Evaluation of the East of England Business Link Service 2010/2011

Undertaken by the East of England Development Agency

August 2011

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2. Executive Summary

The East of England Development Agency (EEDA) initiated an evaluation of the regional Business Link (BL) service in May 2011 to assess its impact in 2010/11 (the second regional contract period) in comparison to the regional BL service provided in 2007/08 – 2009/10 (the first regional contract period). The research focused on four key questions:

1. How did EEDA's commissioning of the current Business Link East contract from 2010 take account of recommendations made in previous reviews, evaluations and lessons learnt from the economic downturn?
2. Did Business Link East achieve its intended (measurable) outputs, outcomes and impacts between April 2010 and March 2011?
3. Has the second East of England regional Business Link contract provided value for money in comparison to the first contract and other regional Business Link services?
4. Has the second Business Link contract achieved its intended Strategic Added Value?

EEDA felt the time was right to commission this evaluation as the Coalition Government had announced the closure of the regional BL service in November 2011 along with the closure of all Regional Development Agencies (RDAs), including EEDA, in March 2012. As well as reviewing the performance of the regional BL service, it was seen as important to capture the lessons learnt from delivering regional business support services so that current and future business support providers could learn from this experience.

The evaluation was carried out by a small team from EEDA and supported by staff from East of England IDB Ltd (EEIDB) – the regional provider of the BL service – during May to July 2011. The work primarily involved desk-based research, utilising the wealth of data already held on the regional BL service. This was backed up by face-to-face interviews with key internal and external stakeholders. The key findings and lessons learnt are summarised below.

2.1 Summary of Findings

1. **How did EEDA's commissioning of the current Business Link East contract from 2010 take account of recommendations made in previous reviews, evaluations and lessons learnt from the economic downturn?**

- A total of 19 recommendations were made in past evaluations of the regional BL service. This evaluation found that 12 of these recommendations were reflected in the second regional BL contract in 2010/11;

- A key change was the move to more intensive assistance, rather than a focus on meeting low-value, light-touch penetration targets. This shift in focus began during the economic downturn and was then formalised in the second regional contract;

- Related to the above, the service became more regionally-focused and moved away from prioritising the achievement of targets set by Central Government.

Regional priorities reflected in the contract included the focus on more intensive assistance; employing experts to assist businesses in key sectors; and greater focus on high-growth companies;

- The re-procurement documentation and feedback from interviewees demonstrates the process that EEDA undertook to ensure that the new contract reflected the needs of the region. The process involved a series of engagement with partner organisations, developing a new regional 'Business Support Strategic Investment Plan', visiting other regional BL services to learn best practice and reviewing and incorporating recommendations from past evaluations.

- The new BL contract combined the business support offer and the skills brokerage offer (Train to Gain) into a single integrated service – reducing back office costs and offering a more coherent and seamless offer to businesses;

- EEDA levered in additional funding for business support in the region, such as £1.2 million from the European Social Fund (ESF), £1 million from the European Regional Development Fund (ERDF), funding from the Rural Development Programme and funding from the Office for Civil Society;

- To enhance the credibility of the service, all BL advisors were accredited with the 'National Occupational Standards in Business Support';

- Partnership-working was strengthened between the regional BL provider and third party providers, such as local authorities, Chambers of Commerce and local economic development organisations – leading to less duplication of business support services;

- Some recommendations were not taken forward as a result of the closure of the regional service and reduced funding, despite intentions to make changes when the contract was developed. These included developing better measures to assess the impact and Strategic Added Value (SAV) of the BL service; involving stakeholders in shaping the BL service on an ongoing basis; and developing indicators to track the impact of the BL service and the economic downturn on the business support market;

- One recommendation was not adopted due to disagreement with the findings of a previous evaluation. This was to achieve an advisor profile that more closely reflected the profile of the BL client base. However, this had not been raised as an issue by businesses in customer satisfaction surveys. It could also be argued that the advisor profile was already diverse, with women, ethnic minority, social enterprise and rural specialists and a mix of large and small company experience among advisors. The five online advisors recruited since the start of the contract also had a broad mix of backgrounds;

- Finally, a formal system for quality assuring the services brokered from suppliers was not established in 2010/11 due to the risks and difficulties encountered. Instead, Business Link East (BLE) concentrated on providing direct advice to customers to enable them to make more informed decisions when procuring services;

- In terms of responding to the economic downturn, the majority of stakeholders interviewed for this evaluation agreed that the second regional contract had incorporated the lessons learnt from the downturn. These lessons are summarised in section 2.2.

2. Did Business Link East achieve its intended (measurable) outputs, outcomes and impacts between April 2010 and March 2011?

- BLE achieved the majority of its output targets in 2010/11;

- Reflecting the focus on more intensive assistance, the number of customers receiving added-value (Level 3+[1]) services increased on previous years and the number of customers receiving intensive assistance rose from 2009/10;

- The impact of intensive assistance increased, with a greater percentage of customers reporting that this assistance had identified improvements and benefitted their business;

- Customer satisfaction reached an all-time high in 2010/11 as a result of ongoing customer improvement during the previous contract, which included responding to customer feedback, maintaining relationships with customers, increased focus on added-value services and maintaining an intact service in a rapidly-changing environment;

- Customer satisfaction also improved in relation to other regions, in part reflecting EEDA's and EEIDB's commitment to continue to deliver a quality service despite its forthcoming closure while some regions stopped taking a business-as-usual stance;

- Areas of underperformance in 2010/11 (compared to targets) included the number of businesses created and the number of businesses created and surviving 12 months. There are many reasons for this 'underperformance' including the economic downturn – which had a negative effect on business start-ups and survival – and time lags in collecting data on companies that have started or continue to trade. At the same time, the number of jobs created by new businesses increased while the number of businesses created as a percentage of pre-start customers rose to an all-time high, indicating that pre-start assistance was more effective;

- In terms of outcomes, intensively-assisted businesses recorded growth in economic output (Gross Value Added, or GVA) in 2009/10 against a fall in GVA per business across the East of England. In 2010/11, GVA growth was higher for BLE-assisted businesses than the regional average;

- While the one-year survival rate of BLE-supported businesses fell between 2008/09 and 2010/11, this was the case for all new businesses across the East of

[1] Levels of service are explained on page 18

England during this period. The evidence set out in chapter 9 also suggests that BLE assistance may have lessened the likelihood of failure;

- The BLE service contributed positively to business creation in the East of England between 2007/08 and 2009/10, with an increase in the number of new businesses created against a fall in the number of business start-ups across the region. No data are available to make regional comparisons in 2010/11;

- In terms of impacts, intensive assistance in 2010/11 generated between £12.7 million and £42.5 million of GVA for the regional economy. By 2013/14, the GVA generated by BLE intensive assistance in 2010/11 is expected to rise to between £34.5 million and £115.1 million;

- This is greater than the impact in 2009/10, although the economic downturn is likely to have dampened GVA generation in that year. The results also compare favourably to evaluations of other BL and business support services.

3. Has the second East of England regional Business Link contract provided value for money in comparison to the first contract and other regional Business Link services?

- The BLE service demonstrated value for money in 2010/11, as explained below;

- The cost of assisting each business totalled between £354 and £654 in 2010/11. This was higher than in previous years – due to greater focus on delivering added-value services – but compared favourably to evaluations of other BL and business support services;

- The cost of creating each job totalled between £1,108 and £2,017 in 2010/11. This was lower than in the previous year and compared favourably to evaluations of other BL and business support services;

- BLE's intensive assistance generated between £0.9 and £3.0 of GVA for every £1 spent on *all* BLE services in 2010/11 (ie the cost of intensive and non-intensive assistance). This compared favourably to other regional BL services;

- It is important to note that this only considers the GVA generated from intensive assistance and compares this to the cost of the total BLE service – which includes non-intensive assistance. GVA benefits would rise considerably if the value generated by non-intensive assistance was also taken into account (as demonstrated in an evaluation of the BL service in the South West). However, the metrics did not exist to measure the GVA from non-intensive assistance in the East of England;

- By 2013/14, BLE intensive assistance in 2010/11 is expected to generate between £2.4 and £8.1 of GVA for every £1 spent on *all* BLE services in that year (as above, this would rise considerably if the GVA generated by non-intensive assistance was also taken into account).

4. Has the second Business Link contract achieved its intended Strategic Added Value?

- The SAV brought about through the second regional BL contract was identified as enhanced partnership engagement, increased sharing of knowledge and information exchange between stakeholders, provision of integrated services, influence of policy through enhanced economic intelligence, influence on other business support services and leveraging of additional funding for business support;

- Better engagement with partners: an improvement in partnership-working, particularly with local authorities, Chambers of Commerce and local economic development organisations, led to less duplication of and more co-investment in business support services in the region, therefore making it easier for businesses to access the help and support they needed;

- Improved information and knowledge exchange between stakeholders: greater access to data was provided to local authorities and other partners through the 'Regional Business Support Information System' (RBSIS) and local-level performance reports, thereby improving information on support provided to businesses in each locality;

- An integrated service: the re-procurement of the regional BL service incorporated the skills brokerage (Train to Gain) service, which reduced back office costs and enabled savings to be reinvested in frontline delivery, while providing a more coherent offer to businesses;

- Business intelligence and data: the 'real-time' data and information produced by BLE each month on issues faced by businesses filled the gap generated by time lags and lack of local information in official economic data. This intelligence enabled EEDA, regional partners and Central Government to develop timely and appropriate policy responses to support businesses during the downturn;

- Influence on services offered by partner organisations: the regional BL service complemented partner offers and increased referral rates to some services, such as Resource Efficiency East, enabling businesses to benefit from services that they might otherwise be unaware of;

- Leveraging in additional funding: as above, the BL service acted as a cash generator for the region, bringing in additional funding from the ESF, ERDF, Rural Development Programme and Office for Civil Society. This led to additional activities that could not otherwise have been carried out, most notably social inclusion projects to aid those out of work into employment or self-employment.

2.2 Summary of Lessons Learnt

- Lessons learnt from the economic downturn were incorporated into the second regional BL contract and are applicable to future business support services. These include the following:

- Business support services need flexible legal contracts to enable them to respond quickly and easily to changes in the business environment, including economic shocks;
- As a result of changes in the business environment, there is continued need for services that help businesses to access finance (eg via the Financial Intermediaries Service and associated support) and deal with high demand for instant advice (eg the BLE Online Advisor Service);
- Services offering intensive assistance to a smaller number of businesses are much more valuable and have greater economic impact than implementing a high-volume, light-touch approach to business support – albeit intensive assistance is much more expensive to deliver.

- As noted above, changes have recently been made to the BLE service – often in response to recommendations made in previous evaluations – which have improved impact, customer satisfaction and partner support. However, there are other ways that business support services could be improved, which were not implemented in 2010/11. These are noted above (page 3) and include:

  - Quality assurance: formal methods of quality-assuring brokered services should be investigated to improve the business support offer;
  - Involvement of stakeholders in shaping the service on an ongoing basis: partners should have a formal mechanism to communicate any challenges and feedback to inform the future focus of the service, eg through a formal stakeholder group containing representatives from local public bodies and business representative groups;
  - Putting SAV measures in place: SAV measures should be established at the outset, to ensure appropriate recording and routine reporting of progress;
  - Putting impact measures in place: measures should be developed to provide better evidence of the impact that the service is having on businesses and the regional economy and its value for money.

3. Purpose of the Report

EEDA is one of nine RDAs established by the Government in 1999. The agency works across the six counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk, covering an area of 19,120 square kilometers, a total population of 5.8 million people and over 501,000 businesses. The role of EEDA is to ‘improve the economy of the East of England’ and it is the principal regional agency tasked with driving improvement in economic performance. In doing so, it acts as a ‘strategic navigator’ – leading partners in delivering shared economic objectives; a ‘strategic influencer’ and expert – mobilising partners with greater resources and contributing expertise and discretionary funding to address particular economic market failures; and a ‘commissioner’ – using scarce resources strategically to commission projects or programmes at the right spatial level.

One of EEDA’s key mechanisms for supporting the East of England economy is to commission the regional BL service. BL is a national service with regional, sub-regional and local delivery arrangements. Its purpose is to stimulate the market for business support by encouraging and enabling businesses to easily source the appropriate information, solutions and providers that will help them start and grow their business. The role of BL is to provide small and medium-sized enterprises (SMEs) with information, diagnosis and brokerage to solution providers.

Against the backdrop of a Spending Review and the need to reduce the fiscal deficit, the Coalition Government confirmed its intention to abolish the network of RDAs in June 2010 and EEDA will therefore cease in March 2012. Additionally, in January 2011, the Coalition Government announced that it would close the regional BL services in November 2011 and replace these with a refreshed national BL website, which will primarily focus on providing on-line self-help guides. There will also be a helpline for those without internet access or users of the site that need guidance.

With the demise of EEDA and the regional BL service, EEDA believes that now is an ideal time to carry out an evaluation of the regional BL offer. The evaluation has been carried out by a small team from EEDA. Following the announcement by BIS that the Business Link service would close in 2011, a subsequent directive restricted any expenditure on external consultancy. It has been EEDA’s practice to undertake evaluations of all major programmes, as a means of capturing lessons learnt. Such evaluations have been used to inform future commissioning of similar services and initiatives. EEDA Directors were keen to ensure that this element of best practice was not lost.

Two members of staff, Hannah Lazarus and Shan Lloyd, who had no direct involvement in the Business Link contract, were asked to undertake this evaluation, drawing on the considerable amount of knowledge and resource available within EEDA at the time. Hannah is EEDA's 'Economics and Policy Analyst' whose role is to provide economic analysis to support EEDA's corporate priorities, local, regional and national policy development and the response to economic shocks. She works in the Strategy and Intelligence Directorate, whose specialisms include evaluation. Shan's role is ‘Senior Manager Business Strategy and Policy’, working in the Enterprise and Skills Directorate. Part of her role is to ensure that the business support provided by EEDA is meeting the needs of businesses. She also has experience of carrying out a full evaluation of a Business Link in another region, as part of her Master of Philosophy.

It is intended that the lessons learnt from EEDA's management of the BL service over the last few years – as captured by this evaluation – will be shared with partners so that organisations already delivering business support, or those intending to deliver business support in the future, can learn from this experience.

4. Objectives of the Evaluation

This report provides a light-touch evaluation with the primary purpose of:

Evaluating the impact of the East of England Business Link service in 2010/11 (second regional contract) in comparison to the regional Business Link service provided in 2007/10 (first regional contract)

The main audience is envisaged to be those interested in reviewing BLE's performance and the effectiveness of EEDA's commissioning process – such as the EEDA Board and local MPs – as well as those involved in providing or commissioning business support services in the region in the future – such as local enterprise partnerships and local authority economic development teams.

The **key research questions** that will be answered in the evaluation are:

1. How did EEDA's commissioning of the current Business Link East contract from 2010 take account of recommendations made in previous reviews, evaluations and lessons learnt from the economic downturn?

2. Did Business Link East achieve its intended (measurable) outputs, outcomes and impacts between April 2010 and March 2011?

3. Has the second East of England regional Business Link contract provided value for money in comparison to the first contract and other regional Business Link services?

4. Has the second Business Link contract achieved its intended Strategic Added Value?

Given that the evaluation is light-touch and being carried out in a short timescale of less than three months, this evaluation uses primarily desk-based research focused on data already collected. The full methodology used in this work is set out in the next section.

5. Methodology

This chapter describes the methodology applied by the evaluation team to answer the four key research questions.

5.1 How did EEDA's commissioning of the current Business Link East contract from 2010 take account of recommendations made in previous reviews, evaluations and lessons learnt from the economic downturn

This involved a mixture of desktop research, which included assessing relevant commissioning documents, EEDA Board Papers and previous evaluations. A series of interviews were also held with the commissioners of the BLE regional service (EEDA), the service deliverers (EEIDB) and external stakeholders to assess their opinions of the commissioning of the current BLE contract (Appendix B provides a list of stakeholders interviewed and Appendix C provides a list of interview questions) .

5.2 Did Business Link East achieve its intended (measurable) outputs, outcomes and impacts between April 2010 and April 2011?

The team undertook a desktop analysis of management information to assess the extent to which target outputs, outcomes and impacts had been achieved in 2010/11 and how this compared to 2007/10, bearing in mind the change in the nature of target outputs, outcomes and impacts during this time. Within the project planning process, the team identified three different options for undertaking an assessment of BLE's outputs, outcomes and impacts.

Option 1: Performance Review

This would be a light-touch assessment of achievement of BLE outputs, outcomes and impacts based on existing management information. This would be less resource-intensive than options 2 and 3 and manageable within the timeframe for the project. On the downside, it would assess only gross outputs with no adjustments made to calculate the 'additionality' of the BLE service, ie to capture the difference that the service had made compared to what might otherwise have happened.

Option 2: Basic Impact Evaluation

In addition to the assessment described in option 1, option 2 would involve calculating an estimate of 'additionality' by applying the assumptions made in other evaluations of BL and business support services. This would be manageable within the timeframe for the project. On the downside, these assumptions would be taken from interventions that may or may not have worked well and business support interventions that differed from the BL service and hence may not reflect the performance of the BLE service.

Option 3: Full Impact Evaluation

In addition to the assessment described in option 1, option 3 would involve calculating an estimate of 'additionality' by conducting a beneficiary survey. This would capture the difference that the service had made compared with what might otherwise have happened and be based on the views and performance of businesses assisted by the BLE service. On the downside, this option would be more time-consuming, with time needed to design the survey, allow for responses and to analyse and report the results. This was unlikely to be manageable within the timeframe for the project.

The project team reviewed the options and identified option 2 as the preferred option – as this would provide some evidence to calculate the additionality of the BLE service (unlike option 1) while being manageable within the timeframe for the project (unlike option 3). To respond to the caveats that could arise from applying option 2, 'additionality' assumptions from a number of different evaluations were assessed and a range was applied – to set out the outputs, outcomes and impacts of the BLE service in the case of low levels of additionality (ie a low proportion of the impacts were assumed to be attributable to the BLE service) and high levels of additionality (ie a high proportion of the impacts were assumed to be attributable to BLE assistance).

5.3 Has the second East of England regional Business Link contract provided value for money in comparison to the first contract and other regional Business Link services?

To assess value for money, the team reviewed the management information collected by EEDA and EEIDB to provide an assessment of the 'economy' of the service, ie the extent to which it was delivered at minimum cost, and the 'efficiency' of the service, ie the ratio of benefits to costs.

5.4 Has the second Business Link contract achieved its intended Strategic Added Value?

SAV is the wider qualitative impacts of a service. In the case of RDA activity, this often relates to the elements outlined in table 5.1.

Table 5.1: Elements of SAV

Leadership and catalyst	Communicating effectively economic development needs, opportunities and solutions to stakeholders
Influence	Affecting the behaviour and allocation and or activities by stakeholders
Leverage	Securing funds to contribute to the objectives of the Regional Economic Strategy
Synergy	Improving information and knowledge exchange with and between stakeholders, and coordination of stakeholders, for a more effective policy response
Engagement	Mechanisms that involve stakeholders in the design and delivery of activities

Identifying the SAV of the BLE service – and the extent to which this was achieved – required a mixture of desktop research and interviews with those stakeholders listed in Appendix B.

6. Background of the East of England Business Link Service

6.1 The Rationale for the Business Link Service

The BL service was introduced by the Government in the 1990s to support companies seeking to improve their performance, in light of the fact that the level of productivity across the UK was well below that of other advanced economies. With the level of entrepreneurial activity also considered modest in comparison to other countries, BL interventions were subsequently expanded to support an increase in the rate of business start-ups. Later, developments also extended the remit from encouraging growth to also helping businesses to mitigate failure.

A report commissioned by the Department for Business, Enterprise and Regulatory Reform (BERR) in 2006[2] noted that the rationale for the BL model was originally based on three key factors: market failure in terms of demand for business advice; supply-side institutional failure; and market failure in terms of the supply of business advice. The assumptions behind this rationale are set out in table 6.1.

Table 6.1: The Rationale for Business Link

Rationale	Assumptions behind Rationale
Market failure in terms of the demand for business advice	• Small firms lack internal capabilities to analyse their problems and derive solutions • Small firms focus on survival rather than development and therefore do not seek advice • Small firms are uncertain about the quality of business advice so Business Link accreditation should increase the confidence in the use of business advice, which will spill-over into increased demand for private sector services
Supply-side institutional failure	• Diversity in service provision leading to inconsistency • Duplication of services • Need for a one-stop-shop • Lack of economies of scale and scope
Market failure in terms of the supply of business advice	• Location of consultants • Business services geared towards the major market in large firms

The rationale was further developed during 2006 to ensure separation between the ‘brokerage’ and ‘delivery’ aspects of the support offered. It had been recognised that the service was being contracted to organisations who not only undertook the ’information, diagnostic and brokerage’ (IDB) elements, discussed below, but who also acted as providers of business support. This, in effect, put the publicly-funded service in competition with private sector consultancy and support providers. The move to ensure impartiality through strict adherence and tests of separation resulted

[2] Economic Impact Study of Business Link Local Service (2006), University of Warwick, Aston Business School and Kingston University

in the IDB service offer being introduced as a national framework for the BL service from 2006.

6.2 What the Business Link Service Provides

The BL service is publicly-funded and consistently available across all of England. It exists to encourage individuals and businesses to more effectively embrace business support and skills services, so they are better able to start, develop and grow. BL provides support to those considering starting a business and also to existing businesses. Whilst principally aimed at SMEs, the BL service acts as the primary access channel to all publicly-funded business support services and business information and is, in fact, a service for all.

The core BL Service comprises of three elements:

- Information
- Diagnosis
- Brokerage

Action Planning

These are collectively known as 'IDB', with the aim of helping customers to find the most appropriate solution to meet their business needs. However, an important linkage that sits between ‘Diagnosis’ and ‘Brokerage’ is ‘Action Planning’, a practice that sets out the course of action required to achieve a chosen goal. Additionally, there are three other principal roles:

- The primary access channel for all publicly-funded support services delivered under the ‘Solutions for Business’ brand;
- A market-maker to encourage customers to make use of business support services and to adopt best business practices;
- Deliverer of services to help individuals to start a business.

