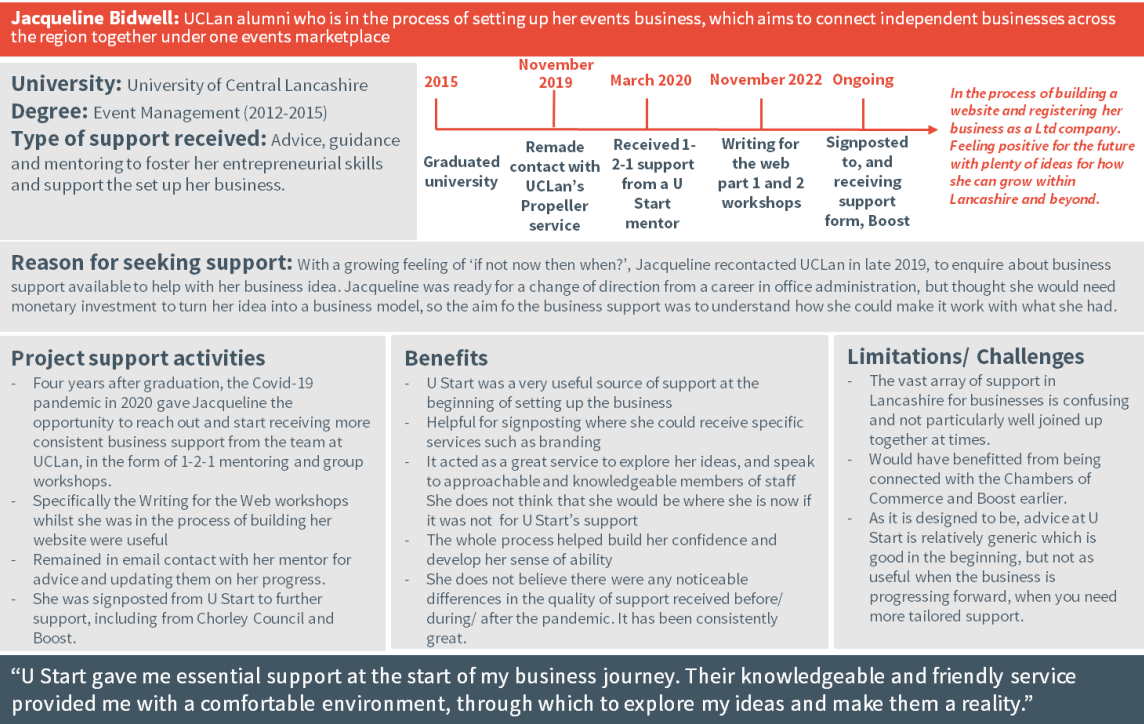
- **Differentiating the support provided by U Start** from other business support in the region was difficult for some beneficiaries. Similarly, one beneficiary pointed out that support could be better connected across the region.
- **Group and workshop support, whilst helpful for the stages that the beneficiaries consulted were at, was described as more generic than tailored.** As beneficiaries progress with their business, they are likely to need more tailored support from elsewhere.
- **Some beneficiaries preferred the project activities being in person as opposed to being online.** They suggested that this did not affect the quality of the support, but simply reflects their personal preference given how they learn best.