Responsibility for the delivery of the BL service is at two levels, as outlined below.

The National BL Service

At a national level, HM Revenue and Customs (HMRC) has responsibility for the ‘online’ channel, the www.businesslink.gov.uk web site. This national website provides an online information service and self-diagnostic tools to allow business owners and managers to easily access useful guidance. The site also provides access to an extensive national and regional events calendar covering workshops and networking opportunities. Increasingly, the website will also become the means through which businesses will engage and transact with Government on regulatory matters including two-way tax and VAT transactions.

The Regional BL Service

At a regional level, the RDAs are responsible for the BL IDB service and the support to help with business creation. Delivery of the BL service may vary from region-to-region but the principles, elements and customer experience of the service are consistent across the country. The regional service is explained in more detail below:

- **Information**

BL deliver an enquiry and information service which enables business customers to identify opportunities and assistance to support the start-up, growth and development of their businesses. This includes objective information on services available from the public and private sectors and guidance on how to make best use of them. It also provides access to all government information and support services.

The information is delivered in a number of ways including by telephone, electronically via a BL-identified web and email address, in writing, face-to-face and through BL-branded events, workshops and seminars.

- **Diagnosis**

At the heart of the BL service is the ability to offer customers impartial diagnosis to analyse needs and thus determine an appropriate course of action. All too often, customers who do access external (public or private) business support will articulate a ‘want’, but sometimes, what they ‘need’ is something entirely different. For example, a common ‘want’ is for help in finding more customers. However, a full diagnosis of need could well uncover that the customer has issues with its pricing structure which must first be addressed.

Diagnostics are delivered in three ways:

- Through self-assessment online services;
- Via telephone diagnostics with the Information/Customer Service and Online Advisors within the Information Service;
- Face-to-face via BL advisors. These sessions are in-depth and will lead to the development of a plan of action. The BL advisor will support the customer to implement the action plan but not manage this on the customer’s behalf.

The role of the BL advisor is to deliver advice, guidance and support. The BL advisor normally works intensively only with businesses once they become established, and can act as a catalyst for new strategies by introducing (through the diagnostic process) new ideas and models to help the customer to think about their business differently. It is not their role to provide a consultancy service, make decisions on a customer’s behalf (shadow directorship) or enter into an open-ended relationship.

- **Brokerage and Referral**

At the heart of the BL service is the delivery of impartial and independent brokerage or referral. This not only relates to maintaining information on all publicly-funded services and referrals to these as appropriate, but also maintaining a register of private sector service suppliers together with guidelines on how best to make an appropriate selection.

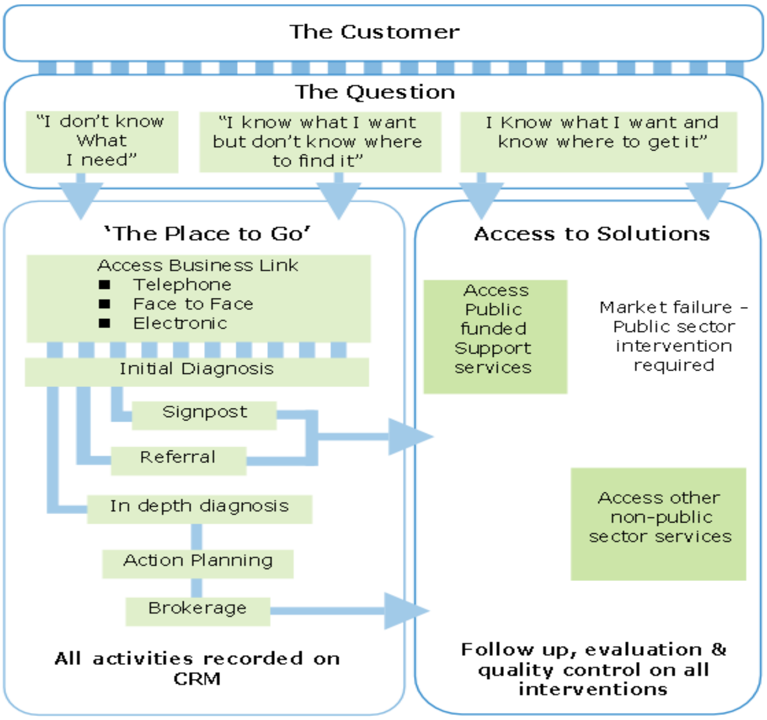
Brokerage is an output which occurs as a result of intensive diagnosis and action planning by a Business Advisor where support from a private sector supplier is identified (with or without public funded subsidy). In these circumstances, BL provide customers with referral to at least three solution providers, where possible.

It is important to note that not all intensive diagnosis will result in brokerage, as the action plan may identify other approaches such as actions the customer may take for themselves. Furthermore, brokerage may also occur as a result of self–diagnosis, via an online interaction or via the BL Information Service.

Follow-on support provided by BL includes Account Management through multiple or complex support solutions to monitor the customer's journey and ensure their objectives are met and also via the provision of support to help customers to project manage solutions.

The Customer Journey

BL is a service in its own right and targets customers to encourage them to look at opportunities and threats within their business. It also promotes its independent and impartial diagnostic role and its position as the primary access channel for publicly-funded business support. An overview of the customer journey at a macro level is described in the diagram below[3]:



Levels of BL Support

BL provides a range of services to businesses in the region. Internally, these are categorised according to 'levels' of support, which often define the level of intensity of

[3] CRM = customer relationship management system

the assistance provided (up to level 6). These levels of support are displayed in table 6.2.

Table 6.2: Levels of BL Support

Level	Intervention	
1	Contact made but no service intervention	This could include updating client details, exchange of business cards at an event or targeting with a marketing mailing.
2	Light touch service intervention	This could include web downloads, e-zine services and telemarketing of information packages.
3	Information intervention – standard	Provision of Information which includes a light diagnosis. Time spent to deliver the service is less than half an hour. Normally delivered by Information and Intelligence Service personnel, but may also be delivered by business advisors.
4	Information intervention – in-depth	Provision of information or online advice. This includes a diagnosis and may involve research work and/or detailed dialogue with a customer. Time spent to deliver such interventions will last for over half an hour and less than two hours, including any research/preparation time. Normally delivered by Information and Intelligence Service personnel, but may also be delivered by business advisors.
5	One-to-one advice session	A one-off, one-to-one advice session delivered by business advisors. Time spent to deliver such interventions, including research/preparation time, will last at least two hours.
6	Adviser in-depth relationship	Advice session delivered to a customer with whom BL has an intensive relationship. Customers will receive: diagnosis of need and development of an action plan. The business advisor will establish a baseline and forecast GVA with the intention to capture actual GVA against forecast GVA. The relationship will last for a defined period (in accordance with the action plan). The session could be delivered via telephone or face-to-face.
7	One-to-one counselling for start-ups	One-to-one counselling for start-ups delivered by external suppliers and paid for by BL funding.
8	Events, workshops and seminars	Any BL event, workshop or seminar.

6.3 The East of England Context and the Tailored BL Regional Service

The East of England is the second largest English region comprising of the five counties of Cambridgeshire, Essex, Hertfordshire, Norfolk, Suffolk and the unitary authorities of Bedford, Central Bedfordshire, Peterborough, Luton, Southend-on-Sea and Thurrock. The region is home to a population of 5.8 million people, based in a number of medium-sized towns and cities – each with its own distinctive character and strengths. These urban centres are complemented by extensive rural areas, which have diverse economies, including a strong tourism industry.

The East of England has one of the strongest economies in the UK. Over the last 20 years, the region has had one of the highest long-term economic growth rates and one of the highest employment rates of the UK regions. The region's economy was worth over £107.2 billion in 2009 and was home to over 501,000 businesses, with a dominance of SMEs. Historically, enterprise survival rates have been very high, exceeding the UK average.

The regional BL services have been adapted to take into account the distinct needs of the region. In the East of England, this is best demonstrated through the specialist advisors and the focus of the partnership directors, whose roles reflect the specialist needs of the regional economy. The areas of special interest covered by these personnel include: Agriculture & Fisheries, Construction, Creative Industries, E-Commerce, Energy, Engineering, Environmental, Finance, Food, Health Care, ICT, Innovation, Leisure and Heritage, Life Sciences, Logistics, Manufacturing, Olympics, Rural, Social Enterprise and Tourism. Particular attention is also given to the knowledge-led clusters in the region, which include: Financial Services in the A12 corridor, Bioscience and Health Care development in the Cambridge cluster, ICT and Telecoms across the region, Offshore Renewable Energy supply chains, Food Science at Norwich Research Park and Rothamstead, Wireless Technologies centred on Cambridge, and a host of other smaller specialist sectors represented across the region.

In terms of the rationale for the service in the East of England its intended outputs, outcomes and impacts, Appendix A sets out the ‘logic chain’ for the BLE service.

6.4 EEDA’s Role as Commissioner of the Regional Business Link Service

Responsibility for the IDB and business creation element of the BL service transferred to the RDAs from 2005/06 with EEDA originally being responsible for six BL organisations across the East of England. From 1 April 2007, EEDA awarded a single contract to EEIDB for the provision of BL services across the whole region, combining the previous six county-based BLs into one regional service. This approach reduced back office costs and provided 50 per cent more front-line advisors, as well as enabling greater regional leadership and a consistent support offer to businesses.

The regional BL service was re-procured in 2009/10 driven by the ultimate need for a flexible, single delivery framework which would help channel additional business support services through a strengthened regional BL-branded operational body. It is important to state that the motivation for changing the delivery arrangements was not driven by poor performance, but by the need for a new contract to allow for greater contractual and operational flexibility over the service.

The reasons for the re-procurement exercise and the main differences between the first and second regional contracts were:

- The Department for Business, Innovation and Skills (BIS) required that the Train to Gain skills brokerage service and BL contracts should be in one BL contract. This was not possible within the contract value headroom that EEDA had with its current BL provider. There was also a desire from EEDA to integrate the inward investment aftercare service within Business Link, so that it provided a single service for both UK and foreign-owned business. The benefits of one integrated contract were considered to be to:
  - improve and expand the market choice of business support services;
  - raise employers' demand for and investment in skills;
  - reduce the complexity of the system, making it simpler for employers to access the support they needed;
  - deliver a seamless experience for customers identifying business and skills needs;
  - deliver improvements in the referring/brokering of customers to the most appropriate solutions;
- It was felt that there was both a requirement, and scope, for achieving better value for money from the BL contract;
- A reduction in back office costs would release additional funds to be spent on frontline service provision;
- Some other BL providers offered a more open governance of their BLs and offered opportunities for greater involvement of the wider business community in the way that the service was managed and provided. This was a position that EEDA wanted to achieve, but not something which EEDA could require within the contract currently held with EEIDB;
- BIS and HM Treasury required that the contract incorporated a six-month rolling termination clause;
- BIS required the integrated BL service to support all businesses, with services delivered online, over the telephone, via one-to-many events and face-to-face. The service needed to be accessible to all, but also positioned to support and be credible to large businesses and SMEs who had the potential to realise growth opportunities – an holistic gateway service that also supported the Government's April 2009 policy, 'Building Britain's Future: New Industry, New Jobs';
- The desire to move away from meeting volume measures, with little economic value, to meaningful high-impact interactions with businesses (ie focus on quality over quantity);
- The first contracting arrangements were rigid and did not give EEDA the flexibility that it required to respond quickly to changes in the regional environment, customer needs or Governmental demands without time consuming procurement and contract negotiation processes or the threat of legal challenge. In particular, there was a need to enable the contractor to become a 'listening and learning' organisation that could better respond to business needs and shape how the service was delivered on an ongoing basis.

The following chapter looks in more detail at EEDA's commissioning of the second BLE contract, how this responded to recommendations made in previous evaluations and what difference this has made to the delivery of the service.

7. EEDA's Commissioning of the Business Link Contract

This chapter addresses research question one: "**How did EEDA's commissioning of the current Business Link East contract from 2010 take account of recommendations made in previous reviews, evaluations and lessons learnt from the economic downturn**."

Over the past few years, a number of evaluations have been carried out on the BLE service, other RDAs have evaluated their own regional BL services and BIS have commissioned evaluations and research. These previous evaluations were reviewed as part of this evaluation activity to identify if the East of England service had improved as a result of lessons learnt.

The key documents reviewed were:

- 'Review of EEDA's commissioning of the regional Business Link service for the East of England', East of England Regional Assembly (EERA), February 2009
- 'Independent Evaluation of Business Link East', Oakleigh Consulting Ltd, March 2009

The following provides a summary of the recommendations from these two evaluations.

7.1 'Review of EEDA's Commissioning of the Regional Business Link Service for the East of England', EERA, 2009

EERA's BL Review Group was initiated in late-2008 to review EEDA's commissioning of the BLE service. This followed interest from the EERA/EEDA liaison panel in BLE's performance and its belief that, despite BLE exceeding its first-year headline targets, publicly-funded business support in the region could be significantly improved.

The outcome was a set of recommendations, published in February 2009, for sharpening the service to make a greater impact on the region's economy. The recommendations included the following:

1. Focusing on More Intensive Assistance

EEDA tasked BLE to focus on achieving targets related to three key performance indicators (KPIs), as outlined in the National Performance Framework:

- Market penetration: the total number of businesses or entrepreneurs that accessed any kind of BLE service;
- Intensive assists: the number of businesses that developed an action plan after a two-hour interaction with a Business Advisor;
- Customer satisfaction: the percentage of BL's customers that are satisfied with the IDB service they received.

The Review Group noted that the KPIs were inadequate in capturing the service's impact on the region's economic growth and on the number of jobs created and safeguarded, and were not accurate measures of business success. This was particularly the case for market penetration – which was felt to have little impact on business performance compared to intensive assists.

The Group recommended that performance indicators should:

- Describe the performance of the IDB service *and* the resultant support or advice; and
- Give an indication of the impact of the IDB service *and* the resultant support or advice.

In particular, the Group was keen to see greater weight given to the number and intensity of intensive, value-added assistance over the lighter-touch and 'superficial' level of market penetration, eg by refocusing BLE's budget and using its underspend on business support vouchers to reduce the size of business advisors' client portfolios and thus permit and fund more intensive support. The Group also felt that the IDB model should be flexed to all BLE advisors to deliver more in-depth work to clients to improve the continuity of the service and get closer to the former 'Personal Business Advisor' model that was held in high regard.

In addition, the Review Group found that the 'Solutions for Business' programme had reduced the likelihood of entrepreneurs receiving intensive start-up provision unless they were part of an under-represented group in the region's business base. The Review Group stated that it would be in favour of this if EEDA could demonstrate that those resources would be used for more intensive support for high-growth businesses.

2. Greater Regional Discretion

The BLE service was delivered in accordance with the National Performance Framework, specified by BERR. The Review Group found the National Framework to be loose, leaving significant room for regional influence and discretion. The Group thought that EEDA should make better use of its ability to commission the service with a regional slant, particularly aligning with the priorities from the Regional Economic Strategy. This would allow BLE's business advisors to focus their expertise and support in areas most likely to deliver economic growth and job creation. In particular, the Review Group thought that EEDA should task BLE with increasing its focus on work with larger companies with significant growth potential and, more generally, on work to retain companies that may be footloose or experiencing difficulties.

3. More Joined-Up Commissioning of Business Support Services

The Review Group was concerned by the 'unnecessary' fragmentation of the business support landscape, eg the separate commissioning of the BLE service and supporting ICT and EEDA's commissioning of a separate provider for the Train to Gain service other than EEIDB Ltd – therefore missing an opportunity to achieve synergy, cost savings and the seamless delivery of integrated business support and training under a single contract. The Review Group felt that the use of multiple contractors constrained BLE's room for innovation and recommended that EEDA should better-align the delivery of the IDB service by BLE and the Train to Gain service.

4. Aligning to Regionally-Articulated Business Support Priorities

The Review Group was concerned that little reference had been made to the priorities set out in the ‘Better for Business’ regional business support strategy. In fact, it found that the commissioning of BLE services had, to an extent, prioritised resources so that public funding was used where it was least likely to address these priorities. The Review Group recommended that EEDA should develop a comprehensive and up-to-date business support strategy (by reviewing or renewing ‘Better for Business’) and thought that EEDA should appoint a Board Champion to give strategic leadership to properly coordinate the significant number of different business support programmes across the region.

5. Greater Collaboration and Tailoring to Local Needs

The Review Group found that the transition in April 2007 from six county-based BLs to a single regional BLE service did not result in any significant loss of service. However, a number of local partners (eg local authorities, chambers of commerce and Enterprise Agencies) expressed the view that the new model had reduced collaboration between themselves and BL, making the service more fragmented. They also felt less able to influence the shape of local delivery and felt that delivery under BLE had become more removed from its market. The Group stressed that all partners, including EEDA, BLE, local authorities and Enterprise Agencies, should work collaboratively to ensure that businesses are offered detailed, value-added IDB and advice that is also aligned to local needs. In particular, the Review Group noted that some local initiatives in the region had been particularly useful at broadening BLE’s penetration, eg the integration of BL into ‘One-Stop-Shops’ in Chatteris. The Group recommended that EEDA and BLE should evaluate and report on the consistency and spread of delivery of BLE services to local partners and the strength of local partnership working. It should also promote and seek good practice that has been developed to extend the reach of BLE, eg into rural areas.

6. Stronger Role for Enterprise Agencies

EEDA had initiated a separate business support service for start-up businesses that did not feel comfortable going to BL, delivered through Enterprise East – the network of Enterprise Agencies in the East of England. The Review Group thought that this added unnecessary confusion to businesses about where to go for business support services. Instead, the Group recommended that EEDA, Enterprise East and BLE should enhance the scope and capacity of Enterprise Agencies to play a stronger delivery role as a provider of BLE services. The Group felt that this was important given that the regionalisation of BL and the establishment of the IDB model impacted negatively on the income of many Enterprise Agencies. The Group stressed that the provision of publicly-funded business support should not result in a reduction in the accessibility of local business support providers.

7. Obtaining More Funding for Business Support

The East of England receives significantly less funding for business support compared to other regions and, since the new arrangements were introduced, BLE’s income per annum fell by more than 50 per cent. The Review Group was concerned that not enough was being done to leverage other sources of funding for business support and that BLE was prohibited under its contract with EEDA to bid directly for EU structural funds. The Group felt that EEDA should ensure that it had the capacity and commitment to ensure BLE was able to exploit all opportunities to use EU funding to deliver intensive business support services in the region, eg through early and appropriate applications to relevant EU and other external funding programmes, especially the Competitiveness Programme funded through the ERDF.

8. EEDA to Provide Stronger Direction

The Review Group thought that EEDA had been less engaged in the continuing development of the region's BL service than it had expected. It thought that the majority of service development had been driven by BLE, with little steer from EEDA. There was concern that continued change and refocusing of the service would result in uncertainty and complexity, eg BLE reprofiled its budget five times during 2007/08, largely due to underspend on business support vouchers and staffing. This resulted in £2.4 million being directed to marketing to ensure that the penetration target was met. There was no evidence that the EEDA Board was aware of this reprofiling and the opportunity cost of switching from relatively higher-value intensive support through the voucher system to lower-value market penetration. The Group therefore recommended that EEDA and BLE should ensure that Business Plans were robust to reduce the need for frequent alterations and, when significant changes were made, they should be agreed by the EEDA and BLE Boards.

9. Concern Regarding the In-House Delivery of BL Services

The Review Group noted that EEDA had considered taking the delivery of BL services in the East of England in-house, largely for efficiency reasons. The Group had seen no evidence that this would improve the delivery of business support in the region and recommended that any proposal to change arrangements should be widely consulted on with businesses, business support organisations and EEDA's key regional partners.

10. Assessing the Impact of the Economic Downturn on the Private Sector's Business Support Offer

The Review Group felt that it was important to assess the extent to which the private sector's business support offer had been affected by the economic downturn. It recommended that this should be evaluated by the EEDA Board subgroup which, based on the findings, should bring forward proposals to address any market failure.

11. Accreditation of Business Advisors

The Review Group noted that businesses receiving intensive assistance expected a skilled, knowledgeable and understanding business advisor. The 'National Occupational Standards in Business Support' had been implemented in other regions since September 2008. The Group therefore urged BLE to make the external accreditation of its business advisors an urgent priority, which, it claimed, would increase business and partner confidence in the quality of intensive interventions.

12. Changing the Demographic Profile of Business Advisors

The diversity of BLE's business advisors was a topic that drew consistent attention amongst the participants who gave evidence to the Review. Concern focused on the age profile of Advisors, as the Review Group agreed that stimulating growth in innovative, high-growth sectors is best guaranteed through delivery from an advisor profile that reflects the profile of the potential client base, which – it argued – was not always best achieved through older Advisors. The Group therefore recommended that BLE should put plans in place for achieving an advisor profile that more closely reflects the profile of its potential client base.

7.2 'Independent Evaluation of Business Link East', Oakleigh Consulting Ltd, 2009

In September 2008, EEDA commissioned Oakleigh Consulting Ltd to undertake an independent evaluation of the first year of the regional BLE service (2007-08). The evaluation had four key objectives:

- To provide the required evidence for the forthcoming decision to change and renew the contract to provide the BLE service beyond 2010;
- To equip the EEDA Board with evidence of EEIDB's performance in preparation for further scrutiny by BERR;
- To provide EEDA with stronger evidence on the impacts of the BLE service for regional and national stakeholder and government scrutiny;
- To improve EEDA's policy and investment decision-making through a robust understanding of the impact of BLE activities.

This was a significant evaluation for EEDA in terms of evaluated programme spend. The evaluation covered £15 million of EEDA's current programme expenditure, which represented 26 per cent of EEDA's total current programme spend for 2007-08.