Figure 5.11 Case Study 1- Chris Peacock



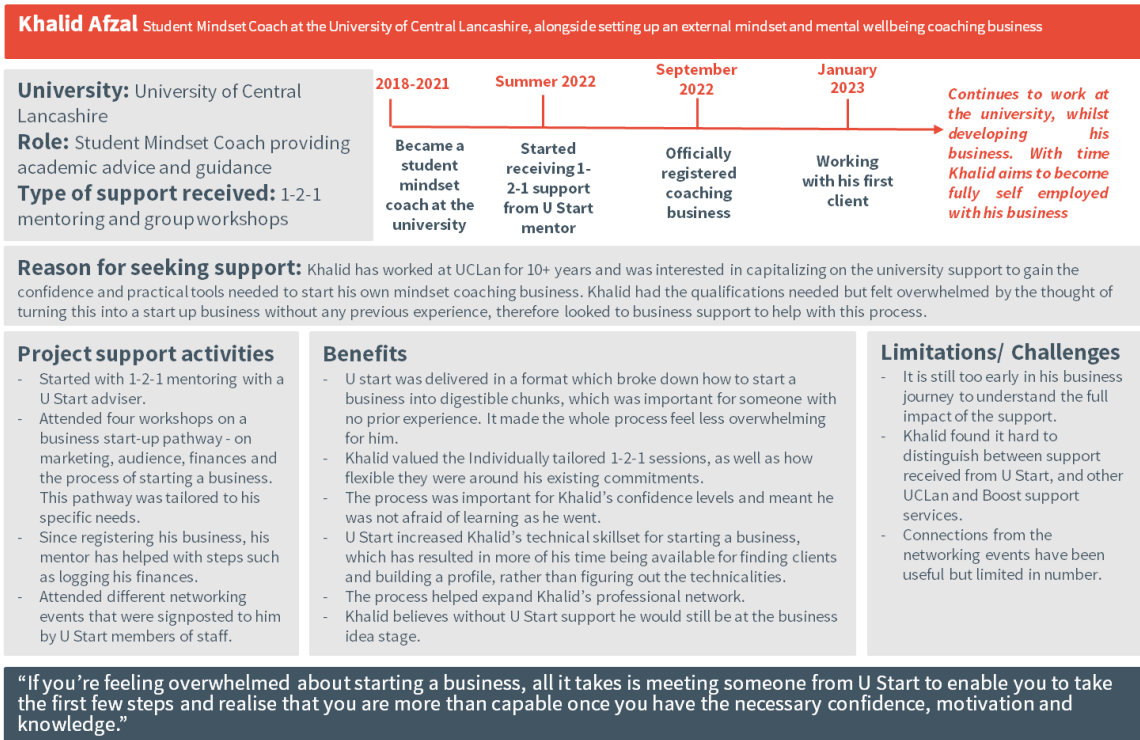
Source: Hatch, 2023

Figure 5.12 Case Study 2- Jaqueline Bidwell



Source: Hatch, 2023

Figure 5.13 Case Study 3- Khalid Afzal



Source: Hatch, 2023

Figure 5.14 Case Study 4- Mariam Sidat

Mariam Sidat Took part in U Start between her second and third year at Lancaster University, with the aim of it boosting her employability once she left university.

University: Lancaster University

Degree: English Literature with Politics (BSc)

Graduated: Summer 2022

Type of support received: 12 hours of U Start support in the form of the Engagement Academy, to help prepare her for the Engagement Fellowship



Reason for seeking support: Mariam was interested to engage with the Business School, as she felt her humanities degree had not opened the door to hands-on experience before that would help boost her employability. Mariam was particularly interested in the topic of Net Zero tied to the Engagement Fellowship programme, but was also interested by what she could learn whilst taking part in the Engagement Academy too, which is where the U Start was involved.

Project support activities

- Mariam was required to take part in 12 hours of support on the Engagement Academy in order to unlock the Engagement Fellowship internship opportunity.
- This 12 hours of learning took place across six 2-hour workshops and covered topics such as problem solving, commercial awareness, business model canvas, communication skills and project management.
- The Fellowship then involved working in a team of 3 students over the summer, where they worked directly with SMEs in Cumbria to develop a 'roadmap to sustainability'

Benefits

- The project helped Mariam develop her transferable skills that are not traditionally covered in a humanities degree, including confidence, time management, communication and conflict resolution.
- The Engagement Academy in conjunction with the Engagement Fellowship helped advance Mariam's entrepreneurial skills, which she has drawn on repeatedly when she has been applying for graduate jobs.
- Group groups sessions with the whole cohort naturally helped expand her personal network, but Mariam noted specifically how the group project helped with her own self reflection, and how to identify when to make changes. These are skills that are central to her university studies, as well as a future career.

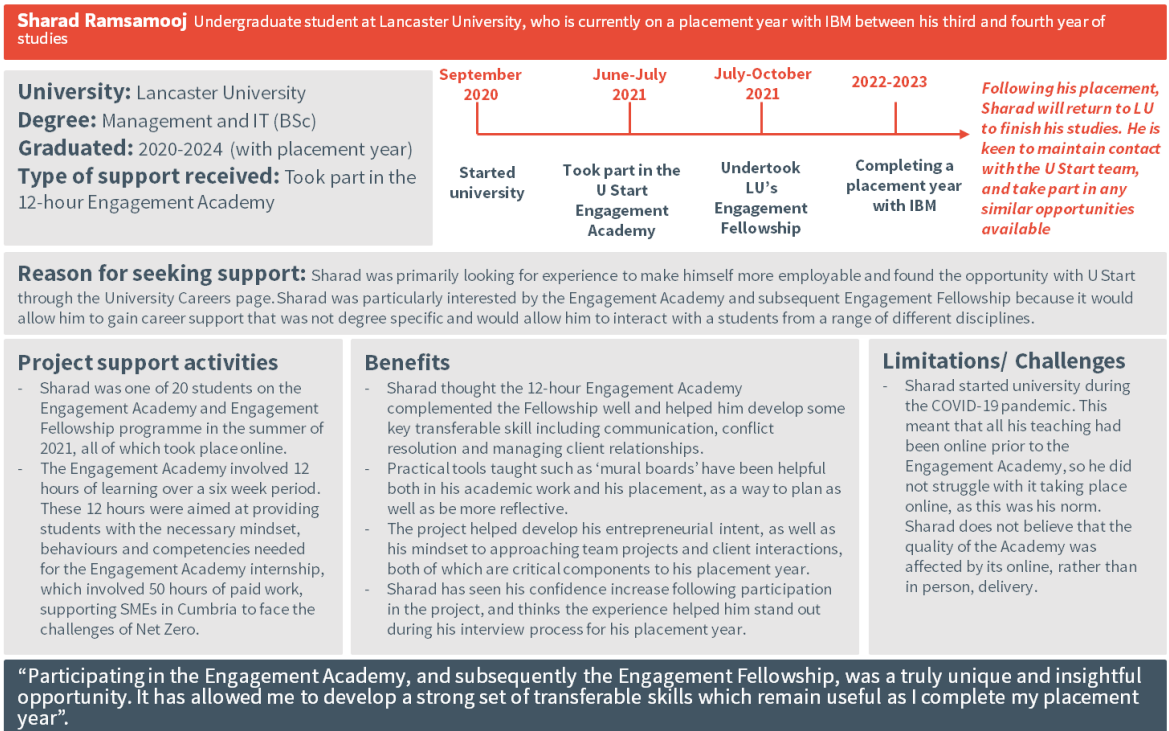
Limitations/ Challenges

- Mariam felt she learnt more about entrepreneurialism than she did about her initial interest of Net Zero. However, she does not believe this is a negative.
- The vast amount of information out there on the issue of SMEs reaching Net Zero was overwhelming at times, and synthesizing this into actionable steps was hard in the timeframe Mariam and her team had.

"U Start allowed me to learn things that I would not have had the opportunity to on my degree, both in terms of my levels of entrepreneurialism, as well as about myself and the value I can bring to a team"

Source: Hatch, 2023

Figure 5.15 Case Study 5- Sharad Ramsamooj



Source: Hatch, 2023

Key Messages

The beneficiary survey points to a positive overall experience with the U Start project in both universities. The substantial majority of respondents pointed to:

- Positive benefits in terms of their understanding of enterprise as a career option, and importantly of the complex processes necessary to launch a new business.
- Wider benefits in terms of transferable skills that would assist in securing employment.
- The low likelihood that they would have sought out start-up advice had they had to pay for it.
- The evidence suggests that the general awareness raising and broad advice about how to get started were stronger than inputs on specific topics. Beneficiaries pointed to an appetite for more specific topic-based advice such as marketing, finance and business law.

These are common challenges for new entrepreneurs to navigate and should be considered in the design of future services.

6. Impacts and Value for Money

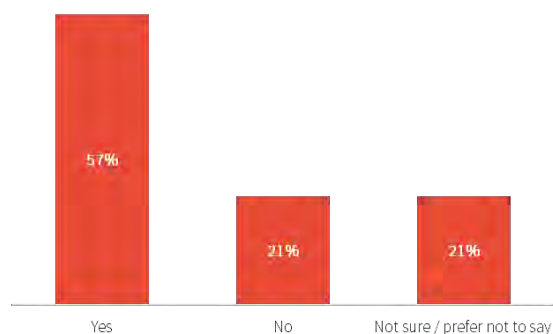
- 6.1 This chapter addresses the requirements for summative assessment of measuring the economic impacts generated by a project and its value for money. The impact assessment draws on evidence gathered through an online survey undertaken by Hatch in May 2023. Out of 784 beneficiaries contacted¹⁹, there were 56 respondents (including 52 completed and 4 partial responses). At a 95% confidence level, this would imply a reasonable large margin of error of +/- 13%. However, only seven beneficiaries provided sufficient information about turnover changes and a smaller number provided employment figures. This implies a margin of error of +/- 37% at the 95% confidence level. This is a very small sample size and large margin of error, the implications of which for the impact estimates are discussed in the chapter.
- 6.2 It is important to note that the U Start logic model did not identify as a primary impact economic growth in terms of job creation and gross value added. Its key impacts centred on boosting entrepreneurial activity and graduate retention in Lancashire, whether through graduate enterprise or the employment of graduates. At the scale of activity delivered by the project, such macro level impacts for Lancashire are not possible to verify through published data. Furthermore the small size of the sample relative to a large number of individuals who engaged with the project points to the challenge of maintaining contact with beneficiaries to understand how their work with the project influenced their post-university choices and destinations. Qualitative commentary is therefore provided in the chapter about these impacts.

Approach and Limitations

- 6.3 The survey analysis that underpins the impact assessment is based on beneficiaries' self-reporting how the support they received enabled them to develop their business and in turn, how this has influenced their current and future expected business performance where they had successfully created an enterprise.
- 6.4 To assess changes in business performance, survey respondents were asked to indicate whether the U Start project has had, or will have, an impact on their business turnover or employment. It shows that only seven of the 56 respondents provided information to show that they had experienced or would see turnover increase and five reported a positive impact on employment. Whilst a slightly larger number (16 in total) suggested they expected to see a positive impact on turnover, only a subset of this provided data which could be used in the impact assessment.

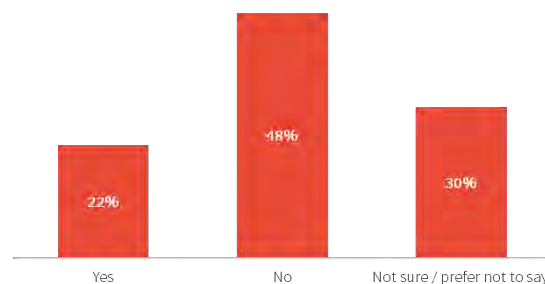
¹⁹ This was the number of individuals for whom contact details were available from the project team to enable the survey to be distributed.

Figure 6.1 Project had or will have an impact on business turnover (% of respondents)



Source Hatch, Beneficiary Survey, 2023. N= 28

Figure 6.2 Project had or will have an impact on employment (% of respondents)



Source Hatch, Beneficiary Survey, 2023. N= 27

- 6.5 Those indicating that their business performance had or would be impacted by the project were then asked to provide data on the magnitude of change in business turnover and employment and on a series of additionality factors to allow for the modelling of net additional impacts. Of the 16 beneficiaries reporting an impact on business turnover, only eight provided information on the magnitude of that change (1% of total beneficiary population), one of which is an outlier excluded from the assessment for reasons described below. Only five quantified the change in employment (0.6% of total beneficiary population). This further reduced the effective size of the sample on which the impact assessment was based.
- 6.6 The estimates of the employment and GVA impacts of the project are therefore subject to several significant limitations which are outlined below.
- 6.7 **High margins of error:** GVA and employment impact estimates are subject to a high margin of error given the small sample size achieved. At a 95% confidence level, there is a high margin of error with respect to whether the project has had or will have an impact on beneficiary turnover (+/-37%) and/or employment (+/-44%). In other words, the number of beneficiaries experiencing a change in business performance could vary substantially from the central figure. Moreover, the sample of the 56 respondents which quantified the impact on their business performance was very small, meaning the estimates of economic impact are subject to an even greater degree of uncertainty.
- 6.8 **Challenges in self-reporting:** Businesses are generally sensitive about revealing turnover data. To improve response rates, the survey asked businesses to estimate turnover either through an approximation or within given brackets. This is a limitation because it generates only broad-based rather than specific figures. However, it is a widely used approach which strikes a balance between beneficiary sensitivity and confidentiality, and the need to generate quantitative estimates. The survey also asked businesses questions in order to estimate the level of additionality from the assist. This is discussed further below but there are inherent difficulties that businesses may face in attempting to answer such questions which again affect the quality of the data produced.
- 6.9 **Potential Outlier:** Of the small number of respondents who reported actual or expected increases in turnover and jobs, one reported a very substantial expected increase in turnover from the current to the next reported year. This had a significant bearing on the results of the assessment, implying a strong GVA impact when the results were scaled-up. Good practice in survey analysis typically considers whether exceptional outliers should be excluded and, in this case, it is excluded from the core impact estimate.