As with the EERA review, the evaluation found that BLE had achieved the majority of the outputs specified within the contract. However, the evaluation highlighted a number of areas where the commissioning and performance of the BLE service could be improved. The recommendations included the following:

1. A Common Definition of Success and Associated Indicators

The consultants were concerned that the indicators used to monitor the performance of BLE were not the most appropriate for assessing the impact of the service. In particular, it was felt that greater focus had been placed on the management information as defined within the Performance Management Framework than the output/outcome type indicators defined by the RDA Tasking Framework, which could be tailored around regional priorities. They felt that there was a lack of understanding of the linkages between the management information and the tasking framework outputs, which, if developed, would provide better evidence of how BLE activity led to outcomes and impact and how activity linked to the objectives of the Regional Economic Strategy. The consultants noted that there was a strong desire within EEDA and BLE to develop and refine a small, focused set of indicators and targets that better defined and tracked the overall impact of BL. They therefore recommended that EEDA and BLE develop a common definition of success along with a small basket of key performance indicators and targets that could be used to track the value created by BLE.

2. Development of Indicators to Track the Impact of BLE on the Wider Business Support Market

An increased level of activity in the business support market was viewed as a key outcome of BLE activity. The consultants measured this outcome by looking at growth in the number of companies in the business support sector over the evaluation period and growth in employment in the sector. The consultants felt that better indicators could be used to track the effect of BLE activity on the business support market, such as the rate of follow-up and the value of business generated. They recommended that systems were put in place to collect and report on this information.

3. Greater Focus on Higher-Level Interventions

Similar to the EERA evaluation, the consultants believed that value for money and the effectiveness of the BLE service could be enhanced by concentrating on higher-level interventions, with a greater proportion of BLE resources focused on ‘intensive assists’. The consultants thought that the attention paid to lower-value ‘penetration rates’ should be relaxed as this activity had increasingly focused on ‘level 1’ interventions (as defined in chapter 6), which did not lead to further activity.

4. Improved Ways of Working Between EEDA and BLE

The consultants highlighted that there was scope for greater SAV through closer working relationships between EEDA and BLE. There was a strong consensus among consultees that the relationship between the two organisations had become increasingly difficult and hence the full potential of the partnership was not being realised. Underpinning factors included:

- A lack of clarity and consensus on what success looked like;
- Ambiguity over the respective roles and responsibilities between the organisations in relation to decision-making;
- Unease at the development of future plans in isolation from one another;
- A sense that the respective knowledge, skills and capabilities of both organisations had not been fully-recognised and used for maximum mutual benefit;
- A lack of openness in formal and informal communications;
- Issues being allowed to fester rather than be resolved;
- A feeling of inequity in respective risks and rewards.

The consultants noted that this was not uncommon in the early phases of a partnership and both organisations had demonstrated a strong commitment to addressing how they worked better together. The consultants recommended that senior teams within EEDA and BLE build a consensus on ‘ways of working’, future roles and expectations that would ensure that the potential benefits of the partnership would be realised.

5. Stronger Account Management Role for Business Advisors

A number of BLE customers interviewed as part of the evaluation noted a desire for BLE advisors to maintain their relationship with businesses through the period of any brokered service. While BLE's customer relationship management system (RBSIS) did provide a wide variety of tools and prompts for BLE to keep in touch with businesses and get their feedback on the services provided, many wanted the process to go a stage further with greater emphasis placed on a 'watching brief' by BLE advisors. The consultants recommended that BLE advisors should provide a stronger 'account management' role between external business support providers and companies for whom support had been brokered. However, while the consultants noted a firm commitment to account management within BLE, the budget for this additional level of support – unlike many other BLs – might not have been available. Hence, any emphasis of this additional level of support might have to be at the expense of something else.

6. Seamless Integration of Delivery Processes

There was a strong willingness among delivery partners and third-party suppliers to 'get closer' to BLE and better integrate their delivery processes with BLE's IDB processes. This would give rise to a number of benefits, including:

- Improving the quality of referrals, ensuring that the right referral was made to the right supplier or delivery partner;
- Ensuring the suppliers and delivery partners had better information from BLE on the company that was being referred for external support and the scope of support required;
- Increasing business advisors' knowledge and understanding of the core skills and capabilities of suppliers and delivery partners and where they could be of greatest value to SMEs;
- Helping partners and suppliers to better forecast and plan for service demand;
- Assisting business advisors to better understand the quality of business support provision.

The consultants recommended that EEDA and BLE established a mechanism for encouraging knowledge-sharing and feedback between BLE advisors and providers of business support.

7. Stronger Quality Assurance of Suppliers and Delivery Partners

A recurring theme throughout the study was the need for BLE to provide stronger quality assurance of suppliers and delivery partners. This was seen as important to businesses that wanted BLE to take some of the uncertainty and anxiety out of the procurement of business support. The consultants therefore recommended that BLE strengthened its mechanisms for assuring and monitoring the quality of services brokered from both delivery partners and third-party suppliers.

8. Greater Opportunity for Stakeholders to Input Local Priorities in BLE Planning

There was strong feedback from stakeholders – in particular, local authorities – that the operational plans of BLE should respond to local needs and conditions. Key stakeholders, particularly business organisations, delivery partners and local authorities, felt that their opportunity to feed into the strategies and plans of BL had diminished with the move from six county-based BLs to a regional BL model. While they felt that the local co-ordinators kept them well-informed on activities and developments, there was no mechanism for them to shape and contribute to the planning process. The consultants recommended that EEDA and BLE considered an appropriate and proportionate model for including stakeholder input into the planning process and ensuring local issues and concerns were addressed in the plans. In particular, its activities should be aligned with the local economic development strategies developed by local authorities.

The following details how EEDA responded to the recommendations of these two evaluations with regard to the commissioning of the second BLE contract, using the results of the stakeholder survey.

7.3 EEDA's Response to the Evaluations' Recommendations

Having reviewed procurement documentation and interviewed a range of stakeholders, it is clear that the second regional BL offer has taken on board the recommendations from these two evaluations. The EEDA Board papers relating to the re-procurement exercise clearly reference the lessons learnt from past evaluations and how they shaped the new service, while 84 per cent of stakeholders interviewed acknowledged that the second regional contract had learnt lessons from past evaluations. It is important to note that some questions were raised by stakeholders as to the quality of the evaluation undertaken by Oakleigh Consulting Ltd.

Table 7.1 consolidates the recommendations from the EERA and Oakleigh Consulting Review (taking account of the overlap in some of the recommendations and grouping the recommendations by theme) and identifies those recommendations that were reflected in the BL contract in 2010/11.

Table 7.1: Recommendations from Evaluations of the BLE Service

Evaluation Recommendations	Reflected in BL Service 2010/11
Focus of the BLE service	
1. Focus on intensive assistance and less on lighter-touch market penetration	Yes
2. Develop a common definition of success and key performance indicators that would better measure the impact of the BLE service	No
3. Tailor the service to the specific needs of the region	Yes
4. Develop a regional business support strategy and align the service to the priorities identified in the strategy	Yes
5. Develop mechanisms for stakeholders to influence the planning process and tailor the service to local needs	No
6. Focus on work with larger companies with significant growth potential	Yes
Integrated business support and training	
7. More joined-up commissioning of the BL service and the Train to Gain service	Yes
Role of EEDA	
8. EEDA to provide stronger direction in the development of the BLE service	Yes
9. EEDA to consult on the in-house delivery of BLE services	Yes
10. Improved ways of working between EEDA and BLE	Yes
Funding for business support	
11. Obtain more funding, particularly EU funding, for business support	Yes
BLE business advisors	
12. Business advisors to be accredited using the National Occupational Standards in Business Support	Yes
13. Change the demographic profile of business advisors	No
14. Stronger account management role for business advisors	Yes
External business support providers	
15. Enhance the scope and capacity of Enterprise Agencies to play a stronger delivery role as providers of BLE services	No
16. Integrate the delivery processes of BLE and third-party suppliers	Yes
17. BLE to quality assure services brokered from suppliers and delivery partners	No
18. Develop indicators to track the impact of BLE on the business support market	No
19. Assess the impact of the economic downturn on the private sector's business support offer	No

The following details how the second BLE contract responded to the above recommendations.

- **Focus of the BLE service**

The procurement documentation clearly shows the move from a focus on light-touch market penetration to more higher-level and longer-term intensive assists, backed-up by the agreed targets for 2010/11. A third of interviewees also noted that the second BL contract emphasised quality of the intensive assists over quantity, ie "focus on the things that make an impact rather than offering a smooth high-volume service that makes little difference". This move to greater emphasis on intensive assists, however, was not something that changed overnight between the first and second contract. Instead the documentation and the response to the recession (detailed in section 7.4) shows that this was more of a steady movement which may have been accelerated and consolidated by the evaluation findings and re-procurement of the contract.

A quarter of interviewees stated that the second regional contract had a stronger regional focus and was less about delivering requirements set out by BIS and more about meeting the needs of the region, with comments including:

> *"More of a regional contract now rather than just a national service being delivered in the region."*
>
> *"Doing the right things, rather than doing things right."*
>
> *"The fact it was a regional contract developed in the region meant that discussions were taking place with regional people and not to Central Government. There was meaningful dialogue, which had not been the case when the contract was defined by BIS. We felt that it had been flexed to meet local needs."*
>
> *"EEDA had to take account of what EERA was saying at the time and I think that made a difference. EEDA were under pressure to continue to pay regard to BIS driven targets. On the back of the EERA Review, their position was strengthened in terms of being able to pay less regard to what BIS were saying."*

The re-procurement documentation concords with these views that a more regionally-focused service was created. It also demonstrates how EEDA's 'Business Support Strategic Investment Plan', which was developed prior to the procurement of the new regional service, sets out the regional business support priorities, which in turn were fed into the procurement exercise. These priorities included the requirement for the BL service to have sector expertise in key regional sectors, with EEIDB Ltd employing sector experts in key sectors such as food & agriculture, life sciences, tourism, creative industries and medical & health. Other regional priorities which influenced the shape of the new BL service included greater emphasis on intensive assists – an area recognised by regional partners as having a greater impact than focusing on lighter tough market penetration, the requirement to develop an offer to large companies and greater focus on growth companies.

A further recommendation was to target work with larger companies with growth potential. An analysis of BL data shows that the average size of clients as measured by their staff numbers did increase during 2010/11 (to 12.8 employees, from 10.9

between 2007/08 and 2009/10), but the size based on average turnover per assisted business reduced (to £1.8 million, from £2.0 million). This could be explained by the fact that large organisations from the public sector (eg the National Health Service and local authorities) benefitted from skills support under a BIS request and these organisations would not have a recorded turnover.

Two recommendations were not taken forward as a result of the closure of the service and well over £1 million of budget cuts from Central Government. This meant that EEDA and EEIDB had to prioritise their activities and some additional activities had to be dropped.

The Oakleigh review had recommended moving away from output measures towards more reliance on measuring the effectiveness and impact of the BL service. This evaluation has found that impact and SAV measures were not agreed, adopted and reported against in 2010/11. While there was an intention to take this work forward, the announcement of the closure of the regional BL service meant that this no longer remained a priority (see chapter 11 for further details).

The EERA review also recommended that stakeholders should be more involved in shaping the BL service. It is clear from documentation and interviewees' responses that EEDA put in place robust plans to engage partners in the re-procurement exercise, with a panel of external observers drawn from the East of England Business Group and EERA. EEIDB also undertook a stakeholder survey at the start of the second contract to ask for inputs. The procurement documentation shows clear plans to take engagement a step further and develop a more effective model for including stakeholder input into the ongoing planning process. This included plans to establish a Regional Stakeholder Group, which was intended to support the Delivery Implementation Board structure and be made up of representatives from across regional public bodies, local authorities and business representative groups. This work would be strengthened by EEIDB developing a regional stakeholder engagement plan to ensure partners had a mechanism to communicate any challenges and feedback to inform the future focus of services. However, interviewees pointed out that, due to changes in the political and business support policy landscape and the announcement of the closure of the regional BL service, this work did not progress further. Additionally, whilst some co-investment in services did occur, it was felt that more could have been achieved. The introduction of the national 'Solutions for Business' policy, which streamlined publicly-funded business support, may also have discouraged a small number of local authorities from engaging with BL as they were keen to continue to offer their own packages of business support.

- **Integrated business support and training**

Past evaluations provided clear evidence to the EEDA executive and EEDA Board that the opportunities to enhance the existing 'package' of integrated services were real and possible. Whilst findings of these evaluations re-enforced the view that performance levels of the provider were at an acceptable level with all targets being delivered, the opportunity to re-shape the service delivery model beyond the contractual term (post-April 2010) was apparent and the EEDA Board were informed by the intelligence presented to them in various procurement Board papers.

Thereafter, outcomes from past evaluations were used to shape the work, and an options paper was produced for the EEDA Board regarding the different service delivery models for the integrated BL contract post-April 2010, which included the possibility of extending the existing contract, EEDA developing a special purpose vehicle or going out to tender. The outcomes from this activity eventually led to the EEDA Board decision to go out to test the market and to procure a new integrated BL contract from 1 April 2010, which would combine the business support offer and the skills brokerage offer (Train to Gain) into a single service.

- **Role of EEDA**

As outlined earlier, this evaluation has found that the second regional BL contract had a stronger regional focus when compared to the first contract: there was less emphasis on only delivering the formal requirements set out by BIS and greater focus on meeting the objectives of the Regional Economic Strategy and EEDA's Corporate Plan and ensuring that the needs of local businesses were met, for example, by placing greater emphasis on intensive assists rather than market penetration. The re-procurement documentation and feedback from interviewees demonstrates the process EEDA undertook to ensure that the new contract reflected the needs of the region. The process involved a series of engagement with partner organisations, developing a new regional 'Business Support Strategic Investment Plan', visiting other regional BL services to learn best practice and reviewing and incorporating recommendations from past evaluations.

EEDA's relationship with the contractor also matured and improved over time. EEDA's approach within the first contract was one of micro-management as it oversaw a new regional service. Towards the end of the first contract and into the second contract, EEDA took a more arms-length approach, leaving the management team at EEIDB to look after the detail while EEDA concentrated on ensuring that the strategic aims of the service were met.

- **Funding for business support**

The desktop research and interviews with stakeholders has found that EEDA's Single Programme investment in the regional BL service was used to lever in £1.2 million from the ESF and £1 million from ERDF. Further funding was also secured from the Rural Development Programme for supporting rural businesses and from the Office for Civil Society specifically to support social enterprise. This is discussed in more detail within chapter 11.

- **BLE business advisors**

The EERA review recommended that all BL advisors should be accredited with the National Occupational Standards in Business Support. This has been acted upon and the National Occupational Standards have been implemented across EEIDB Ltd.

The EERA review also recommended that BLE should put plans in place for achieving an advisor profile that more closely reflects the profile of its potential client base. EEDA's formal response to the EERA review states that, "whilst EEDA would always recommend that funded organisations consider the full range of equality and diversity issues, a review of customer satisfaction found that in the main this was not an issue and what clients have tended to value is the quality and relevance of the advice, and the knowledge of the business issues each client faces. The Customer Satisfaction Survey has not raised issues around the gender, age or ethnicity of the advisor that delivers the service". Therefore, this recommendation was not adopted. However, it could be argued that the advisor profile was already diverse, with women, ethnic minority, social enterprise and rural specialists and a mix of large and small company experience among advisors. Furthermore, while it would be difficult to change the advisor profile without re-recruiting advisors, the five online advisors recruited since the start of the contract had a broad mix of backgrounds.

- **External business support providers**

The evaluation has found that the second regional contract aspired to improve the brokerage side of the offer and give customers much more freedom in selecting who they sought advice from. The client journey was also reshaped in line with the Solutions for Business models defined by BIS. This required all potential new business owners to participate in a 'one-to-many' start-up workshop as a means of qualifying for further 'one-to-one' mentoring support provided by Enterprise Agencies – paid for by EEDA through a voucher scheme. This significantly reduced the cost of providing initial advice to potential entrepreneurs. The start-up workshop encouraged entrepreneurs to make use of online and other resources and to act for themselves. The workshops also acted as a filter for follow-on services, reducing the volume of those that sought further assistance from Enterprise Agencies.

This was seen by 13 per cent of interviewees as having a detrimental effect on Enterprise Agencies. It was argued that some Enterprise Agencies had been unable to adapt to the loss of this direct source of funding. Whilst it is true that the number of Enterprise Agencies in the region has therefore declined, there were many other pressures on their survival, not least the cuts in Local Authority budgets and significant changes in European funding, which changed from focused funding for "Objective 2" areas to a wider geographic spread of funding with lower levels of expenditure. This period also saw the rise of Enterprise Agency business models that mixed rental income from business start-up accommodation with public funding for specific programme delivery to grow a sustainable model. Norfolk and Waveney Enterprise Services (NWES) and WENTA have been particularly successful in this Region.

Connected to the aspiration to enhance the brokerage element of the BL regional service was the recommendation to quality assure services brokered from suppliers and delivery partners. The BL supplier brokerage system, which acts as a database for all the providers that could assist a business (with providers self-nominating themselves to be part of the database) contained approximately 25,000 suppliers.

Some options for quality assuring the services of these suppliers were investigated, such as setting a quality framework for suppliers or setting up a system for customers to provide feedback on the service received from suppliers. However, the risks were seen as greater than the benefits of providing quality assurance, eg the risks that a quality framework created by the public sector for the private sector would not be credible and the potential litigation arising from customer feedback. There were a number of national and international quality systems, such as 'Small Firms Enterprise Development Initiative' (SFEDI) accreditation[4] and the 'International Organization for Standardization' (ISO) that could have been used to quality assure services. However, the wide range of services offered meant that no one system was able to provide the range of assurance required, meaning that suppliers could have been asked to comply with multiple standards.

Due to such difficulties, BLE concentrated on providing advice to customers to enable them to make more informed decisions when procuring services. Nonetheless, some stakeholder interviewees saw the lack of a formal quality assurance mechanism as a missed opportunity to provide a stronger business support offer.

Chapter 11 discusses in more detail how the delivery processes of BL and third party providers have been integrated.

The remaining two recommendations – developing indicators to track the impact of BLE on the business support market and assessing the impact of the economic downturn on the private sector's business support offer – were not taken forward. This was because they required resource-intensive pieces of work at a time when EEDA was suffering budget cuts from Central Government and changes to national business support policy were taking place.

7.4 Responding to the Economic Downturn

This section details how the BLE contract responded to changes in business needs during and following the UK and global economic recession in 2008 to 2009.

In its six-quarter duration, from 2008 Q2 to 2009 Q3, the recent recession saw the UK economy shrink by 6.4 per cent. This had a significant impact on the region. Total economic output (GVA) in the East of England fell by 3.2 per cent in 2009 – the largest contraction of all UK regions and nations – and 75,000 jobs were lost in the region. At sub-regional level, Norwich and Harlow were estimated to have suffered the greatest proportional job losses, with Great Yarmouth, Waveney, Watford, the Thames Gateway and many areas in the southern half of the region also performing poorly. The Cambridge area showed the fewest job losses, with Maldon and Suffolk Coastal – two predominantly rural areas with no large towns – also faring better.

Despite this economic shock, the region maintained one of the highest employment rates in the UK and job losses during the recession were not as high as initially expected. Business representative organisations in the region reported that businesses were trying to retain their skilled staff during the recession and avoid redundancies by implementing more flexible working patterns, such as temporary short-time working in response to lower demand.

The impacts of the credit crunch and recession on business behaviour and the general business environment have been significant. In particular, the supply of

[4] The SFEDI is the Government's recognised standards setting body for Business Enterprise and Business Support

credit has been restricted, and where available, has been on more onerous terms. During the recession, there were significant changes to domestic and global demand. The lower value of sterling benefitted exporting companies but meant that all businesses that imported materials and goods from outside the UK had to bear an increase in costs. This was exacerbated by the continued high prices for commodities, such as metals and fuels.

Survey evidence from the RDA National Business Survey suggested that business strategies during the recession were typified by actions such as implementing stricter or more formal financial management systems and processes, paying off debt and reducing lending, putting off investment and recruitment plans, making staff redundant, and increasing expenditure on marketing and market diversification.
As a result, the recession resulted in cautious business behaviour, with a reluctance to hire new employees, take on new borrowing facilities or invest. The mixture of business experiences of recession reflects the diverse business base of the region, and diverse range of sectors and activities. Some businesses undoubtedly closed due to adverse trading conditions, whereas others, in particular those involved in high valued-added international markets, were less affected.

Changes to the Regional Business Link Service in Response to the Recession

As a result of analysing regional economic intelligence and feedback from the business community on how the economic downturn was affecting businesses in the region, EEDA flexed the delivery of the first regional BL contract in March 2009 to ensure that it adapted to the immediate needs of businesses and people looking to set up in business.

This quick response and flexibility was recognised in an independent assessment (the Independent Supplementary Review) carried out by the National Audit Office (NAO) in May 2010. The NAO assessed EEDA as having 'demonstrated strong performance in terms of prioritisation of the development / delivery of programmes and projects that offer high value added benefits for the region in the economic downturn and preparation for the upturn'. EEDA was recognised as having strong processes for collecting and analysing economic intelligence within the region (including establishing Insight East), which helped EEDA and partners respond to the downturn and prioritise for the future. The review also recognised the way in which EEDA worked with partners to help identify the appropriate regional response to the downturn.

The changes made to the BLE service were as follows:

- **Flexed the IDB Model**

Feedback from businesses in crisis was that the IDB model of support was not going to be enough at a time of extreme economic and financial pressure, in particular, finding the cash to pay for brokered services. Discussions were held between EEDA and the BL provider to find a solution. The vast majority of the 90 brokers working face-to-face with businesses had full SFEDI accreditation as qualified business advisors and had worked under the pre-IDB model providing hands-on practical advice to clients. The East of England had the lowest level of grant on a per business basis and no additional funding was available to subsidise brokered services. EEDA therefore agreed with EEIDB to flex the definition of the IDB model in the short-term, which allowed advisors to use their expertise to provide clients with one-to-one, short, sharp advice sessions free-of-charge. This removed the need for businesses to find cash they did not have to pay for advice. It was felt that this did not conflict with the need to avoid distorting the market for consultancy services, as the businesses were not in a position to pay, and the advice stopped short of developing a long-term advisor relationship. Whilst this arrangement meant working outside of the nationally-prescribed model for the BL service, it allowed EEDA to flex the limited resources available and to make best use of the expertise that was already being funded through the BL grant. The justification of the approach was felt to meet the demands of a market failure rationale. This approach proved to be a success, with a clear month-by-month increase in the number of businesses receiving intensive assistance from BL. This change to the service was reflected in amending the contract to reduce the target for market penetration and increase the target on intensive support.

- **Introduced the Online Advisor Service**

During the downturn there was a high demand for support on mitigating business failure (eg focus on liquidity / debt etc). In order to respond quickly in providing advice on these issues, EEIDB established the Online Advisor Service to provide instant advice via the telephone and online. This remote Advisor approach also provided a significant uplift in capacity as one on line advisor could deal with up to 6 clients in one day, whereas the peripatetic advisors typically only saw two or three clients per day.

- **Expanded start-up support**

An additional 69 business start-up workshops were held in June and July 2009 to meet the higher levels of demand from individuals thinking about setting up their own business – a usual trend within a recession.

- **Expanded the free 'health check' service for businesses**

This enabled business owners to take a critical look at their key areas, such as finance and administration, in order to identify and tackle any problem areas. Particular support was given to businesses in sectors most affected by the downturn: business and financial services, retail/wholesale and manufacturing.

- **Introduced a new service for long-term unemployed**

BL worked closely with Jobcentre Plus (JCP) to establish a new business start-up support programme for the long-term unemployed. Arrangements were put in place to deliver the 'Enterprise Coaching' and 'Intensive Start-Up Support' elements of the package. This allowed additional services to be offered to JCP customers and helped promote greater awareness of self-employment as a suitable alternative option for those out of work. BL also undertook a programme to familiarise JCP advisors with the regional business support offer to enable quality referrals to be made.

- **Increased the number of 'TakeITon' grants**

TakeITon provides support to businesses to help them make better use of technology. It provides practical help for SMEs including workshop events, IT health checks carried out by specialist BL advisors and grant funding for eligible SMEs to support their implementation of a transformational ICT project. A further £200,000 of funding was invested in TakeITon in response to the downturn. A number of 'fight the credit crunch' workshops were also held providing practical advice to over 141 SMEs. Launched in November 2007, the programme has provided grant assistance to over 400 SMEs leveraging £2.5 million of private sector investment. Now a part of the Transformational ICT programme, EEDA secured ERDF funding in September 2009, which enabled the programme to support a further 1,150 businesses during 2010/11.

- **Introduced the Financial Intermediary Service**

This was delivered on EEDA's behalf by BLE. The service aimed to advise clients who had been refused finance by their normal lender. Senior advisors with banking backgrounds met regularly with the region's banks to understand their current lending policies and preferences. This intelligence was used to advise or re-direct businesses seeking new or additional funding.

- **BL acted as a key source of economic intelligence**

This intelligence fed into the Regional Economic Forum (chaired by the Regional Minister) and helped shape the way in which EEDA and partners prioritised and adapted their services. As well as using the BL monthly performance reports to provide hard data, BLE also provided monthly reports of regional economic trends, issues and feedback on Government policy, using qualitative information from the business community and BL clients.

Learning from the Economic Downturn

From reviewing the regional BL contract 2010/11 and the associated re-procurement documents, it is clear that lessons learnt during the downturn had been reflected in the second regional BL contract. This is backed up by the interviews with stakeholders, with 83 per cent of respondents agreeing that the second regional contract incorporated lessons from the economic downturn.

One of the key factors in EEDA deciding to re-procure a regional BL service was the need to have a more flexible legal contract in place so the service could be adapted quickly and easily, eg in response to economic shocks. 35 per cent of stakeholders identified the second regional BL contract as being more flexible than the first contract, with a few of the responses being:

> "*BL is much more flexible than before and that in itself has made a lot of difference."*
>
> *"What's important is that the contract is fleet of foot; that it can respond very quickly to any given economic change, whether it be a sudden boom which might happen in certain sectors, or a massive downturn."*

"The [economic] crisis had hit by the time of the tender document. EEDA used lessons of the response to build flexibility to the new contract. BL had responded well and the speed of the response was good, this all came through into the new contract."

Whilst the legal contact may now allow for easier flexing of the BL service, 13 per cent of respondents argued that the regional BL service has always been on a journey of continuous improvement, learning from customer views and the environment in which it operates. Indeed, it is clear from the above section that BL was able to adapt its service quickly during the recession even under the old contract. Interviewees from the BL provider commented that:

"What [BL] did during the downturn to adapt [the BL service] was, for us, 'business as usual' – open, responsive, effective and adaptable."

"We were already on the case when the recession kicked in, at the back end of 2008, with things like health checks. We've always been alive to the issues facing the economy."

13 per cent of stakeholders reported that the introduction of the Financial Intermediary Service and the associated support put in place to help businesses access finance was beneficial and is still being delivered in the region. The Financial Intermediary Service brings together EEDA, BLE, senior banking representatives, business intermediaries and business representative organisations to review the availability of finance to businesses in the region. There are firm plans in place to continue this dialogue when EEDA closes in March 2012, with the East of England Business Group agreeing to take this forward.

13 per cent of stakeholders interviewed identified that the move from light-touch, high-volume assistance towards fewer, more intensive assists was a lesson that was learnt during the economic downturn and was reflected in the second regional BL contract.

The introduction of the BL Online Advisor Service occurred during the economic downturn to deal with the high demand for instant advice, which could be dealt with over the telephone or online. This was deemed to be a good use of resources, and the service became part of the main BL offer in the second regional contract.

One of the biggest changes made to the BL service during the downturn was the flexing of the IDB model – as described above. From the introduction of the IDB model in 2006, the role of advisors was to develop an action plan with clients and then broker them onto other independent support to address the issues raised. For a number of clients during the recession, such an intervention would not have helped as they could not afford to pay for further services. In such circumstances, BL staff were encouraged to offer simple basic advice, such as getting cash from debtors, selling off excess stocks and limiting further expenditure. This adjustment to the IDB model has continued and may be one of the underlying reasons for the high levels of customer satisfaction, as shown in chapter 8. This has not conflicted with the impartiality principles, but has allowed advisors to offer their judgement to business owners on the priority that should be placed on different remedial actions.

It is worth noting that 13 per cent of stakeholders claimed that the BL staff themselves had learnt from the economic downturn which has lead to an improved service, with views including:

> *"The lasting effect was the experience that client-facing staff gathered during the recession, which produced lessons that could only enhance their expertise"*

> *"The very fact that [BL staff] - whether the advisors, the management or the people providing business support in the background - have had to consider the issues being faced in the wider community and devise approaches, communications, products, services and solutions to address those issues, means we've responded… the lessons we've learnt about running more efficient businesses and the things that people need to remember to focus on, should stay with us forever".*

Conclusions

- EEDA has taken on board recommendations from past evaluations, with 12 out of the 19 recommendations reflected in the second BL regional service 2010/11;
- There has been a clear move to more intensive assists, with this shift in focus beginning during the economic downturn and then being formalised in the second regional contract;
- The second contract had a greater regional focus with less emphasis on only delivering the formal requirements set out by BIS and greater focus on meeting the objectives of the Regional Economic Strategy and EEDA's Corporate Plan;
- To ensure that the contract reflected the needs of the region, EEDA undertook a process of partner engagement in the development of the second contract and responded to the recommendations of past evaluations while also taking a more strategic role in the management of the BL contract;
- Whilst some partner engagement has taken place to shape the second regional BL service, the aspiration to establish formal processes to engage stakeholders on a continual basis to shape the service was not implemented;
- EEDA has reflected lessons learnt from the economic downturn into the second regional BL contract, most notably the need to have a flexible contract to allow for quick changes to the service to adapt to the economic environment.

8. Business Link East's Performance in 2010/11

This chapter addresses research question two (**'Did Business Link East achieve its intended (measurable) outputs, outcomes and impacts between April 2010 and March 2011?'**) with respect to assessing BLE's performance against its output targets.

The analysis shows that BLE exceeded all core targets and most other secondary targets in 2010/11 (see table 7.1). Reflecting increased focus on higher impact activity, the number of BLE customers receiving added-value services increased on previous years.

Areas of underperformance were the number of businesses created and the number of businesses created in the previous year and surviving 12 months. This is likely to be due to the economic downturn – which had a negative effect on business start-ups and survival – and the lag in collecting data on the number of pre-start customers that have started trading and the number of new businesses that are still trading (in the previous year, the number of businesses created increased by 600 after year-end data collection due to lags in data collection). Despite this 'underperformance', the *percentage* of pre-start customers going into business rose to an all-time high while the number of jobs created by new businesses also increased.

Reflecting the strong performance of BLE in 2010/11, customer satisfaction levels rose to an all-time high, with almost 92 per cent of customers satisfied with the services they received. What is particularly notable about this strong level of customer satisfaction – and strong performance against targets – is that staff remained motivated to deliver a strong and improved service when they were aware of the closure of the regional service and their impending redundancy. Customer satisfaction data from other regions shows that this was not the case nationwide.

Table 7.1: BLE Outputs 2010/11 – Performance vs. Targets

	Performance 2010/11	Target 2010/11	
1. Businesses Assisted			
Total businesses assisted	99,929	85,000	**Exceeded**
2. Businesses Receiving Added-Value Services			
Customers receiving added-value services (Level 3+)	28,476	27,200	**Exceeded**
Intensively-supported established customers	6,504	6,204	**Exceeded**
Intensively-supported pre-start customers	1,740	1,200	**Exceeded**
3. Benefits Arising from Intensive Assistance			
Intensively-supported customers that reported that assistance had benefitted their business (%)	84.5	84.0	**Exceeded**
Intensively-supported established businesses that reported that improvements had been identified (%)	70.3	**No target**	
Intensively-supported established businesses that planned to implement improvements (%)	82.3	**No target**	
4. Business Creation and Survival			
Businesses created	2,551	3,294	**Not met**
Jobs created by new-start businesses	5,922	**No target**	
Businesses created in the previous year and surviving 12 months	2,381	2,500	**Not met**
Jobs created by businesses surviving 12 months	6,095	5,000	**Exceeded**
5. Customer Satisfaction			
Overall customer satisfaction (%)	91.8	90.0	**Exceeded**
Customer satisfaction from customers receiving added-value services (%)	92.6	87.0	**Exceeded**

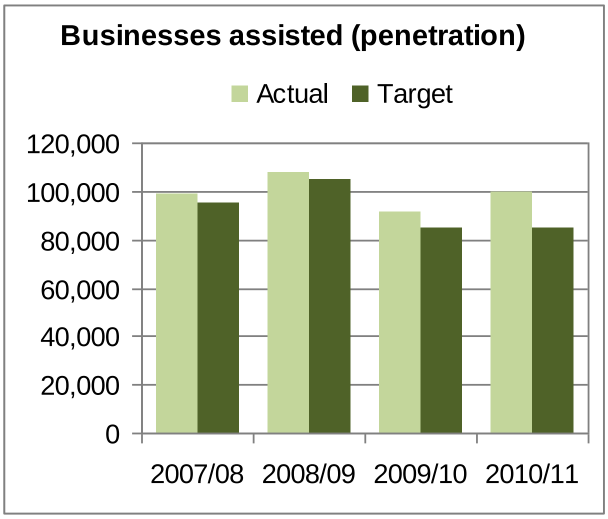
The following provides an analysis of performance against each BLE target in 2010/11.

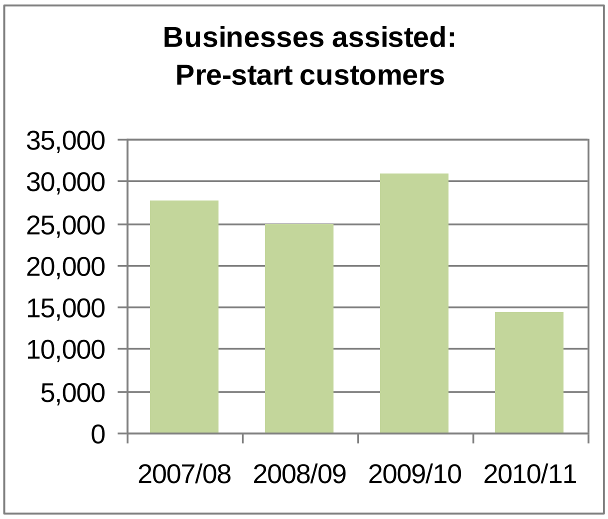
8.1 Businesses Assisted

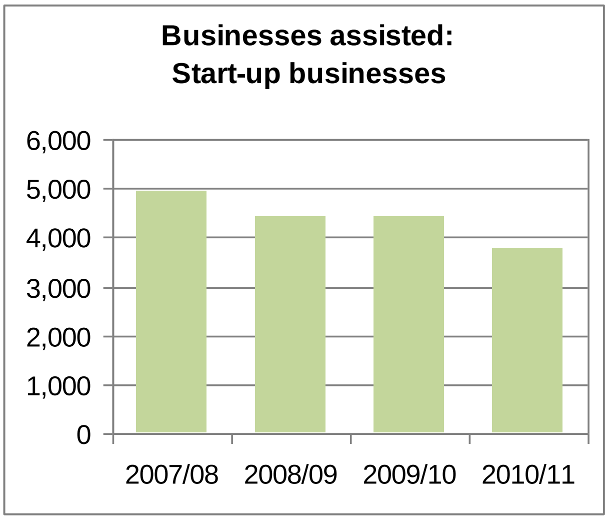
Performance was higher than target with a significant change in the type of businesses assisted

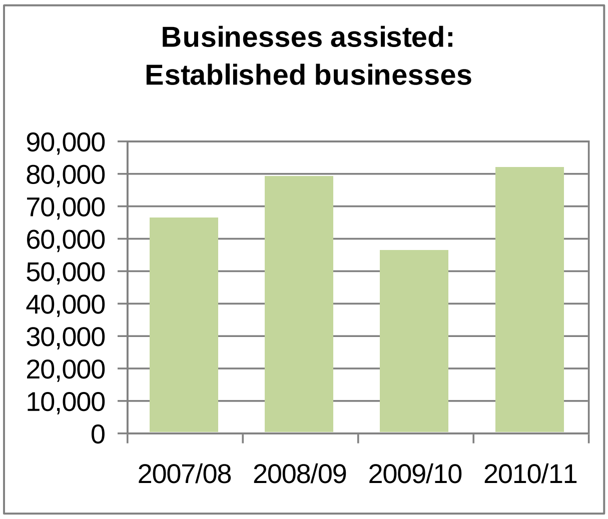
BLE provided support to 99,929 businesses in 2010/11. This exceeded the target of 85,000 businesses by 18 per cent. The number of assisted businesses was also up 9 per cent, from 91,671, on the previous year. Despite the reduction in the target between 2009/10 and 2010/11, the volume of businesses assisted increased because the mailing of ‘Level 2’ e-zines continued – at no additional cost.

In 2010/11, there was a substantial change in the type of businesses assisted, with a large rise in the number of assisted established businesses (up 25,000, or 45 per cent, on the previous year). At the same time, the number of assisted pre-start businesses fell sharply (down 16,600, or 54 per cent) while the number of assisted start-up businesses fell slightly (down 650, or 15 per cent). The reason for the drop in pre-start assistance was due to the discontinuation of the 'start-up van' in 2010/11, which had been used to promote business start-ups in consumer areas, such as shopping centres. Those requesting information had been counted as pre-starts assisted by a light-touch service.







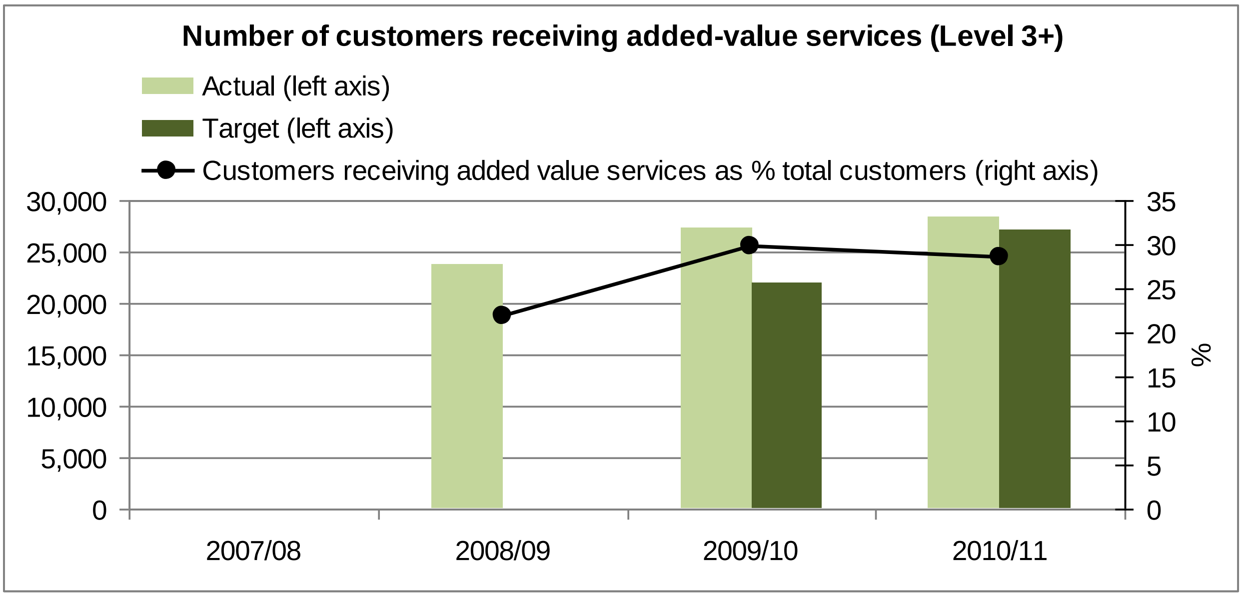


8.2 Businesses Receiving Added-Value Services

Targets for the number of customers receiving added-value services – including intensive assistance – were exceeded in 2010/11. Levels of intensive assistance were down slightly on the previous year, reflecting a reduction in budgets and, hence, targets

- **Customers Receiving Added-Value Services**

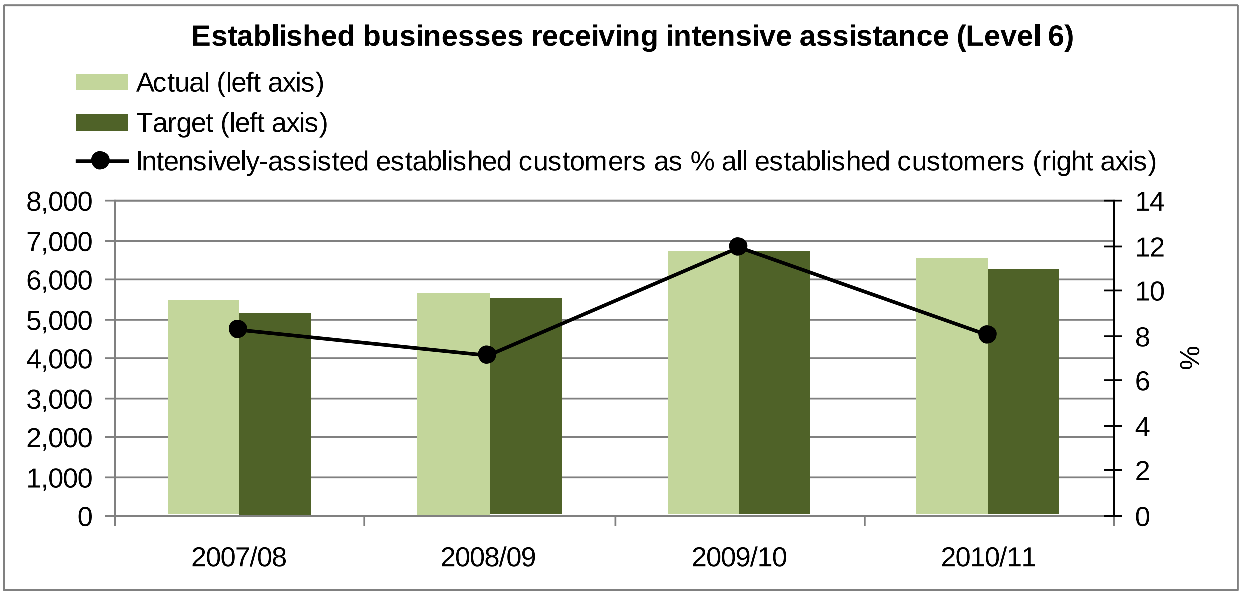
A total of 28,476 BLE customers received added-value services (at Level 3 and above) in 2010/11 – 5 per cent higher than the target of 27,200 and 5 per cent higher than a year ago (27,236 customers). The percentage of all BLE customers receiving added-value services fell to 28.5 per cent, from 29.7 per cent in 2009/10, partially due to the continuation of Level 2 e-marketing activity.



- **Intensively-Supported Established Customers**

Output and target data show that the focus on intensive assistance has increased since 2009/10. In 2010/11, 6,504 established businesses received intensive assistance (Level 6 services) from BLE. This exceeded the target of 6,250 by 4 per cent. Between 2009/10 and 2010/11, there was a slight reduction in the target for intensive assistance, as a result of budget cuts.