6.10 Other limitations include:

- **Timing:** It may be too early for many entrepreneurs and businesses to assess whether the support received will have an impact on turnover. Additionally, there may be future benefits for these businesses that they are unable to assess at the current time, and therefore cannot yet be quantified.
- **Economic conditions:** The lasting impact of the Covid-19 pandemic, the UK's exit from the EU and its consequences for economic performance, and recent, steep rises in price inflation, may have had impacts on the reported uplifts in turnover and employment of the business surveyed.
- **Contact with beneficiaries:** Many of the student beneficiaries will have graduated since they received support, and these individuals could not respond to the survey because their contact email address is likely to have lapsed since they moved on. Additionally, with the survey being distributed towards the end of the year, coinciding with other university commitments, timing could be seen as another reason for the lower response rate.

6.11 These limitations mean that **the evaluation's findings on the gross and net economic impacts of the project based on the survey are subject to significant uncertainty and should therefore be regarded as indicative.****Additionality**

6.12 Using beneficiaries' responses, the gross turnover and employment figures have been adjusted to estimate how much of the change is due to the U Start project activities. The following additionality factors were applied:

- **Deadweight** – This refers to the extent to which the gross change in business performance would have occurred without participation in the U Start project. To assess deadweight, survey participants were asked to consider to what extent change in business performance could be attributed to the support received by the project. Respondents indicated that:
 - 66% of growth in turnover to date (N=14) and 75% of expected growth in turnover could be attributed to the U Start project (N=14). This implies a deadweight factor of 34% and 25% respectively.
 - 75% of growth in turnover to date (N=5) and 84% of expected growth in employment could be attributed to the U Start project (N=4). This implies a deadweight factor of 25% and 16% respectively.
- **Displacement** – This accounts for growth of businesses which worked with the project at the expense of other businesses in the Lancashire LEP area. On average, displacement accounted for 27% of the growth of the sample businesses (N=26).
- **Leakage** – This accounts for the proportion of employment impacts that benefit those living outside the Lancashire LEP area. On average, this accounts for 44% of the growth impacts for the sample businesses (N=26).

Optimism Bias

6.13 No optimism bias was assumed for assessing change in employment and turnover to date, as it was assumed business would provide this information on an objective basis. There is greater

uncertainty and a more significant risk of businesses being over-optimistic when asking people to forecast future impacts. Formal optimism bias guidance from HM Treasury focusses on capital costs and does not recommend a reasonable assumption about optimism bias. The qualitative guidance available in this respect suggests that sensitivity analysis should be used where no other evidence is available. Therefore, 20% is applied as a conservative central optimism bias assumption for the value for money assessment, which implies that 80% of future impacts expected by beneficiaries will be realized. To reflect uncertainty around this, a +/-20% sensitivity analysis was carried out.

Multipliers

- 6.14 While the above considers the direct impact on the beneficiary companies, there will also be multiplier effects arising from the project, generated through indirect additional spending along the supply chain in the Lancashire LEP area, as well as through the induced spending of employees. The modelling of GVA and employment impacts relating to this draws from Hatch's in-house regional input-output model for the North West adjusted for the Lancashire LEP impact area.

Persistence

- 6.15 The survey assesses the potential for improved business performance which occurs as a result of U Start support, to lead to additional employment and GVA generation over the next year. It has been assumed that these impacts will persist beyond this for a further two years (so three years' persistence in total), but reducing year on year, before decaying as other factors start to exert a larger influence on business performance. This is a reasonable persistence period to assume for employment and GVA impacts, and consistent with assumptions in other Summative Assessments carried out by Hatch.

Grossing up

- 6.16 As outlined above, the modelling of impacts is based on a very small sample of beneficiary respondents for the impact analysis. Of this total only 7 provided sufficient information for the current GVA analysis and 5 beneficiary respondents for the future employment analysis.
- 6.17 Given the achieved sample, the process of grossing up to the total population must be treated with considerable caution. There is simply insufficient evidence to conclude that the sample is representative of the total beneficiary population, and therefore whether the estimated economic impacts for the sample could be scaled up to this population. At the time of the evaluation, the project reported a total of 1,000 outputs, with 746 P11 and 254 C1, giving a total of 1,000. This is expected to rise to 1,057 at the final claim.
- 6.18 However, given the focus of the project on providing initial guidance and support to potential new start-up entrepreneurs, the extent to which one to many workshop activity was involved, and uncertainty about the final outcome for many beneficiaries who graduated from the universities and moved on it is not appropriate to simply scale-up to this population. Furthermore the 1,057 expected outputs include almost 75% P11s and 25% C1s, the latter established businesses.
- 6.19 Grossed up impact estimates are therefore based on this expected final figure (1,057), adjusted by the proportion of survey respondents reporting a change in turnover (57%) or employment (22%) performance. As noted above, the small sample of businesses that provided data on business performance means this is subject to very large margins of error.