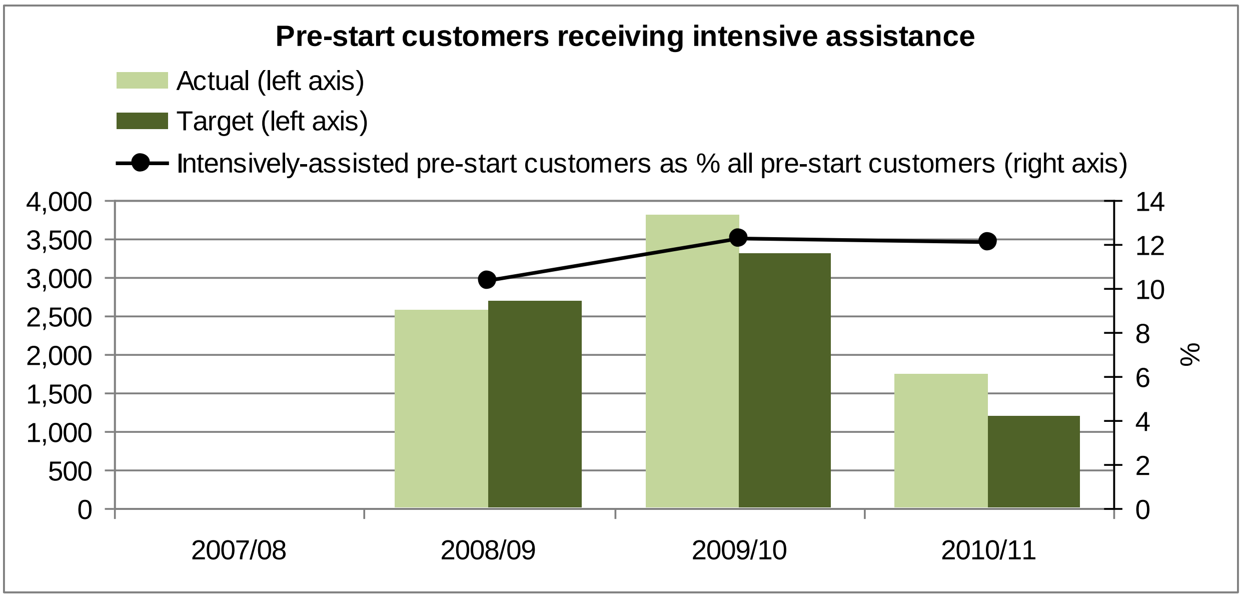
In 2010/11, the number of established customers receiving intensive assistance in 2010/11 represented 8.0 per cent of all established customers – down from a high of 11.9 per cent in 2009/10 but similar to the previous two years. As above, this reflected factors such as the continuation of Level 2 e-marketing activity, which increased the number of total businesses assisted in relation to the number of intensive-assists.



- **Intensively-Supported Pre-Start Customers**

The number of pre-start customers receiving intensive assistance totalled 1,740 – 45 per cent higher than the target of 1,200. However, activity was down 54 per cent on the previous year, when 3,800 pre-starts received intensive assistance. This was due to changes made to the service to fit the 'Solutions for Business' policy. This meant that events were grouped into mini-programmes which had to be completed before one-to-one intensive assistance was offered.

Nevertheless, the percentage of intensively-assisted pre-starts – at 12.1 per cent of all pre-start customers – was similar to the previous year (12.3 per cent), reflecting the reduction in overall pre-start assistance in 2010/11.

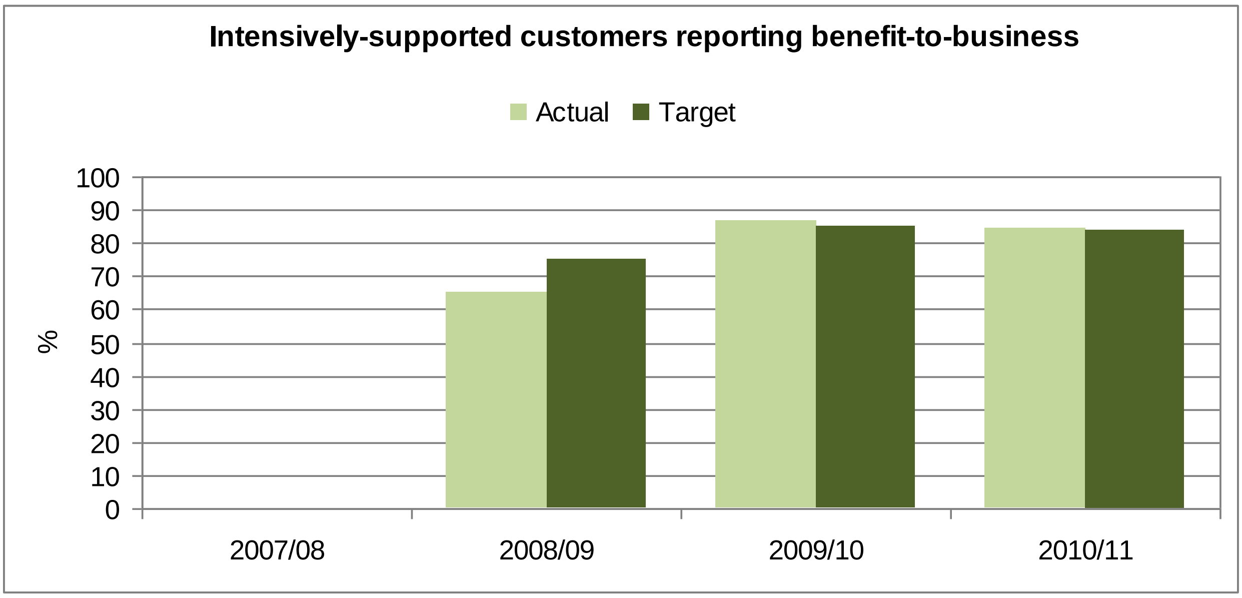


8.3 Benefits Arising From Intensive Assistance

The impact of BLE's intensive assistance was above target in 2010/11 with a greater percentage of businesses planning to make improvements as a result of the assistance received

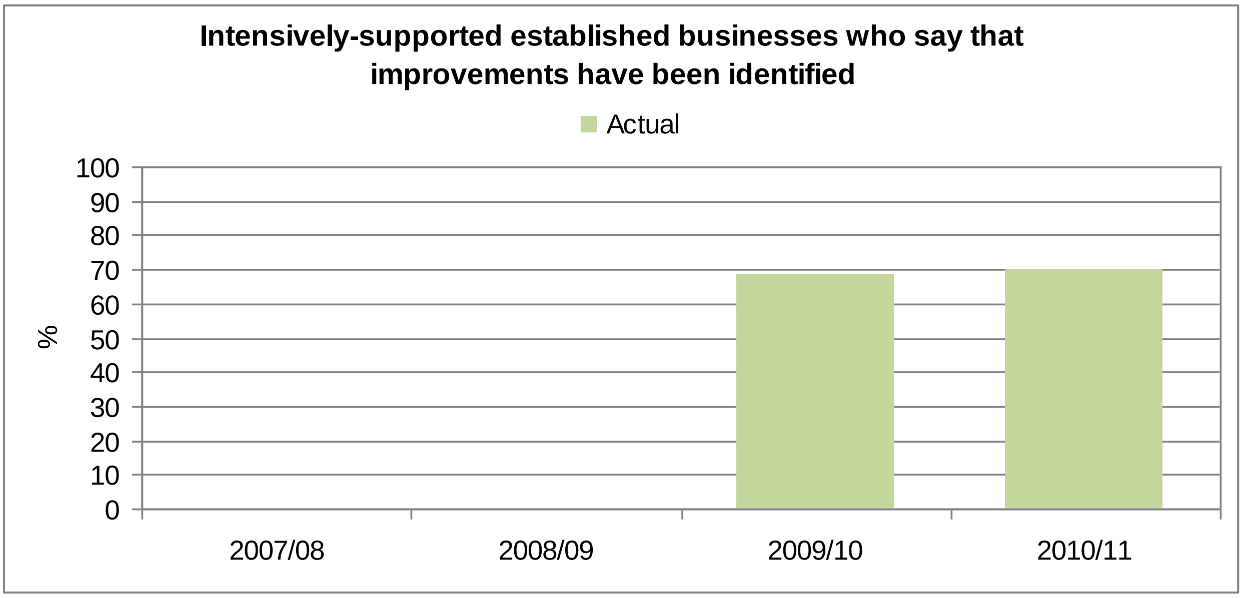
- **Intensively-Supported Customers that Reported that Assistance had Benefitted their Business**

In 2010/11, 84.5 per cent of BLE customers that had received intensive assistance reported that this had benefitted their business. This was slightly above the target of 84.0 per cent. Between 2009/10 and 2010/11, the target for this indicator reduced slightly (from 85.0 per cent). This was because an increased number of businesses were given help to close as a result of economic circumstances and were therefore less likely to recognise the assistance provided by BLE as a benefit. Nonetheless, performance in 2010/11 was significantly higher than two years previously, when just 65.0 per cent of customers reported a positive outcome from BLE assistance.



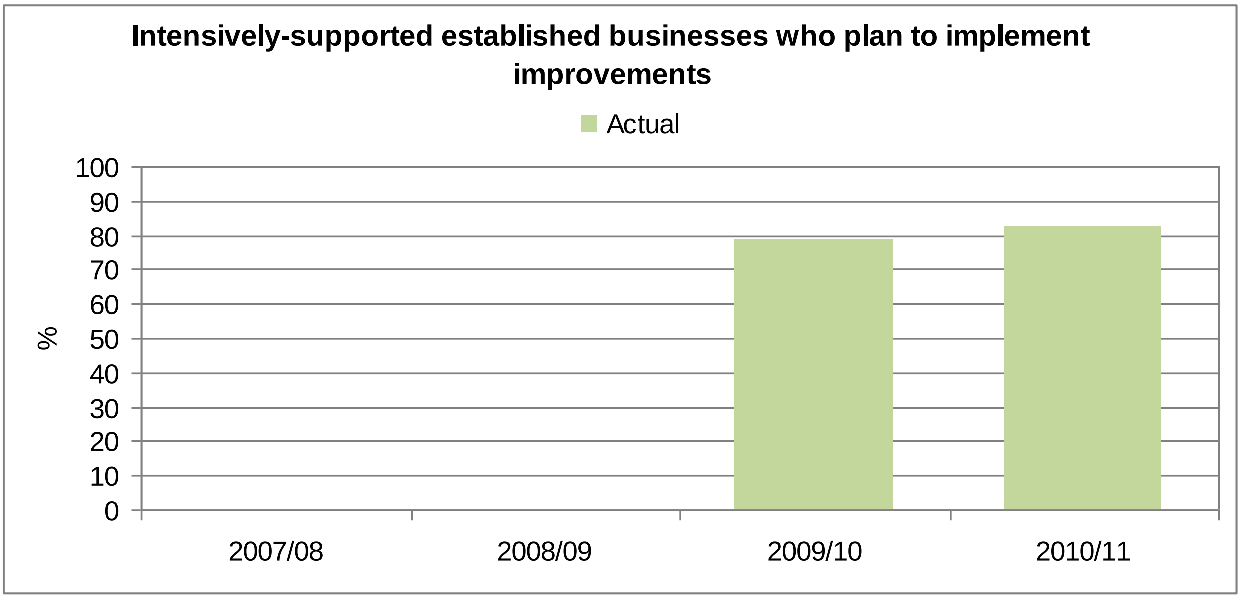
- **Intensively-Supported Established Businesses that Reported that Improvements had been Identified**

An increased percentage of intensively-supported customers reported that improvements to their business had been identified as a result of the assistance – 70.3 per cent in 2010/11, up from 68.7 per cent in 2009/10. No target was set for this indicator.



- **Intensively-Supported Established Businesses that Planned to Implement Improvements**

An increased percentage of intensively-supported businesses also stated that they planned to implement improvements as a result of the assistance received – 82.3 per cent, up from 78.8 per cent in the previous year.



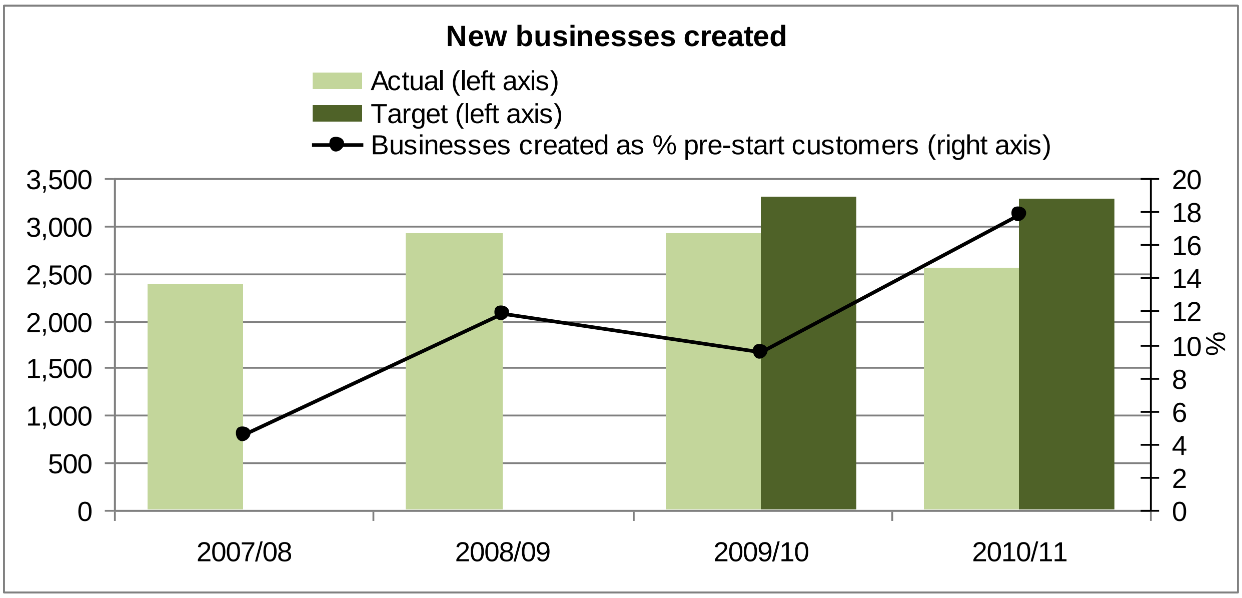
8.4 Business Creation and Survival

Business creation and survival levels in 2010/11 were below target and below levels the previous year – although the percentage of pre-start customers going into business and the number of jobs created by new and surviving businesses increased

- **Businesses Created**

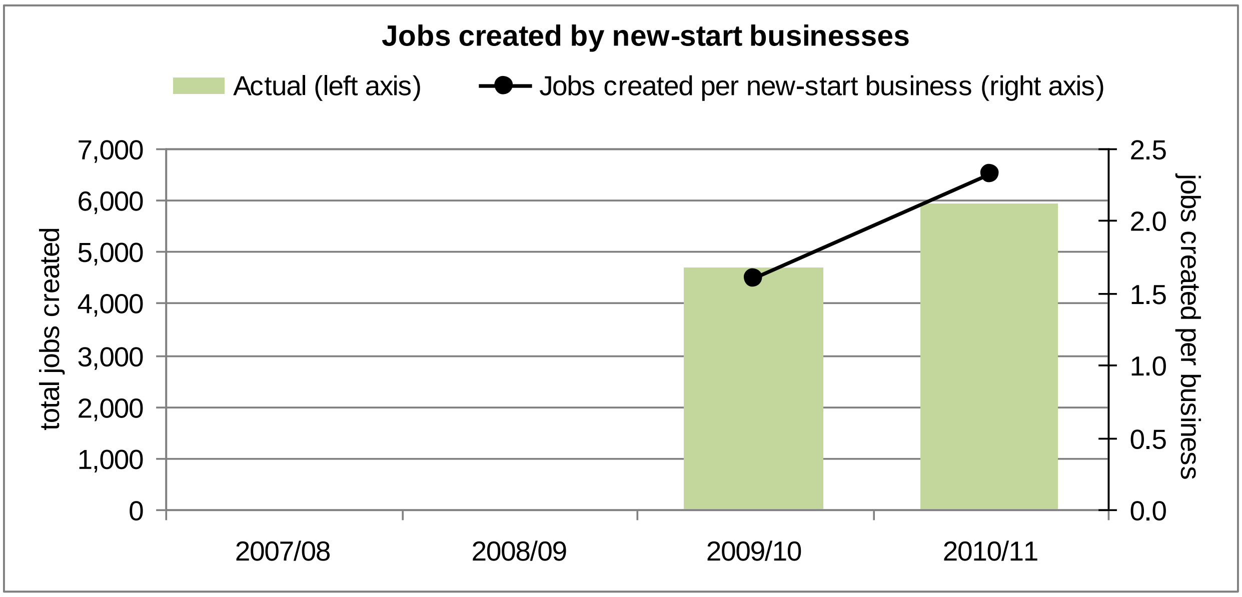
In 2010/11, BLE helped to create 2,551 new businesses (ie by assisting pre-start customers to start a business). This was 23 per cent lower than the target (3,294) and 13 per cent lower than a year ago (2,929). There are many reasons for this ‘underperformance’ including the economic downturn – which had a negative effect on business start-ups – and time lags in collecting data on companies that have started to trade since receiving assistance. Hence, this figure is likely to rise as more information becomes available. Capacity to contact aspiring entrepreneurs that had received BLE assistance to see if they had started their business was also an issue in 2010/11, according to stakeholders.

The lower number of new businesses created also reflects the fall in number of pre-start customers assisted in 2010/11 (as shown above). When considering the *percentage* of total pre-start customers going into business, BLE performance was more successful in 2010/11: the number of new businesses created as a percentage of pre-start customers assisted was 17.8 per cent in 2010/11 – much higher than in previous years.



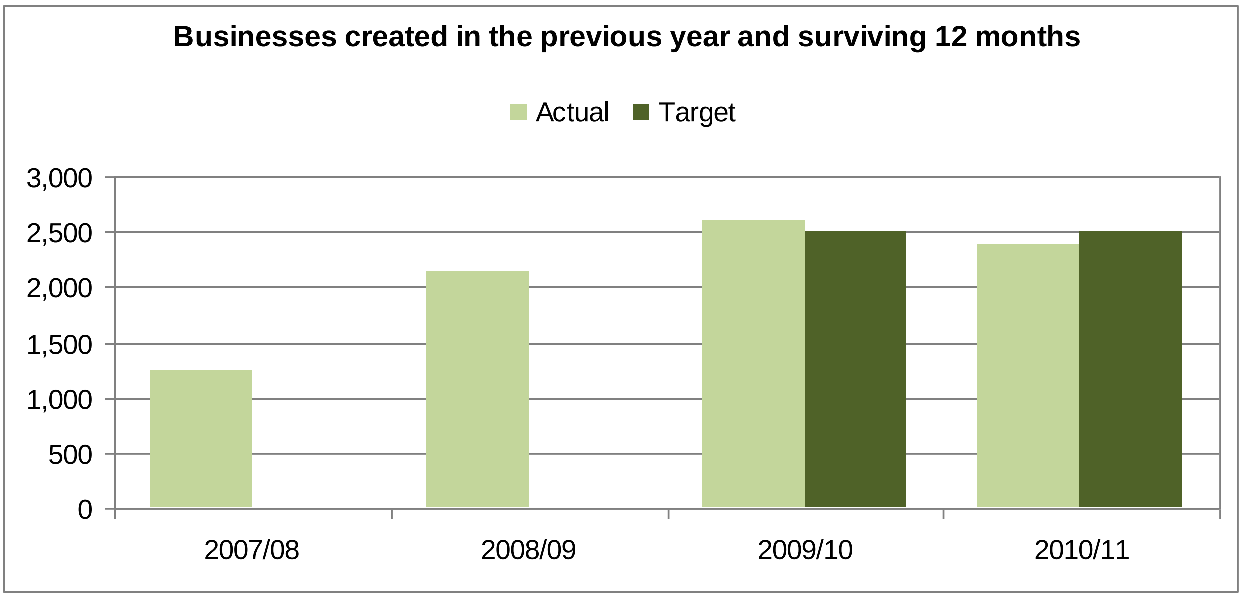
- **Jobs Created by New-Start Businesses**

Despite a fall in the number of new businesses created by BLE in 2010/11, the number of jobs created by new businesses rose to 5,922 – up 26 per cent from 4,698 in 2009/10. Hence, the average number of jobs created per new business rose to 2.3 – from 1.6 in the previous year. This could reflect an increased focus on supporting companies with potential to grow. No target was set for this indicator.



- **Businesses Created in the Previous Year and Surviving 12 Months**

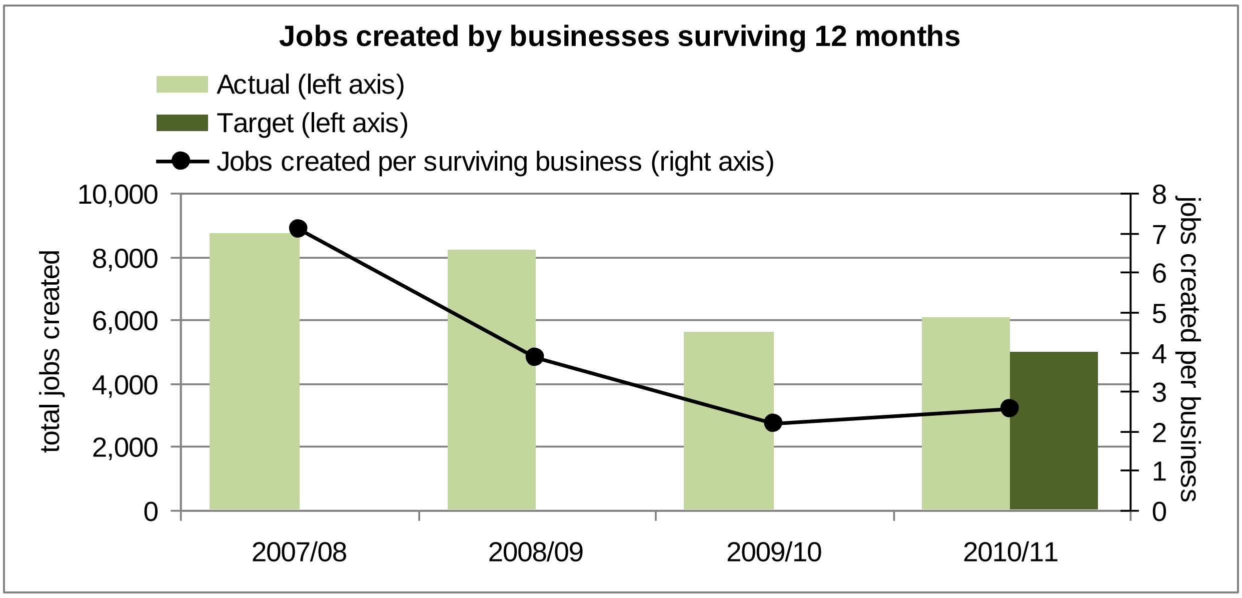
In 2010/11, 2,381 businesses created in the previous year were known to have survived 12 months. This was 5 per cent below the target (2,500) and 13 per cent below the same level a year ago. As with the number of businesses created in 2010/11, it takes time for BLE to gather information on whether or not businesses it helped to create are still trading. Hence, this figure is likely to rise in the future. Fragile economic conditions also mean that levels of business survival were likely to fall somewhat in 2010/11.