Indicative Impact Estimates

Gross changes in turnover employment

- 6.20 Beneficiaries which responded to questions about employment reported a gross increase in employment following U Start support, including their expectations about future employment, of 5 FTE jobs. The beneficiaries which responded to questions about their turnover imply a gross increase in GVA of £135,000, again taking account of persistence.
- 6.21 Grossing up GVA and employment impacts to the expected final outturn for the project, we estimate a gross increase in direct GVA of £11.5 million. The gross increase in direct employment is estimated at 196, suggesting that around 20% of businesses could generate a new job.

Net impacts

- 6.22 By applying the additionality adjustments described above to the gross changes in business growth, we estimate a total increase in GVA as a result of the U Start support at £6.55 million, and a net employment impact of 21 jobs.

| Table 6.1 Gross additional to total net additional GVA and employment | | |
|---|-------------------|------------------|
| | Total GVA | Total Employment |
| Gross additional impact | £11,650,000 | 196 |
| <i>Minus deadweight</i> | £2,370,400 | 15 |
| <i>Minus displacement</i> | £3,320,200 | 59 |
| <i>Minus leakage</i> | n/a | 103 |
| <i>Minus optimism bias</i> | £521,500 | 0 |
| Direct net additional impact | £5,437,900 | 19 |
| <i>Plus indirect and induced impact</i> | £1,112,600 | 2 |
| Total net additional impact | £6,550,600 | 21 |

Source: Hatch, 2023. *GVA figures are rounded to the nearest hundred. Figures may not add up due to rounding.

- 6.23 Based on these impact estimates and total spend by project closure (£4.77m), the project would generate a GVA uplift of £1.50 per £1 spent and a cost per FTE job created of £211,400. **Given the very small size of the sample who responded, the large number of individuals and beneficiaries who engaged with the project, and the proportion whose destinations in terms of business formation and employment are not known (e.g. graduates who left the area), these results should be considered to give only a high-level indication that the project has delivered a positive BCR in terms of turnover and GVA.** High costs per job are not untypical of start-up and innovation support, since employment creation is likely to follow only when a business owner has guided the business through its initial stages.

Cost Efficiency

- 6.24 To understand the value for money of the U Start project, this section presents a cost efficiency summary drawing on an analysis of costs per output.
- 6.25 To the end of Q1 2023, the project spent c. £4.4 million in revenue funding and by the project end date the total spend is expected to reach just under £4.8 million. The analysis below is based on

the estimated costs and outputs at the project's completion based on the expected figures provided by the project teams.

- 6.26 Drawing on the claim forecasts, the project is expected to support 763 individuals (P11) to be enterprise ready, and 294 enterprises (C1) receiving support by project closure. This gives an average cost per output for these two key outputs of £6,258 and £16,241 respectively. The P11 figure is comparatively low, reflecting both the large volume of outputs and the use of one-to-many workshop activities to deliver support.

Table 6.2 U Start Revenue Cost per ERDF Output

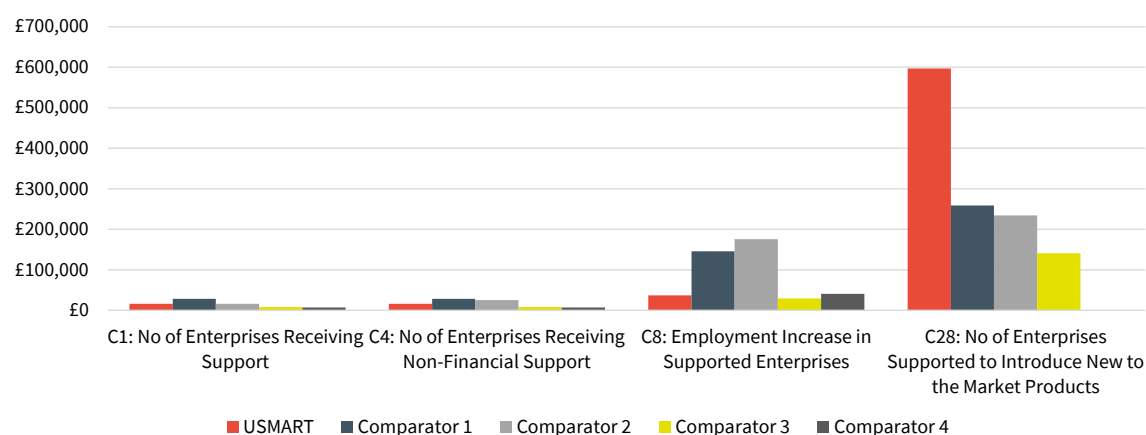
| Output | No. estimate | Cost per Output |
|--|--------------|-----------------|
| P11- Number of potential entrepreneurs assisted to be enterprise ready | 763 | £6,258 |
| C1/C4 -No. of enterprises receiving support/ non-financial support | 294 | £16,241 |
| C5- Number of new enterprise supported | 204 | £23,407 |
| C8- Employment increase in supported enterprise | 130 | £36,730 |
| C28- Number of enterprises supported to introduce new to the market products | 8 | £596,869 |