- **Jobs Created by Businesses Surviving 12 Months**

Despite a fall in the number of new businesses known to have survived 12 months, jobs created by surviving businesses rose in 2010/11 – to 6,095. This was 22 per cent higher than the target (5,000) and 8 per cent higher than a year ago (5,626).

Hence, the average number of jobs created per surviving new business rose to 2.6, from 2.2 in 2009/10 (although this was much lower than the previous two years – 3.8 in 2008/09 and 7.1 in 2007/08).

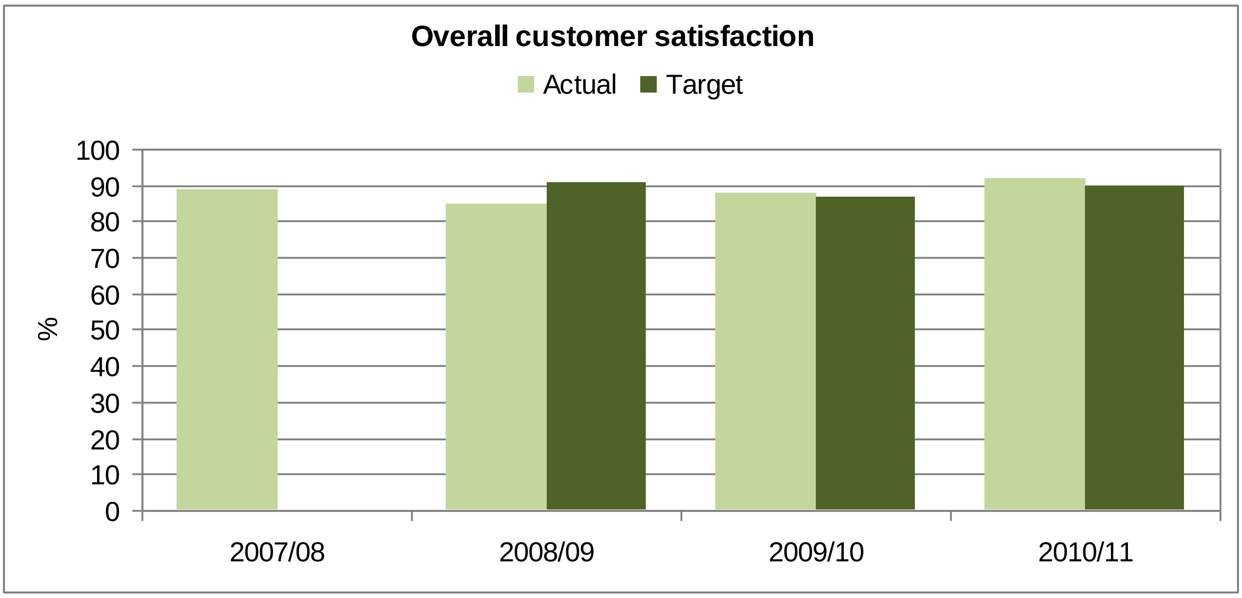


8.5 Customer Satisfaction

Customer satisfaction reached an all-time high in 2010/11, improving across all services provided by BLE

- **Overall Customer Satisfaction**

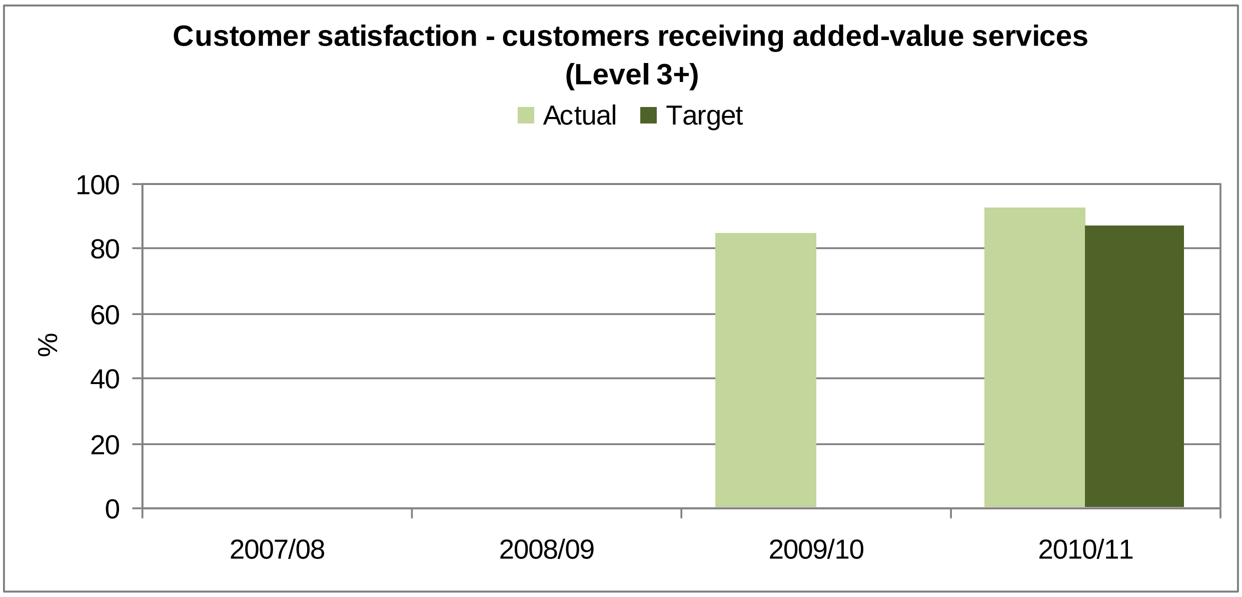
Customer satisfaction rose to an all-time high in 2010/11. A total of 91.8 per cent of customers reported that they were satisfied with the service they received from BLE – higher than the target of 90.0 per cent and higher than the three previous years.



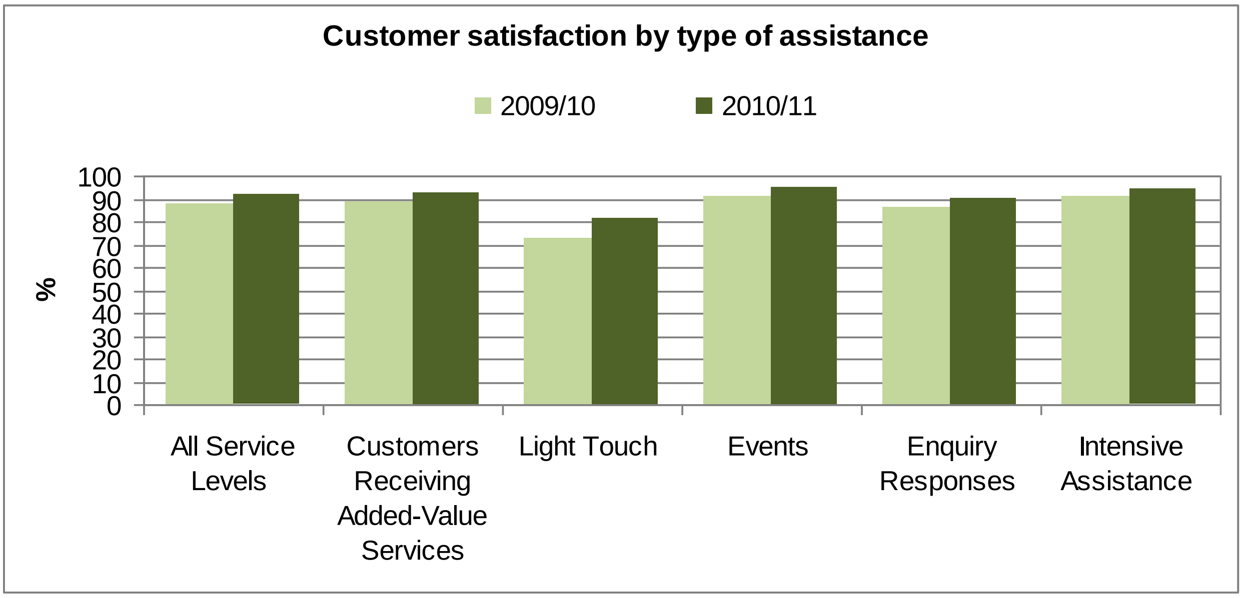
Stakeholder interviewees highlighted a number of reasons why customer satisfaction improved in 2010/11, including a new Head of Information Service, responsiveness to customer feedback, continuation of relationships with clients (eg follow-up calls), the increased focus on added-value services and the continuation and consistency of the service in a rapidly-changing environment. In this respect, it is particularly notable that customer satisfaction increased when staff were aware of the closure of the regional service and their impending redundancy – highlighting that staff remained motivated to deliver a service that met the needs of their customers.

- **Customer Satisfaction from Customers Receiving Added-Value Services**

The majority of customers receiving added-value services in 2010/11 reported that they were satisfied with those services. At 92.6 per cent, this exceeded the target of 87.0 per cent and was higher than the previous year (84.9 per cent).



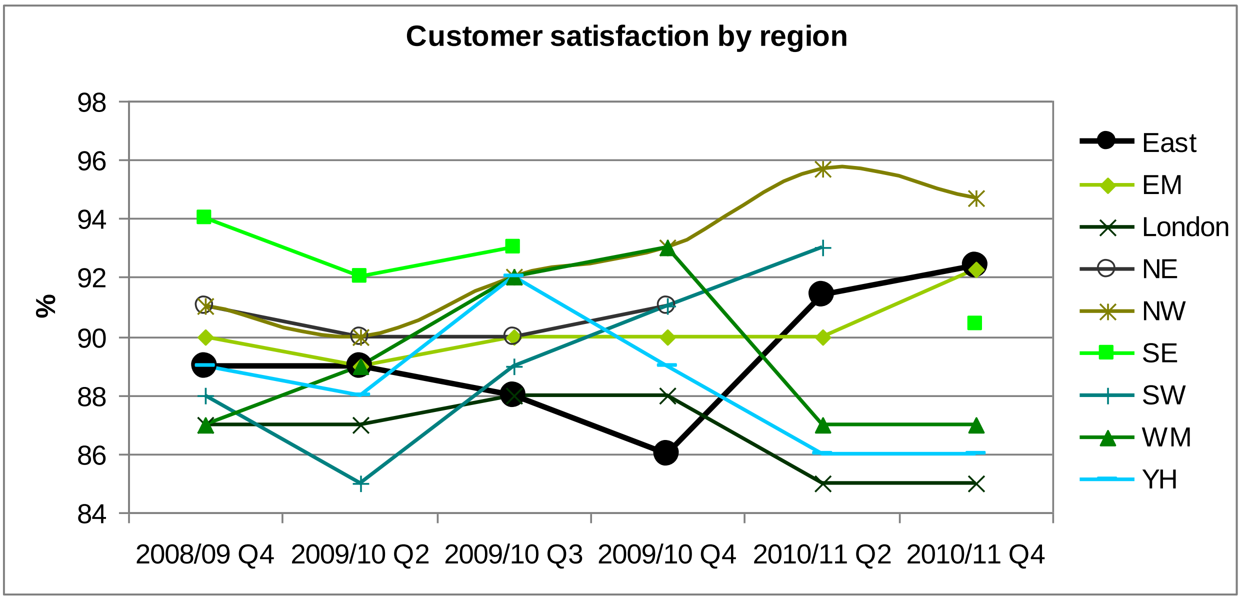
Customer satisfaction also increased across the breadth of services provided by BLE compared to 2009/10. Satisfaction remained highest for events (95.1 per cent) and intensive assistance (94.2 per cent) – which is unsurprising given that these are the more tailored and added-value services. While satisfaction remained lowest for light-touch services, this improved the most between 2009/10 and 2010/11 – up almost 9 percentage points to 81.7 per cent.



- **Customer Satisfaction by Region**

Compared to other regions, customer satisfaction with BLE services improved considerably in 2010/11. In the two earliest quarters for which data are available (2008/09 Q4 and 2009/10 Q2), customer satisfaction in the East was ranked joint fourth lowest of the nine English regions. But in the year to 2010/11 Q4, there was a strong increase in the East – in contrast to falling satisfaction levels in three regions (London, the West Midlands and Yorkshire and the Humber). In the two latest quarters for which data are available (2010/11 Q2 and 2010/11 Q4), customer satisfaction in the East rose to third and second highest respectively of the regions.

According to a number of stakeholder interviewees, EEDA were keen to maintain an intact service throughout the policy changes. At the same time, BL services in some regions stopped taking a business-as-usual stance (eg the West Midlands service was scaled back following closure announcements and budget cuts), reflected in falling customer satisfaction levels. These differences are also reflected in the budgets for regional BL services in 2011/12: the BLE service received the second highest budget of the nine regions and consequently delivered by far the highest number of intensive assists in 2011/12 Q1.



- **Reasons for High Customer Satisfaction**

Appendix D sets out some of the factors driving high satisfaction levels among BLE customers in 2010/11, as well as the issues affecting those that claimed to be neither satisfied nor dissatisfied or very/fairly dissatisfied with the service they received.

In summary, factors driving high satisfaction levels included:

- The useful information provided, which was also clear and accessible;
- Helpful, approachable and professional staff;
- Advisors' level of knowledge, expertise and real business experience;
- The practical advice and ideas provided by BLE staff;
- Clear business benefits from the advice/assistance received;
- Higher confidence and motivation following events and intensive assistance;
- The personal, tailored services offered at events and during intensive assistance;
- Greater focus and direction provided by intensive assistance;
- Free information and advice that saved customers time and money;
- Awareness of available funding opportunities;
- The easy-to-use, accessible website;

Some customers, however, had quite the opposite experience, although it is important to note that a very small percentage of customers reported that they were neither satisfied nor dissatisfied or were dissatisfied with the service received. These customers stated that:

- The service was not comprehensive enough – the advice was too basic and/or they did not get the information they required;
- They wanted a more in-depth service;
- Staff lacked knowledge;
- The assistance did not lead to a positive outcome;

It is unclear why these businesses had such a different perspective from the majority of those receiving assistance from BLE. Some had very specific queries and specialist questions that staff were unable to answer and felt that they could have carried out more research to help. Basic customer service was an issue in some cases, eg some businesses reported that BLE staff did not send them the information that they had promised to send, or call back when promised. In many instances, this was despite receiving a good service initially. (However, EEIDB's experience is that, in some instances, customers forgot that the information was sent or put it to one side or the information was caught in customers' spam filters.) Some businesses were also disappointed at lack of grants and available funding. While this was not a fault of BLE, some noted that criteria regarding eligibility for funding could be made clearer.

Conclusions

- BLE exceeded the majority of its output targets in 2010/11;
- BLE staff maintained strong performance and high customer satisfaction levels despite BLE's impending closure, showing that staff remained motivated to deliver a good service. In fact, customer satisfaction rose to an all-time high and rose against falling levels in some other regions;
- In line with stakeholder comments, the number of customers receiving added-value services rose to its highest level in the past three years;
- More intensive assistance activity and increased benefit-to-business has been apparent since 2009/10. Performance dipped slightly in 2010/11, eg due to reduced budgets, but remained above targets;
- The effect of intensive assistance improved, with a greater percentage of businesses reporting that improvements had been identified and that they planned to implement improvements;
- The only areas of under-performance were the number of businesses created and the number of businesses surviving 12 months. This is likely to be due to the effects of the economic downturn and time lags in collecting data on companies that have started or continued to trade. At the same time, the number of businesses created as a percentage of pre-start customers rose to an all-time high in 2010/11, indicating that pre-start assistance was more effective.

9. The Additionality and Impact of Business Link East in 2010/11

This chapter addresses research question two (**'Did Business Link East achieve its intended (measurable) outputs, outcomes and impacts between April 2010 and March 2011?'**) with respect to assessing BLE's performance against its outcomes and impacts.

The following analysis sets out how the 'additionality' of the service has been estimated (ie the effect of the service, taking into account what might have happened anyway in the absence of intervention) before going on to identify and assess the performance of BLE's outcomes and wider impacts on the businesses it has supported.

9.1 Additionality

In order to assess the true impact of the BLE service, it is necessary to consider what the service provided that was additional to what would have happened in the absence of intervention. 'Additionality' covers the following five issues:

- **Deadweight** – the proportion of outputs/outcomes that would have happened without the intervention;
- **Leakage** – the proportion of outputs/outcomes that benefitted those outside the target area of the intervention. In the case of BLE, this would be the proportion of assisted businesses and their staff that are located outside the East of England;
- **Displacement** – the proportion of outputs/outcomes that caused a reduction in outputs/outcomes elsewhere. In the case of BLE, this could be the weaker performance of an assisted business' competitors;
- **Substitution** – this occurs where a firm substitutes one activity for a similar one (such as recruiting a jobless person to replace an existing worker) to take advantage of public sector assistance;
- **Multipliers** – the further activity stimulated by the direct benefits of an intervention, eg increased trade for assisted businesses' suppliers.

These factors of additionality are calculated in terms of percentages, ie 54 per cent deadweight would mean that 54 per cent of the outputs/outcomes would have happened without the intervention.

To get an overall additionality ratio, the percentages for each additionality factor are converted into proportions and taken away from 1 (ie to get the proportion that is *not* deadweight, *not* leakage, etc). All factors are then multiplied to get an overall additionality ratio. The higher the additionality ratio, the higher the additionality of the service (ie more of the outputs/outcomes are attributable to the service).

Surveys of service beneficiaries are usually undertaken to capture the difference that the service has made compared to what might otherwise have happened. Due to the tight timeframe for this evaluation, an estimate has been provided of the additionality ratio for BLE assistance – split between intensive assistance and non-intensive assistance, as shown in table 9.1. Due to the wide range of information available on additionality, 'low' and 'high' estimates have also been produced.

The 'low additionality' estimate is based on other evaluations of Business Link services, including the Oakleigh evaluation of the BLE service. The results were similar across the evaluations so come with a high degree of confidence. Nonetheless, the results are not based on a survey of BLE customers in 2010/11, so should be treated with caution.

The 'high additionality' estimate is largely based on the results of evaluations of public sector individual enterprise support projects and programmes, as detailed in the BIS report, 'Research to improve the assessment of additionality' (2009). The projects and programmes included those providing access to finance for SMEs and those promoting enterprise and assisting company start-ups. It is important to note that these projects and programmes are likely to have had different characteristics, including scale of investment, activities and type of beneficiary. They may also have included interventions that worked well along with some that may not have worked well. These limitations should be borne in mind when applying the estimates to this evaluation.

Further details of how these estimates have been derived are in Appendix E.

Table 9.1: Additionality Factors for BLE

	Intensive Assists		**Non-Intensive Assists**	
	Low Additionality	**High Additionality**	**Low Additionality**	**High Additionality**
Non-Deadweight	0.46	0.53	0.42	0.49
Non-Leakage	0.97	0.96	0.95	0.94
Non-Displacement	0.44	0.71	0.46	0.73
Substitution	0.98	1.00	0.98	1.00
Multiplier	1.49	1.45	1.49	1.45
Additionality Ratio	**0.29**	**0.52**	**0.27**	**0.49**

The table shows that between 29 per cent and 52 per cent of all benefits achieved from BLE's intensive assistance have been assumed to be attributable to BLE interventions, ie would not have been achieved in the absence of the service. For non-intensive assistance, between 27 per cent and 49 per cent of all benefits have been assumed to be due to BLE interventions.

9.2 Net Outputs

The previous chapter provided an analysis of BLE's performance in terms of the gross outputs it generated between 2007/08 and 2010/11. As noted above, some of these outputs may have been achieved with no intervention from BLE, eg businesses may have sought help elsewhere to improve their performance. Using the additionality ratios, the following provides an estimate of the additional effect of BLE assistance – ie the net outputs that would not have been achieved without assistance from BLE. Table 8.2 shows that, in 2010/11, BLE:

- Assisted between 26,935 and 49,019 businesses that would not otherwise have received assistance;
- Provided intensive support that benefitted between 1,576 and 2,879 established businesses;
- Helped to create between 689 and 1,255 additional new businesses which generated between 1,601 and 2,913 additional new jobs in the East of England.

Table 9.2: BLE Net Outputs 2010/11

	Gross Outputs	Net Outputs	
		Low	High
Businesses assisted	99,929	26,935	49,019
Customers receiving added value services	28,476	8,163	14,916
Intensively supported established customers	6,504	1,865	3,407
Intensively supported established customers reporting benefit to business	5,496	1,576	2,879
Intensively supported established businesses who say that improvements have been identified	4,572	1,311	2,395
Intensively supported established businesses that plan to implement improvements	5,353	1,535	2,804
Intensively supported pre-start customers	1,740	499	911
Businesses created 2010/11	2,551	689	1,255
Jobs created by new businesses	5,922	1,601	2,913
Businesses created in 2009/10 and surviving 12 months	2,381	644	1,171
Jobs created by surviving businesses	6,095	1,647	2,999

9.3 Outcomes

Outcomes are the wider effects of the BLE service on the businesses that have been supported. Outcomes differ for different types of assisted businesses:

- For **intensively-supported businesses**, the key outcome of BLE assistance is the resulting improvement in their performance – measured here by GVA;
- For **start-up businesses**, the key outcome of BLE assistance is the ability of those businesses to continue to trade and grow – measured here by the business survival rate:
- For those thinking of starting a business (**pre-start businesses**), the key outcome of BLE assistance is the number of people that then go on to start a business – measured here by the number of new businesses created.

The following provides an analysis of each outcome measure.

- **Intensively-supported businesses: business performance**

Intensively-assisted businesses recorded growth in GVA in 2009/10 – against a fall in GVA per business across the East of England region – while GVA growth in 2010/11 was higher for BLE-assisted businesses than the regional average

To assess the performance of intensively-assisted businesses, BLE collects data on the GVA of these companies. GVA is equivalent to:

Total Salary/Wage Costs + Pre-Tax Profits + Depreciation

Due to the tight timeframe for this project and some issues with the GVA data collected by BLE for some assisted companies, GVA data for this project has been collected for a random sample of 100 companies that received intensive assistance from BLE in each year from 2007/08 to 2010/11. The average GVA increase per company among the 2010/11 sample was £46,506. Table 9.3 shows the increase in GVA of intensively-assisted businesses in 2010/11 by employment sizeband.

Table 9.3: Increase in GVA of Businesses in Sample by Employment Sizeband

Employment Sizeband of Intensively-Assisted Business	Average GVA Increase per Business 2010/11
0-4 employees	£2,178
5-9 employees	£36,461
10-49 employees	£27,931
50-99 employees	£594,333
100+ employees	£635,500

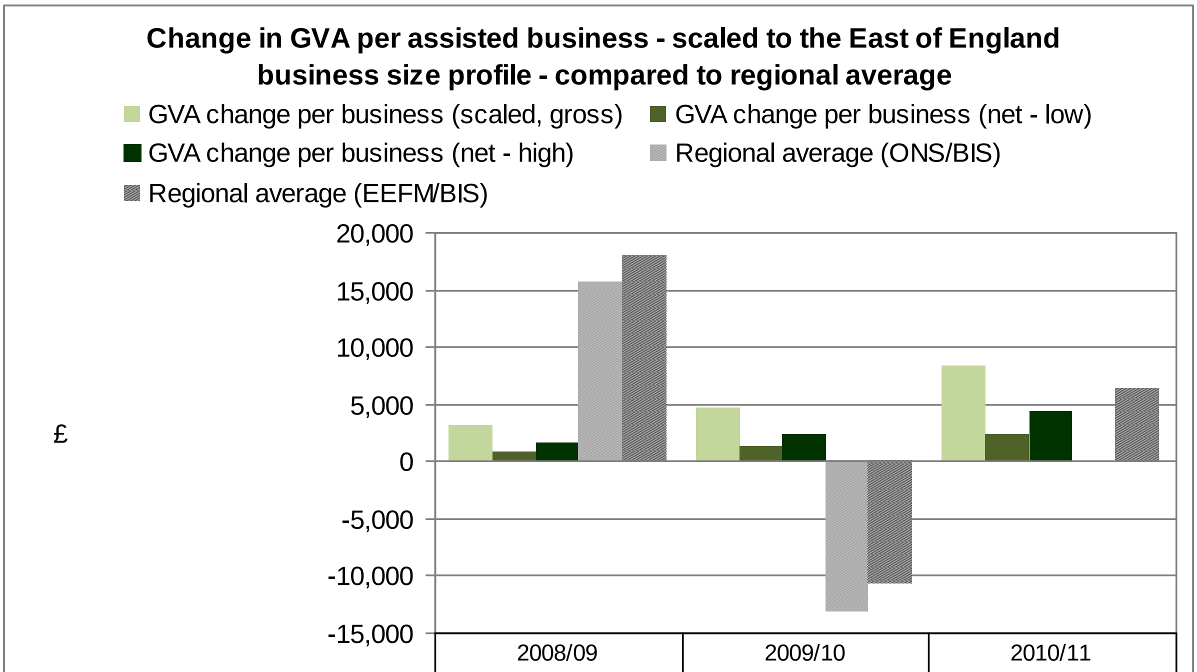
In order to make comparisons with the regional average increase in GVA per business, these results need to be scaled according to the East of England's business size profile (ie because the sample had a much lower percentage of small businesses than the regional average and would therefore overstate the change in GVA per business compared to the regional average). With scaling applied, the average GVA increase per business in 2010/11 was equivalent to £8,307[5] (with BLE assistance contributing £2,382 in the 'low additionality' scenario and £4,351 in the 'high additionality' scenario).

To put this in context, GVA data from the East of England Forecasting Model (EEFM) and business population data from BIS showed that GVA per business across the East of England was estimated to have increased by £6,269 in 2010. Hence, BLE-assisted businesses performed stronger than the regional average in 2010/11.

Looking back over previous years, BLE-assisted businesses performed much weaker than the regional average (as measured by the Office for National Statistics (ONS) and the EEFM) in 2008/09. This could be because assisted businesses in this year were those that were more affected by the recession – or affected earliest – and were therefore in need of help. In the following year – 2009/10 – businesses assisted by BLE recorded growth in GVA – compared to a sharp fall across the region,

[5] The methodology for calculating this figure is set out in Appendix F.

suggesting that BLE assistance may have helped businesses to survive and grow during the downturn.

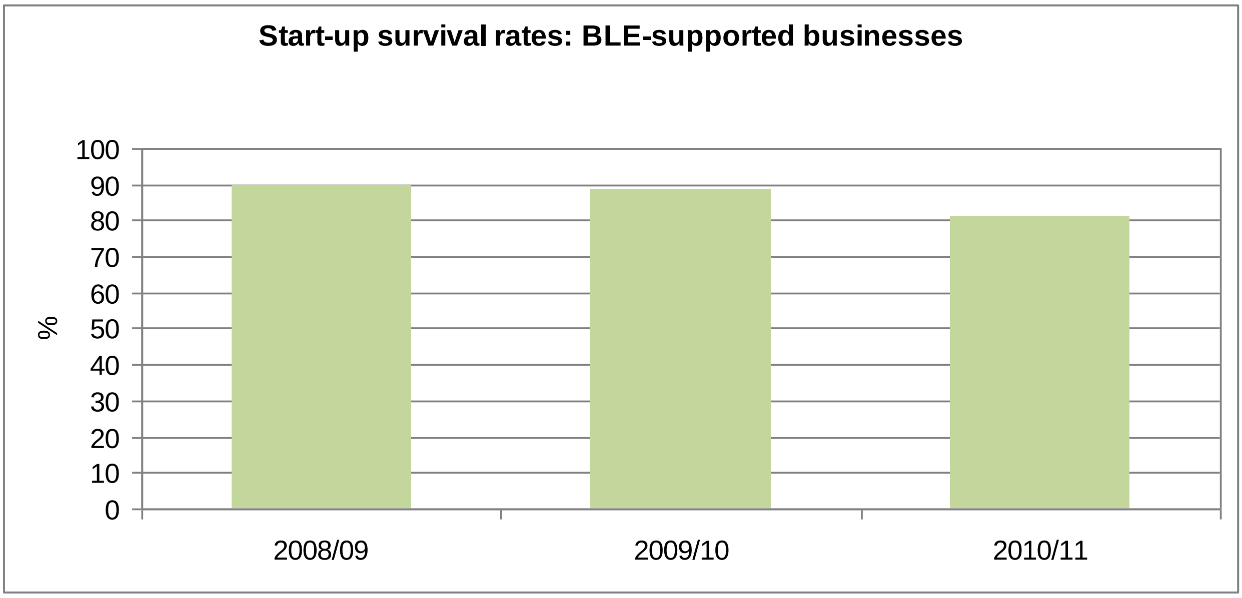


	2008/09	2009/10	2010/11
GVA change per business (scaled, gross)	£3,089	£4,616	£8,307
GVA change per business (net - low)	£886	£1,323	£2,382
GVA change per business (net - high)	£1,618	£2,418	£4,351
Regional average (ONS/BIS)	£15,729	-£13,130	
Regional average (EEFM/BIS)	£17,932	-£10,741	£6,269

- **Start-up Businesses: Start-Up Survival Rate**

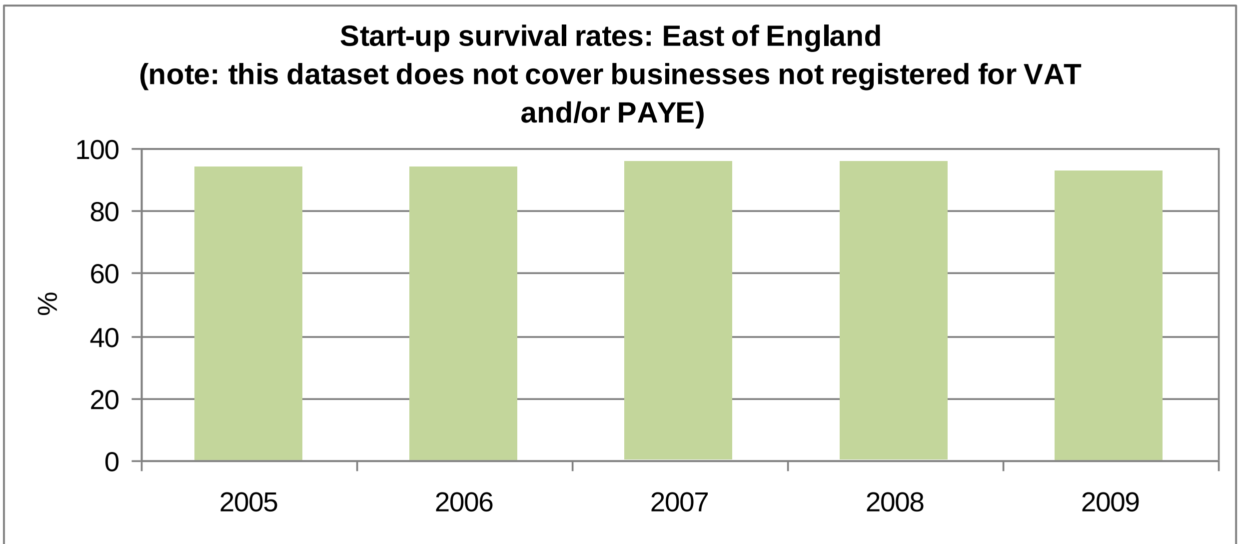
The one-year survival rate of BLE-supported businesses fell between 2008/09 and 2010/11 – as it did for all new businesses across the East of England – although BLE assistance may have lessened the likelihood of failure

Between 2008/09 and 2010/11, the percentage of businesses created by BLE in the previous year and surviving 12 months fell in each year: from 89.7 per cent in 2008/09, to 88.9 per cent in 2009/10 and to 81.3 per cent in 2010/11. This is likely to reflect difficult economic conditions.



Official data from the ONS – which are not directly comparable to the BLE data as they exclude all businesses not registered for VAT and/or PAYE[6] – suggest that one-year survival rates of BLE-supported businesses followed regional trends: in 2008 and 2009, one-year business survival rates fell across the East of England. Data for 2010 are currently unavailable.

As this dataset does not cover businesses not registered for VAT and/or PAYE, it is not possible to show whether or not BLE assistance increased the likelihood of business survival during this period. Nonetheless, the data do show that the business survival rate for BLE-supported businesses fell by 0.8 percentage points between 2008/09 and 2009/10 – less than the fall across the East of England (2.7 percentage points between 2008 and 2009).



Source: Business Demography, ONS

[6] The data exclude businesses not registered for VAT (ie because turnover is below the VAT threshold) and/or those not registered for PAYE (ie with no employees)

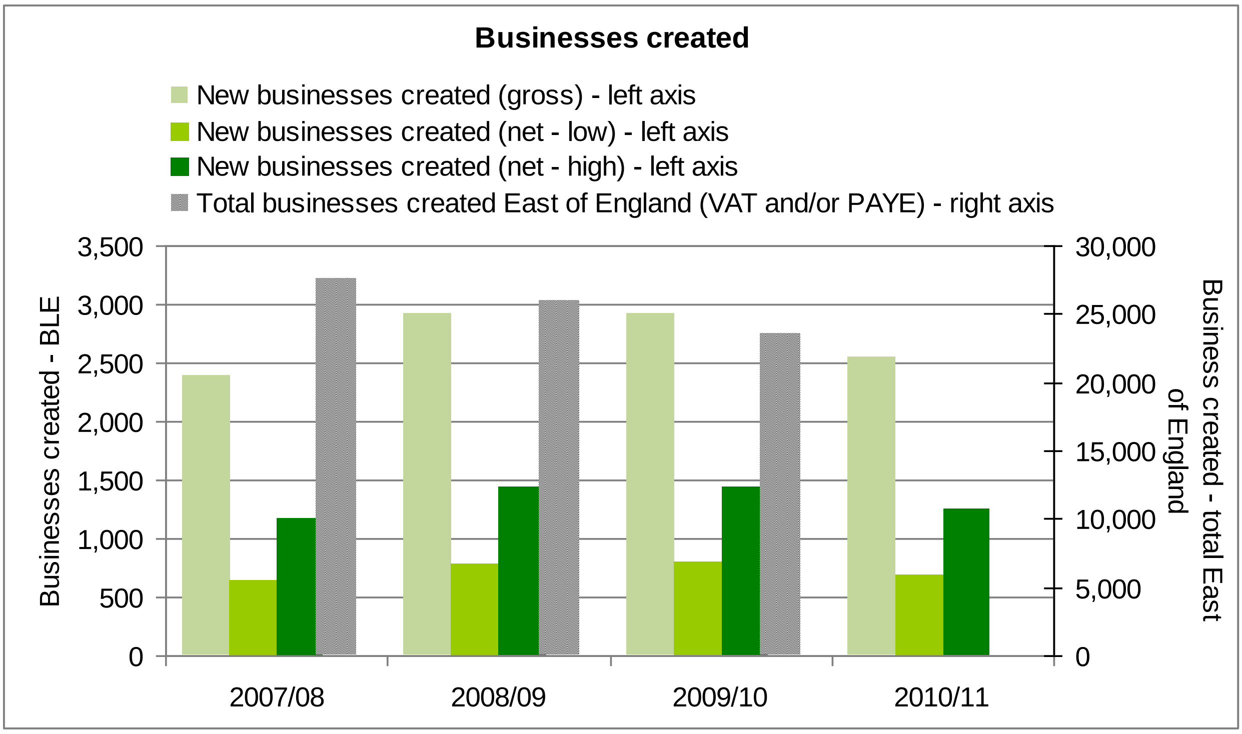
- **Pre-Start Businesses: New Businesses Created**

The BLE service contributed positively to business creation – with an increase in the number of new businesses created by BLE between 2007/08 and 2009/10 – against a fall in the number of business start-ups across the East of England region

Between 2007/08 and 2009/10, the number of businesses created by BLE increased in each year before falling in 2010/11 – possibly reflecting difficult economic conditions or the fall in the number of pre-start businesses assisted. The BLE net output data (table 9.2) suggest that BLE assistance was responsible for creating between 689 and 1,255 additional businesses in the East of England in 2010/11.

The trend in performance differs to that for the East of England as a whole. Business demography data from the ONS (which are not directly comparable to the BLE data as they include only businesses registered for VAT and/or PAYE) show that the number of new businesses created in the region fell in each year between 2007 and 2009. This indicates strong BLE performance against the declining trend in the region but could also reflect a difference in performance between very small and larger new businesses in the period.

No ONS data are currently available to make comparisons in 2010.



9.4 Impacts

Assessing the wider economic impact of the BLE service requires an estimate to be made of the impact of BLE assistance on the performance of the companies it assisted. Two pieces of information are required about assisted businesses in order to make this assessment.

The first is the change in business performance over the period of the intervention

Business performance data is collected by BLE for intensively-assisted companies and is measured by GVA – a measure of economic output. As noted above, the tight timeframe for this project and issues with some of the GVA data collected by BLE for some assisted companies means that GVA data for this project has been collected for a sample of 100 companies assisted by BLE. Among this sample, the average GVA increase per company in 2010/11 was £46,506. However, this sample was more heavily weighted towards bigger businesses than the total population of intensively-assisted businesses, thereby inflating the results.

For the purpose of assessing impacts, the GVA data has therefore been scaled to the size profile of intensively-assisted businesses in each year[7]. With this scaling applied, the average GVA increase per intensively-assisted company in 2010/11 was equivalent to £26,661, up from £11,154 in 2009/10 and -£180 in 2008/09. As well as partly reflecting difficult economic conditions in previous years, this increase also partly reflects an increase in the percentage of larger businesses within the group of intensive-assists in 2010/11, as shown in table 9.4.

Table 9.4: Percentage of Intensively-Assisted Businesses by Employment Sizeband (%)

Number of employees	2008/09	2009/10	2010/11
0-4	73.3	70.5	63.8
5-9	14.0	13.6	16.5
10-49	11.1	14.0	17.4
50-99	1.0	1.3	1.5
100+	0.5	0.7	0.8

The second piece of information determines the extent to which the support and intervention provided by BLE contributed to this change in performance

To understand how far BLE assistance contributed to the change in performance in each year, the GVA increase for each business must be adjusted using the additionality ratios detailed above (ie to assess the proportion of the increase that is estimated to be attributable to BLE). Using these additionality ratios, it is estimated that BLE helped to generate between **£7,643** ('low additionality' scenario) and **£13,965** ('high additionality' scenario) of GVA per intensively-assisted business in 2010/11.

[7] More information on GVA data can be found in Appendix F.

The next step is to estimate the impact of the entire service by applying the average GVA increase per company to each (net) assisted business.

In 2010/11, BLE provided intensive assistance to 6,504 established companies and 1,740 pre-start companies. The section on net outputs shows that BLE provided intensive assistance to between 1,865 and 3,407 established companies who would not otherwise have received assistance. Of those, 84.5 per cent (between 1,576 and 2,879) of companies reported that BLE assistance had benefitted their business.

In terms of pre-start customers, BLE provided intensive assistance to between 499 and 911 pre-start customers who would not otherwise have received assistance. Of course, not all of these customers may have gone on to start trading and create GVA in 2010/11. Using the total number of pre-start customers assisted (14,368) and numbers of businesses created (2,551) in 2010/11, it is estimated that 17.8 per cent of intensively-assisted pre-start customers (between 89 and 162) went on to trade and create GVA in 2010/11.

Hence, the total number of intensively-assisted customers creating average levels of GVA in 2010/11 is estimated to be between 1,665 and 3,041.

- **Impact – low additionality scenario**

Taking the ‘low additionality’ results, it can therefore be estimated that the BLE service generated **£12.7 million of GVA** in 2010/11 (1,665 companies generating an average of £7,643 of additional GVA).

- **Impact – high additionality scenario**

Taking the ‘high additionality’ results, it can be estimated that the BLE service generated **£42.5 million of GVA** in 2010/11 (3,041 companies generating an average of £13,965 of additional GVA).

- **Impact – persistence effects**

In considering the overall impact of an intervention, it is also important to consider the extent to which the benefits generated persist over time. According to evaluation guidance from BIS, ‘benefits will persist where the intervention has built the capacity of the individual or organisation to sustain or continue to achieve further benefits’. The guidance estimates that the benefits of individual enterprise support persist for three years. A report from Pricewaterhouse Coopers (PwC), which assessed the impact of spending by RDAs on individual enterprise level support also found that the benefits diminished by 10 per cent per year following the initial year of assistance[8] (ie 10 per cent per annum ‘decay’).

If this is the case, the BLE service in 2010/11 is expected to generate between **£34.5 million and £115.1 million of GVA** (in 2010/11 prices) by 2013/14. All results are displayed in table 9.5.

[8] PwC (2008): ‘Impact of RDA Spending’ – 10% was the average rate of ‘decay’ identified in the 14 evaluations under the ‘individual enterprise level support’ sub-theme.

Table 9.5: BLE GVA impact 2010/11

	Total (gross)	Low additionality	High additionality
Average GVA increase per intensively-assisted business 2010/11 **(A)**	£26,661	£7,643	£13,965
*Number of intensively-assisted established businesses **(B)***	*6,504*	*1,865*	*3,407*
Number of intensively-assisted established businesses reporting benefit to business **(C)**	5,496	1,576	2,879
*Number of intensively-assisted pre-start customers **(D)***	*1,740*	*499*	*911*
Number of intensively-assisted pre-start customers trading in 2010/11 **(E)**	310	89	162
Total intensively-assisted customers with GVA impacts **(C+E)**	5,806	1,665	3,041
GVA generated by BLE (A x (C+E))	**-**	**£12,724,570**	**£42,471,066**
GVA with persistence effects (3 years) and 10% per annum decay	**-**	**£34,483,585**	**£115,096,589**

Caution needs to be taken when using these results due to some caveats in the research approach. These include the following:

- The results only consider the impact resulting from intensive assistance. It has not been possible to collect GVA data for other types of BLE assistance. Hence, the results will underestimate the total GVA impact of the service;
- Additionality was estimated using the results from other evaluations, with no survey of beneficiaries undertaken. Nonetheless, the 'low additionality' results are based on other evaluations of Business Link services, with similar results achieved for each (as outlined in Appendix E).

Comparing the results to the previous year shows that the impact of assistance increased significantly in 2010/11 (although the economic downturn is likely to have depressed GVA results in 2009/10). Table 8.6 shows that, in 2009/10, BLE generated GVA of £5.7 million in the low additionality scenario and £18.9 million in the high additionality scenario – less than half that generated in 2010/11. Taking into account persistence effects, the BLE service in 2009/10 is expected to generate between £15.3 million and £51.2 million GVA by 2012/13.

Table 9.6: BLE GVA Impact 2009/10

	Total (gross)	**Low additionality**	**High additionality**
Average GVA increase per intensively-assisted business 2009/10 **(A)**	£11,154	£3,198	£5,843
*Number of intensively-assisted established businesses **(B)***	*6,711*	*1,924*	*3,515*
Number of intensively-assisted established businesses reporting benefit to business **(C)**	5812	1666	3044
*Number of intensively-assisted pre-start customers **(D)***	*3,800*	*1,089*	*1,990*
Number of intensively-assisted pre-start customers trading in 2009/10 **(E)**	357	102	187
Total intensively-assisted customers with GVA impacts **(C+E)**	6,169	1,769	3,231
GVA generated by BLE (A x (C+E))	-	£5,655,182	£18,880,101
GVA with persistence effects (3 years) and 10% per annum decay	**-**	**£15,325,543**	**£51,165,075**

9.5 Impacts in 2010/11 – comparisons with other evaluations

Other evaluations of BL services have also assessed the impact of intensive assistance provided by BL – although it should be noted that these used different methodologies and were based on the results from beneficiary surveys, so are not entirely consistent with the BLE results.

- **Economic Impact Study of the Business Link Local Service (2006), BERR**

The evaluation assessed the impact of local BL services on businesses that received assistance between April and September 2003 and their impact over the subsequent period to May/June 2005.