Source Hatch analysis

- 6.27 To assess the cost efficiency of the project it is helpful to compare the costs per output with those achieved by other ERDF business support programmes. Limited, published evidence is available for summative assessments, particularly of those delivered during the final ERDF programme. For this reason, Hatch draws on evidence from summative assessments it has carried out for different types of project.
- **Comparator Project 1** provided support to manufacturing SMEs with digitalisation including advice and guidance around their innovation strategy, infrastructure integration, new product development and commercialisation.
 - **Comparator Project 2** provided support to innovation active SMEs in the MedTech sector to facilitate the creation of new medial technologies. This comparator project has been delivered during the Covid-19 pandemic.
 - **Comparator Project 3** provided one-to-one product innovation support, innovation leadership workshops, digital and eco-innovation advice and supported innovative collaboration with large companies. This is the only comparator project to have operated during the COVID-19 pandemic.
 - **Comparator Project 4** provided advice and guidance to potential entrepreneurs and new enterprises across a broad range of sectors, but was not focused on graduate enterprise.
- 6.28 Across most of the main output indicators, U Start compares favourably to the comparators, a reflection of the large volume of individuals and businesses it has engaged with. The exception is the new products to market indicator (C28) where the evidence suggests that the early stage

nature of U Start's beneficiaries results in a much higher indicative cost per output than the comparators.

Figure 6.3 Cost Efficiency of U Start v. Comparators



Double click to insert image

Source: Hatch analysis

Other Benefits

- 6.29 It is important to consider the summative assessment findings in Chapters 5 and 6 in combination, and to attach greater weight to the qualitative findings in the former. U Start's primary objectives were to promote routes to enterprise for university students, staff and some non-university-based individuals, and to deliver the initial advice and guidance to enable people to develop a business. The indicative nature of the impact assessment, and the early stages at which most beneficiaries stood when they engaged with the service means that the outcomes and impacts of the project are likely to be realised well beyond the completion of the support by the service and beneficiary. In addition, since the majority of beneficiaries will have moved on from the universities whether locally or outside the area, tracking and understanding the longer-term benefits of U Start is challenging.
- 6.30 The impact assessment presented in this chapter should therefore be considered alongside the wider benefits that the project is generating including:
- Stimulating interest and generating a pipeline of individuals looking to enterprise as an option for their career and employment.
 - Building the confidence of potential entrepreneurs to pursue a business idea and convert that into an active enterprise.
 - Enabling pre-start entrepreneurs to navigate the complex processes involved in formally registering a new business, and the initial steps necessary to begin trading.
 - Providing the specific advice necessary for start-ups to develop their marketing and other essential early-stage activity.
 - Boosting enterprise rates in the graduate and staff populations of the universities in particular.

- 6.31 Future services of this type would benefit from both longer-term tracking of the outcomes experienced by beneficiaries, and of monitoring localised business start-up and survival rates over a 3-5 year period.

Key Messages

Indicative estimates of the project's economic impacts (GVA and employment) suggest that it generated BCRs of £1.50 in net additional GVA per £1 of funds invested in the project (ERDF and match funding), and a cost per net additional job of £211,000. The GVA figure represents a positive impact in that the BCR is higher than 1.0. Whilst the cost per net additional job appears high, this is not untypical of enterprise start-up projects where employment creation is a longer-term benefit realised as the business becomes established.

The analysis is heavily caveated by the very small sample size achieved. Very few respondents provided evidence on changes in turnover and employment, and the high margins of error mean that these results should be treated with caution.

Further analysis of the efficiency of the project in terms of the output: cost ratios suggests that U Start compares favourably with other ERDF funded projects, including innovation, sector specific business support and start-up projects. This is likely to be driven by the large number of beneficiaries the project engaged with, and the efficient use of one-to-many approaches to delivering support.

Finally, the wider benefits of U Start which are not possible to robustly measure at this point in time must be recognised. These are captured in Chapter 5, and revolve around its contribution to enhancing the visibility and attractiveness of enterprise as an option for students and the wider population of the area, the provision of essential guidance about the complex initial stages of creating a viable business, and the longer-term effect that such activity is likely to have on business start-up and survival rates.

7. Conclusions and Recommendations

- 7.1 This section of the report sets out the study's conclusions of the main findings of the report, and recommendations for the future design of similar projects.

Conclusions

Project Relevance and Consistency

- 7.2 **The project's design and objectives were consistent with its rationale:** The logic model outlined appropriate outputs, outcomes and impacts based on the delivery model of U Start. It capitalised on the capabilities of universities in providing advice and guidance about enterprise as a career option, and their skills and experience in generating start-up activity. This is a form of business support which would not be delivered by the private sector without intervention, and where there is no established 'market' for individuals who may be considering starting a business to pay for support if they had the means to do so. The presence of large numbers of students and staff was also an advantage in that the universities had a large customer base to engage with.
- 7.3 **The project supports future entrepreneurs within the Lancashire area:** The U Start logic model outlined the intended impacts of the project, which included increasing entrepreneurial activity and increasing the retention of LU and UCLan graduates in Lancashire (either by setting up their own business or through graduate level employment). Objectives were therefore clearly aligned with strategic priorities for the area and nationally, and were reflected in the logic model. They are important for the enterprise ecosystem within Lancashire and will lead to increases in GVA and employment in the future, even if these are not impacts that will be realised to any significant extent during the lifetime of the project.
- 7.4 **Changing economic context has amplified the role of start-up support:** Slow recovery from the Covid-19 pandemic, difficult economic conditions as the UK economy falters, and the steep rises in the cost of living in the UK have reinforced the need for routes into enterprise to be developed. It broadens the options for people to build careers, improve their earning potential and pursue alternative pathways into paid employment. In its own right, it is a valuable skill for students who wish to seek an alternative path to graduate employment upon completion of their studies. The relevance of the project has therefore been amplified by the economic conditions in which it was delivered.

Progress against contractual targets

- 7.5 **The project is set to meet or exceed most of its spending and output targets:** Analysis of the performance data, including the expected final outturn, indicate that the project is on track to meet its overall spending target, to exceed its target (104%) for C1 assists, and to fall just short of its target for people supported to develop a business (94%). This has been facilitated by an approach in which the project was able to reach substantial numbers of beneficiaries through workshops which appear for the most part to have been positively received.
- 7.6 **Whilst the project has supported a large number of beneficiaries, performance against some output targets has lagged:** When designing the support, the project team assumed for every four people supported (P11), one would generate a job (C8). In reality, the translation of 12

hours of support as a P11, into 12 hours of further support on the C1/4 pathway did not take place at this rate. The result has been C8 targets that with hindsight look too ambitious in the timeframe allocated to the project, with only 57% achieved by the end of Q1 2023. Similarly, the translation from a beneficiary receiving support on the U Start project into the development of new products or services to market (C28) has consistently fallen below targets. Project staff recognised this overambition with the revised C28 targets downwards with the PCR in 2020, but as of Q1 2023, only 20% of this target has been achieved. This raises the question of whether targets could have been better tailored to suit the type of beneficiaries of the support, which in this case was overwhelmingly students as opposed to pre-existing business owners.

- 7.7 **Not all beneficiaries required 12 hours of support:** Some beneficiaries just required support with specific parts of entering entrepreneurship, like how to manage social media, how to file a tax return or how to build a website for example. Many of these types of beneficiaries, however, will not have crossed the threshold of 12 hours to be classed as an output. Subsequently, the requirement for beneficiaries to receive 12 hours of support in order to qualify under the output definition of receiving support, underplays the true value of the project.
- 7.8 **There were a number of benefits of the project which were not captured:** Important benefits of the project were not systematically captured and are difficult to measure robustly, including increased confidence, gaining experience to help boost their employability and providing the platform to be able to network with likeminded individuals. All these important entrepreneurial skills could be applied to develop a business in future and in turn to contribute to boosting GVA and employment in the Lancashire economy, and the retention of graduates over the long term. Future services might consider how best to measure and monitor such benefits.
- 7.9 **The project supported the Horizontal Principles, but not through specifically targeted actions:** The project aims help to tackle poverty and social exclusion by equipping people with a route to earning an income. The project was also aligned with the universities' equality and diversity and environmental and sustainability measures. However, in terms of specifically targeting ERDF's horizontal principles, the assessment suggests that the project did not undertake any sustained and specific actions to deliver against those principles.

Delivery and management performance

- 7.10 **The experience of the delivery partners helped the project to run smoothly:** Having delivered ERDF business support before individually and in partnership, LU and UCLan were well prepared for delivering U Start in terms of their knowledge about how to manage and administer an ERDF project, how best to deliver enterprise support, and how to work in combination.
- 7.11 **Management and governance were effective:** Consultees reported that the management and governance roles worked as expected. When necessary, the governance team were able to pivot the project to respond to changing circumstances. A strength of the arrangements was the presence of senior, strategic personnel in the governance architecture, which appears to have resulted in strong links between the oversight of the project and its day-to-day management.
- 7.12 **The U Start project was successfully adapted in light of the COVID-19 pandemic:** The project delivery team quickly pivoted delivery of U Start online in face of COVID-19 restrictions. This transition was managed effectively to minimize the disruption to the quality of delivery, with the subsequent increase in online demand for the project during this period being dealt with by agreeing a Project Change Request with DLUHC, which extended the project to June 2023. The transition in back into hybrid and in-person teaching by the end of 2022 took place successfully,

with several beneficiaries commenting on the importance of in person interaction and the greater ease of networking.

- 7.13 **Partnership working outside the core universities was limited:** The project was intended to be collaborative, working with the wider business support landscape and other universities in Lancashire. In practice, Edge Hill University and University of Cumbria were not able to match fund the project, and referrals to Lancashire's business support hub were limited.
- 7.14 **Staff changes created pressure for project teams:** Unforeseen changes in the PSU team meant that recording of outputs could be subject to change. Once a single member of the PSU team took on this role, monitoring was more consistent and straightforward. The fixed term nature of the project meant some staff left the team before it was complete, and roles were difficult to replace. This put increased responsibilities on remaining staff.

Outcomes and impacts

- 7.15 **Beneficiaries were satisfied with the support they received from the U Start project:** The vast majority (91%) of survey respondents indicate that they were satisfied or extremely satisfied with the support they received on the U Start project. Respondents were also asked to reflect on their experience of the specific types of support they received, with the average across the nine types (as shown in Figure 5.6) being 81% of respondents feeling support was beneficial or very beneficial. Most notably, the one-to-one mentoring and group workshops were seen to be the most beneficial at both universities
- 7.16 **Beneficiaries have made progress towards their objectives set out at the beginning of the project:** The most common reason for seeking support through the U Start project was to gain experience and/ or skills for work (96%). When asked later in the survey whether beneficiaries felt they had achieved this aim, 95% stated they felt they had achieved it or made progress in achieving it. Another common objective that beneficiaries sought on the project was to understand how to start a business (85% of respondents), of which 94% stated they felt they had achieved or made progress, which can be seen as a success of this start up focussed support. Conversely, where less respondents felt they have made no progress or are in a worse position than before are regarding the improvement of specific skills such as marketing (14%) and business admin and legal services (11%).
- 7.17 **The quantitative assessment of impact is inconclusive:** Survey respondents were asked to consider changes in business performance, where it applied, following participation in the U Start project. 57% and 22% of respondents indicated that they had or expect to have a change in business turnover or employment respectively. An indicative impact assessment suggests that based on the number of beneficiaries supported by project closure, the U Start project will have generated £1.50 in net additional GVA per £1 invested in the project (net additional GVA of £6.5 million) and a cost per net additional job of c. £211,000. The latter is not inconsistent with start-up projects elsewhere since businesses take time to generate new employment beyond that of the business owner. Whilst there is a very high degree of uncertainty associated with these findings described in detail in Chapter 6. The findings nevertheless point to positive economic impacts.
- 7.18 **Outcomes and impacts of the project are further reaching than the ERDF outputs:** The nature of the U Start project primarily focussing on start-ups, with a target audience that was largely students, has meant many of the outputs do not naturally fit within ERDF output metrics. The result has been a project where P11 targets have been exceeded, but the achievement of C8 and C28 targets has been consistently behind, despite two PCR applications. However, metrics

such as confidence building, increased knowledge about how to build a business, experience that can be utilised for graduate job applications, experience working in groups, as well as the ability to network with a wide range of individuals beyond just course cohorts are all benefits of the U Start support that have been cited by beneficiaries both in consultations as well as being captured in survey responses. These are all benefits that are all important for the Lancashire region in the longer term, even if they cannot be quantified in the short term.

Recommendations

- 7.19 **Recommendation 1 - Continue to support entrepreneurship as an employment option:** The important role that universities play in fostering entrepreneurship has been underlined by the U Start project. With the project and ERDF funding coming to an end, steps should be taken to ensure this type of support can continue to help encourage and support the future pipeline of startup businesses in Lancashire. This could be further integrated into a wider range of universities, and/or be the result of further investment in the capacity of graduate and staff enterprise development at the universities.
- 7.20 **Recommendation 2 - Ensure services are designed to be flexible and responsive to demand:** Local, regional and national economies are continually changing with developments in technologies, products, services and markets. Future projects should be designed to be sufficiently flexible to gear entrepreneurship advice to demand for the specific types of business which are likely to emerge as these changes occur. This applies both in terms of the range of sector ‘specialisms’ a project is capable of covering, and the type of advice available (for example, the continuing development of social media and its role in marketing, the growth of online trade and online business).
- 7.21 **Recommendation 3 – Ensure that future output targets are realistic:** Although the U Start project was well designed overall, consultees highlighted the legacy of overambitious target setting by observing that although the targets set out in the PCR were more realistic, they remained stretching. The underperforming against project targets for both C8 and C28 targets reflect this overambition. Future planning of targets for outputs, particularly employment and turnover targets, should therefore be realistic given the size and characteristics of the beneficiary base, and particularly the time lags involved in moving a business from initial formation to the point at which it is generating turnover and employment growth.
- 7.22 **Recommendation 4 - Assess and improve beneficiary aftercare:** The requirements of meeting ERDF and other funder targets, and the resources involved, can result in a lack of follow-up contact with those supported by a project. This is made more challenging for a project of this type by the large number of graduates who leave a university on completion of their studies, and with whom it is likely to be difficult to retain contact. The universities should review their follow-up procedures and explore ways of maintaining and potentially providing further advice or onward referrals to beneficiaries 1 year plus after support. New start-ups typically find early stage business activity challenging, and there may be some benefit to survival rates and growth in doing this.
- 7.23 **Recommendation 5 – Proactively measure and monitor longer-term, wider benefits:** Case study and survey results from this evaluation have highlighted that the benefits of U Start will extend beyond the specific ERDF outputs and any short-term outcomes and impacts which might be achieved during its delivery. The monitoring of such benefits, including securing a graduate job, increased confidence, or the expansion of personal networks, are all important impacts of the project which are not monitored, but are indicators to consider for future projects. Beyond these indicators, understanding how a project of this type is affecting enterprise start-

up and survival rates locally is also important and the universities might consider building in regular, annual analysis when designing future services.

- 7.24 **Recommendation 6 – Work more closely with the wider Lancashire business support ecosystem:** The evaluation highlights the working relationship between the two partner HEIs and external business support providers such as Boost were not as fruitful as they were intended in the application. The referrals pathway into U Start from Boost did not materialize as outlined in the Memorandum of Understanding. However, as ERDF funding is phasing out, there would be merit in universities identifying external strategic partners and looking at opportunities to successfully collaborate to secure future funding.

Appendix A - Consultees

- A.1 Consultations were carried out between January and February 2023 via Microsoft Teams video calls with delivery and management staff and those involved at a strategic level with U Start, and a small selection of project beneficiaries.
- A.2 The consultations were carried out in the format of semi-structured interviews, with aide memoires used to help guide the questioning. The following project stakeholders were consulted as part of the evaluation:

| Table A.1 Consultees | | |
|----------------------|----------------------------|------------------------------|
| Name | University/Organisation | Job Title/Role on Project |
| Christopher Peacock | UCLan | Beneficiary |
| Darshana Patel | Lancashire Country Council | Programme Officer (Boost) |
| Farrah Boutros | Lancaster University | Enterprise Programme Officer |
| Jacqueline Bidwell | UCLan | Beneficiary |
| Joe Buglass | UCLan | Enterprise Manager |
| Jonathan Powell | Lancaster University | Project Director |
| Khalid Afzal | UCLan | Beneficiary |
| Mariam Sidat | Lancaster University | Beneficiary |
| Sharad Ramsamooj | Lancaster University | Beneficiary |
| Sonia Cross | DLUHC | Contract Lead |
| Vicky Prendergast | UCLan | Project Manager for UCLan |

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