The evaluation estimated the GVA of intensive assistance by estimating the average employment gain within intensively-assisted companies (through a beneficiary survey) over the two years following the assistance and grossing these results up based on the number of interventions with intensively-assisted firms. Employment impacts were translated into GVA by multiplying employment by average GVA per employee for the UK (obtained from ONS). These results showed that, in 2003/04, intensive BL assistance generated GVA of £697 million. With 49,830 businesses receiving intensive assistance, this translated into average GVA impact per business of **£13,998**. This is similar to results for BLE in 2010/11 in the low additionality scenario – although the BERR study assessed the impact over two years, rather than in the first year of assistance.

- **Interim Impact Evaluation of Business Link in London (2009), The Evaluation Partnership on behalf of London Development Agency (LDA)**

The purpose of this evaluation was to evaluate the performance and impact of the BL in London service and provide recommendations to be taken forward by the LDA in managing the future delivery of the service.

Similar to the BERR evaluation, this evaluation estimated the GVA of intensive assistance by estimating the average employment gain within intensively-assisted companies (through a beneficiary survey) and grossing these results up based on the number of interventions with intensively-assisted firms. Employment impacts were translated into GVA by multiplying employment by average GVA per employee for London (obtained from ONS). These results showed that, in 2007/08, intensive BL assistance in London generated GVA of £13.0 million. With 5,260 businesses receiving intensive assistance, this translated into average GVA impact per business of **£2,478**. This is significantly lower than the results for BLE in 2010/11, even in the 'low additionality' scenario. The extent to which the large difference between the results for the London evaluation and the BLE evaluation is due to actual performance, methodological differences or sampling differences is unclear.

- **Interim Evaluation of Business Link Services in the South West (2009), SQW Consulting on behalf of the South West Regional Development Agency**

The purpose of this evaluation was to assess the impact and value for money of the BL service in the South West in 2007/08 and to appraise the options for the future delivery of the service.

The methodology for assessing the impact of the service included estimating the level of turnover of assisted businesses (through a combination of data from the region's customer relationship management system and the results of a beneficiary survey), assessing the additionality of the service (through the beneficiary survey) to determine the extent to which BL contributed to the change in turnover and grossing the results to the number of assisted businesses. Turnover was translated into GVA using GVA/turnover ratios obtained from ONS.

The results showed that BL helped each intensively-assisted business to generate additional GVA of **£4,254** – significantly lower than the results for the BLE evaluation. With 2,212 intensively-assisted businesses reporting benefits from BL assistance, total GVA generated from intensive assistance was estimated to be £9.4 million. As above, the extent to which the large difference between the results for the South West evaluation and the BLE evaluation is due to actual performance, methodological differences or sampling differences is unclear.

Conclusions

- Analysis of BLE outcomes show that BLE assistance had a positive effect on businesses in the East of England:

- **Business performance**: GVA growth in 2010/11 was higher for businesses assisted intensively by BLE than the regional average. In the previous year, intensively-assisted businesses recorded growth in GVA – against a fall in GVA per business across the East of England region in 2009/10;
- **Business survival**: The one-year survival rate of businesses created by BLE fell between 2008/09 and 2010/11 – as it did for all new businesses across the East of England – although BLE-assistance may have lessened the likelihood of failure;
- **Business start-ups**: The BLE service contributed positively to business creation – with an increase in the number of new businesses created by BLE between 2007/08 and 2009/10 – against a fall in the number of business start-ups across the East of England region.

- In terms of impacts, the BLE service is estimated to have generated between £12.7 million and £42.5 million of Gross Value Added (GVA) among intensively-assisted businesses in 2010/11 (ie between £7,600 and £14,000 per business);
- This was considerably higher than in 2009/10, when BLE helped to generate between £5.7 million and £18.9 million of GVA (although the economic downturn is likely to have depressed results);
- If the benefits persist for three years (diminishing by 10 per cent each year), intensive assistance in 2010/11 is estimated to generate between £34.5 million and £115.1 million of GVA by 2013/14.

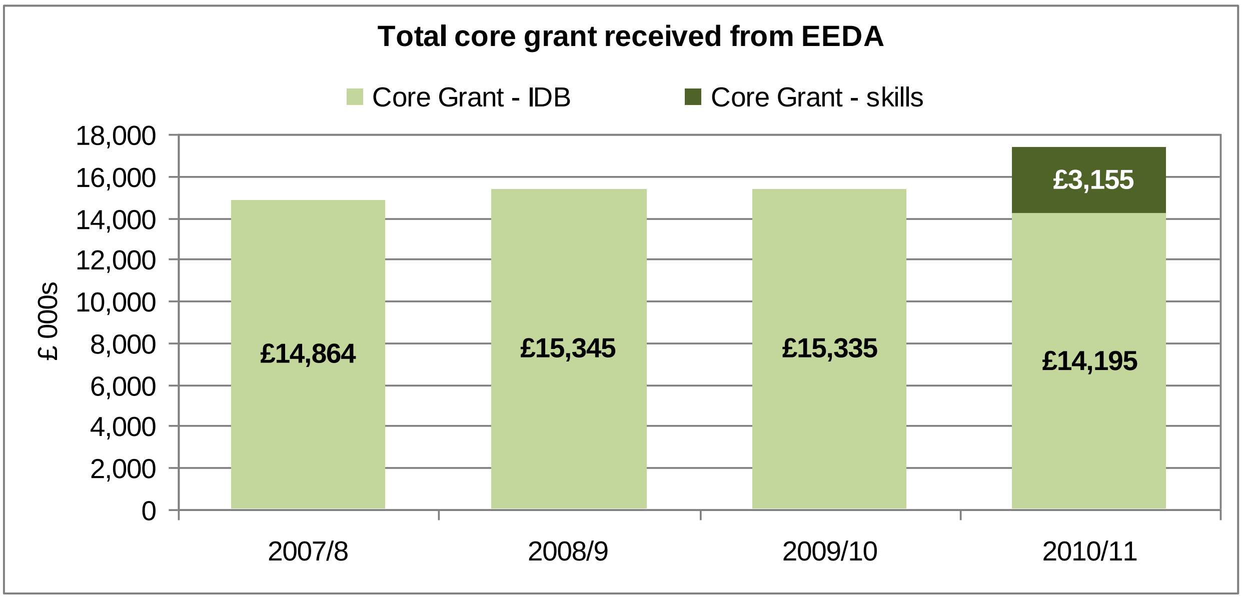
10. Value for Money of the Business Link East Service in 2010/11

This chapter addresses research question 3: **'Has the second East of England regional Business Link contract provided value for money in comparison to the first contract and other regional Business Link services?'**

It first looks at the resources provided by EEDA for the core BLE service in 2010/11 before going on to assess the 'economy' of the service (ie the extent to which it was delivered at minimum cost) and its 'efficiency' (ie the ratio of benefits to costs).

10.1 Inputs: the EEDA Core Grant for BLE

Each year, BLE receives a core grant from EEDA to deliver the core IDB service. In 2010/11, BLE received a core grant of £17.4 million. Of this, £3.2 million was allocated for the skills brokerage service, which was not delivered by BLE in previous years. To deliver the core IDB service, BLE received funding of £14.2 million. As shown in the chart, this was the lowest level of funding in the past four years – reflecting budget cuts at EEDA – and was more than £1 million (or 7 to 8 per cent) lower than in the previous two years.



The following considers the extent to which BLE delivered value for money with its core grant in 2010/11, by comparing to costs in previous years and to that of other BL and business support services.

10.2 The 'Economy' of the BLE Service

The 'economy' of the BLE service is the extent to which it was delivered at minimum cost – measured by cost per output. The analysis focuses on two core outputs – cost per business assisted and cost per job created, as information on these measures from other evaluations exists with which to compare BLE's value for money.

In terms of 'economy', value for money is calculated by dividing the overall budget received from EEDA by each core output. Of course, the EEDA core grant was used to achieve multiple outputs – not just 'businesses assisted' or 'jobs created'. However, it is difficult to allocate the budget between the achievements of outputs, with multiple overlaps in activity. Our method also enables comparisons to be made with other evaluations.

Cost per Business Assisted

Table 10.1 details the cost for BLE of assisting each business between 2007/08 and 2010/11. It shows that the cost per gross business assisted totalled £174 in 2010/11 – an increase on the previous three years, which could reflect greater focus on delivering value-added services. Looking at the cost per net business assisted, this ranged from £644 in the low additionality scenario to £354 in the high additionality scenario.

Table 10.1: Cost per Business Assisted

		2007/08[9]	**2008/09**	**2009/10**	**2010/11**
INPUTS	EEDA Core Grant (£m)	£14,864	£15,345	£15,335	£17,350[10]
OUTPUTS	Gross Businesses Assisted	98,860	108,082	91,671	99,929
	Net Businesses Assisted – low additionality	-	29,119	24,765	26,935
	Net Businesses Assisted – high additionality	-	52,991	45,075	49,019
COST PER OUTPUT	Gross Businesses Assisted	£150	£142	£167	£174
	Net Businesses Assisted – low additionality	-	£527	£619	£644
	Net Businesses Assisted – high additionality	-	£290	£340	£354
COST PER OUTPUT 2010 PRICES	Gross Businesses Assisted	£164	£150	£173	**£174**
	Net Businesses Assisted – low additionality	-	£556	£640	**£644**
	Net Businesses Assisted – high additionality	-	£306	£351	**£354**

Two other evaluations have provided an assessment of value for money with regard to cost per business assisted – the PwC evaluation of RDA spending (which included

[9] It is not possible to produce figures for cost per net business assisted in 2007/08 because some information does not exist to apply the different additionality ratios for intensive and non-intensive assistance (eg the number of intensively-supported pre-start customers was not measured)
[10] The budget in 2010/11 relates to the core EEDA budget for the IDB and skills brokerage services. This is because it is not possible to break down the number of businesses assisted by the IDB and skills brokerage services. Hence the businesses assisted output also includes skills assists in 2010/11.

an assessment of the cost of delivering individual enterprise level support) and the SQW evaluation of the BL service in the South West. The results are displayed in table 9.2, and suggest that BLE has provided comparatively good value for money.

Table 10.2: Cost per Business Assisted – Comparators

	Cost per gross business assisted	**Cost per net business assisted**
BLE 2010/11 – gross businesses assisted	**£174**	-
BLE 2010/11 – net businesses assisted – low additionality	-	**£644**
BLE 2010/11 – net businesses assisted – high additionality	-	**£354**
RDA individual enterprise level support programmes 2002/03 – 2006/07 (PwC)	-	£8,502
South West Business Link 2007/08	£165 *(£180 in 2010 prices)*	-

- **PwC (2008): Impact of RDA spending – national report**

This evaluation was commissioned by BERR to provide an independent assessment of the impact of spending by each of the nine RDAs and the RDA network as a whole over the period between 2002/03 and 2006/07. The evaluation was split by theme, with 28 assessments of a diverse range of 'individual enterprise level support' projects and programmes covering expenditure of £260.8 million. Out of these 28 projects and programmes, 14 recorded 'businesses assisted' as an output. The evaluation calculated the cost per net business assisted at **£8,502** between 2002/03 to 2006/07 – significantly higher than the £354 to £644 recorded for BLE in 2010/11. However, these RDA projects and programmes may have involved support lasting days or weeks, thereby increasing the cost significantly.

- **SQW (2009): Interim evaluation of Business Link services in the South West**

This evaluation calculated the cost per gross business assisted by BL in the South West at **£165** in 2007/08. This was slightly more than the cost of delivering the BLE service in 2007/08 (£150 per gross business assisted). Furthermore, the cost per gross business assisted in the South West was equivalent to £180 in 2010 prices[11] – slightly greater than the cost of the BLE service in 2010/11.

Cost per Job Created

Table 10.3 details the cost for BLE of creating new jobs in 2009/10 and 2010/11[12]. This uses the budget for the business start-up programme, as the 'jobs created' output includes only those jobs created by new businesses that were supported by BLE. In 2010/11, this budget was £3,228,695.

[11] This has been calculated using the consumer price index indices from the ONS.
[12] These are the only years in which jobs created by new businesses were measured.

With 5,922 gross new jobs created in 2010/11, the cost per gross job created totalled £545 – lower than the previous year (£706 – or £730 in 2010 prices). In terms of jobs attributable to BLE activity, the cost per net job created in 2010/11 ranged from £2,107 in the 'low additionality' scenario to £1,108 in the 'high additionality' scenario.

Table 10.3: Cost per Job Created

		2009/10	2010/11
INPUTS	BLE Business Start-Up Budget	£3,317,906	£3,228,695
OUTPUTS	Gross Jobs Created	4,698	5,922
	Net Jobs Created – low additionality	1,270	1,601
	Net Jobs Created – high additionality	2,311	2,913
COST PER OUTPUT	Gross Jobs Created	£706	£545
	Net Jobs Created – low additionality	£2,613	£2,017
	Net Jobs Created – high additionality	£1,435	£1,108

Three other evaluations have provided an assessment of value for money with regard to cost per job created: the PwC evaluation of RDA spending, the Department for Communities and Local Government (DCLG) evaluation of the benefits of regeneration activity (which included assessments of the costs of delivering business start-up assistance) and the BERR evaluation of local BL services. The results are displayed in table 10.4 and, as above, suggest that BLE has provided comparatively good value for money. It is important to note that these comparisons do not take into account the type and value of each job created, which is not known, or the type of activities within each of the projects assessed.

Table 10.4: **Cost per Job Created – Comparators**

	Cost per gross job created	Cost per net job created
BLE 2010/11 – gross jobs created	**£545**	-
BLE 2010/11 – net jobs created – low additionality	-	**£2,017**
BLE 2010/11 – net jobs created – high additionality	-	**£1,108**
RDA individual enterprise level support programmes 2002/03 – 2006/07 (PwC)	-	£8,301
Evaluation of the benefits of regeneration activities 2009-11 – start-up activity and spin-outs (DCLG)	-	£10,661
Evaluation of local Business Link services 2003 (BERR)	-	£11,578

- **PwC (2008): Impact of RDA spending – national report**

This report provided details of 28 'individual enterprise level support' projects and programmes that recorded 'jobs created' as an output. These RDA projects and programmes covered £243.8 million of expenditure. The evaluation calculated the cost per net job created at **£8,301** – similar to the cost of the BLE service in 2010/11.

- **DCLG (2010): Valuing the Benefits of Regeneration**

This research valued the benefits of the core regeneration programmes being delivered in England over the period 2009/10 and 2010/11. It characterised this activity into broad types, with one being ‘worklessness, skills and business development’ and then divided each of these into activity categories and types. With regard to providing comparisons with the BLE evaluation, the activity type relevant here is ‘start up assistance and promotion of spin-outs’.

The mean cost of creating each net additional job from start-up assistance and promotion of spin-outs was **£10,661**. This was higher than the cost per net job created by BLE in both the low and high additionality scenarios.

- **BERR (2006): Economic Impact Study of the Business Link Local Service**

The evaluation assessed the impact of local BL services on businesses that received intensive assistance between April and September 2003 and their impact over the subsequent period to May/June 2005. This evaluation estimated the cost per net additional job created at **£11,578** – higher than the cost of BLE assistance in both the low and high additionality scenarios (although many of the jobs created by BLE will have been through non-intensive assistance, thereby bringing down the cost per net job created).

10.3 The ‘Efficiency’ of the BLE Service

Efficiency is measured by the benefits of the assistance set against its costs. In this case, the benefits of BLE activity have been measured by the GVA generated by intensive assistance. Value for money has therefore been measured by the ratio of GVA generated by intensive assistance activity to the costs of the total BLE service.

As shown in table 10.5, the estimated net increase in GVA as a result of BLE intensive assistance activity ranged from £12.7 million in the ‘low additionality’ scenario to £42.5 million in the ‘high additionality’ scenario in the first year of assistance. The associated cost of the BLE service was £14.2 million. Hence, the GVA (annual): cost ratio ranged from **£0.9: £1** in the ‘low additionality’ scenario (ie £0.9 of GVA generated for every £1 spent) to **£3.0: £1** in the ‘high additionality’ scenario (ie £3.0 of GVA generated for every £1 spent).

It is important to note that <u>these figures vastly under-estimate the return on investment</u> as the analysis compares GVA generated from intensive assistance activity with the total cost of the BLE service, which also includes the delivery of non-intensive assistance activity. The reasons for comparing the two figures are three-fold:

- The metrics do not exist to measure the GVA of non-intensive assistance activity by BLE;
- The difficulties in breaking down the BLE budget into the delivery of intensive and non-intensive activity (ie due to the lack of an ‘activity-based’ accounting system);
- It enables direct comparisons to be made with figures in other evaluations.

In terms of comparing the GVA: cost ratio to that of other BL services, the figures for BLE represent good value for money in both the low and high additionality scenarios: the figures within the South West and London evaluations suggest that the GVA: cost ratios for BL intensive assistance in 2007/08 were £0.6: £1 and £0.7: £1 respectively. The consultants producing the evaluations for BL services in the South West and London concluded that the services represented good value for money.

The South West evaluation adds strong weight to the fact that the GVA: cost ratio for BLE is vastly under-estimated. As the South West GVA results were produced using a beneficiary survey as well as data from the customer relationship management system, estimates were also produced for the GVA generated by non-intensive assistance. When non-intensive assistance was also taken into account, the GVA: cost ratio rose from £0.6: £1 to £4.2: £1 (ie £4.2 of GVA generated for every £1 spent on the service) – as shown in table 10.5. Hence the value for money of the BLE service is likely to rise significantly if non-intensive assistance is considered.

Value for money also increases when persistence effects are taken into account. In the 'low additionality' scenario, £35.5 million of GVA is expected to be generated by 2013/14. This results in a GVA (three-year): cost ratio of 2.4: 1, from 0.9: 1 in year one. In the 'high additionality scenario, £115.1 million of GVA is expected to be generated by 2013/14. This results in a GVA (three-year): cost ratio of 8.1: 1, from 3.0: 1 in year one.

Table 10.5: GVA: Cost Ratios

	South West Business Link (2007/08)	**London Business Link (2007/08)**	**BLE – low additionality (2010/11)**	**BLE – high additionality (2010/11)**
GVA Attributable to **Intensive Assists**	£9,409,848	£13,000,000	£12,724,540	£42,471,066
Total Cost of Business Link	£14,650,000	£18,800,000	£14,195,000	£14,195,000
GVA (annual): Cost Ratio	**£0.6: £1**	**£0.7: £1**	**£0.9: £1**	**£3.0: £1**
Total GVA: **Intensive & Non-Intensive Assists**	£60,998,066	-	-	-
Total Cost of Business Link	£14,650,000	-	-	-
GVA (annual): Cost Ratio	**£4.2: £1**	-	-	-

Comparing the results to those for 2009/10 also highlights the improvement in value for money in 2010/11 (whilst noting the caveat that the amount of GVA generated was likely to have been dampened in 2009/10 as a result of the recession).

In the ‘low additionality’ scenario, table 10.6 shows that the GVA (annual): cost ratio in year one rose from £0.4: £1 in 2009/10 to £0.9: £1 in 2010/11 and, by year three, the GVA (three-year): cost ratio is likely to rise from £1.0: £1 in 2009/10 to £2.4: £1 in 2010/11.

Table 10.6: GVA: Cost Ratios – Low Additionality – 2010/11 Compared To 2009/10

	BLE – low additionality	**BLE – low additionality**	**BLE – low additionality with persistence effects**	**BLE – low additionality with persistence effects**
	2009/10	**2010/11**	**2009/10**	**2010/11**
Total GVA: Intensive Assists	£5,655,182	£12,724,540	£15,325,543	£34,483,585
Cost of Business Link	£15,335,000	£14,195,000	£15,335,000	£14,195,000
GVA: Cost Ratio	**£0.4: £1**	**£0.9: £1**	**£1.0: £1**	**£2.4: £1**

In the ‘high additionality scenario, the differences are more pronounced. Table 10.7 shows that, in year one, the GVA (annual): cost ratio rose from £1.2: £1 in 2009/10 to £3.0: £1 in 2010/11. By year three, the GVA (three-year): cost ratio is likely to rise from £3.3: £1 in 2009/10 to £8.1: £1 in 2010/11.

Table 10.7: GVA: Cost Ratios – High Additionality – 2010/11 Compared To 2009/10

	BLE – high additionality	**BLE – high additionality**	**BLE – high additionality with persistence effects**	**BLE – high additionality with persistence effects**
	2009/10	**2010/11**	**2009/10**	**2010/11**
Total GVA: Intensive Assists	£18,880,101	£42,471,066	£51,165,075	£115,096,589
Cost of Business Link	£15,335,000	£14,195,000	£15,335,000	£14,195,000
GVA: Cost Ratio	**£1.2: £1**	**£3.0: £1**	**£3.3: £1**	**£8.1: £1**

Conclusions

- The BLE service provided comparatively good value for money in 2010/11, as explained below:

- **Cost per business assisted**: this was equivalent to £174 in 2010/11 (or £644 in the ‘low additionality’ scenario and £354 in the high additionality’ scenario). The cost of assisting each business was higher than in previous years, although this may have reflected increased focus on delivering added-value services. The cost compared favourably to other business support services;
- **Cost per job created**: this was equivalent to £545 in 2010/11 (or £2,017 in the ‘low additionality’ scenario and £1,108 in the ‘high additionality’ scenario). The cost of creating each job was lower than in 2009/10, reflecting a reduced budget and an increase in the number of jobs created. The cost compared very favourably to other business support services;
- **GVA (annual): cost ratio**: in 2010/11, the BLE service generated £0.9 of GVA for every £1 spent on all BLE services in the ‘low additionality’ scenario and £3.0 of GVA for every £1 spent on all BLE services in the ‘high additionality’ scenario. This was higher than in 2009/10 (£0.4 of GVA for every £1 spent in the ‘low additionality’ scenario and £1.2 of GVA for every £1 spent in the ‘high additionality scenario’). This compared favourably to other BL services (£0.6 - £0.7 of GVA for every £1 spent);
- *It is important to note that this only considers the GVA generated from intensive assistance and compares this to the cost of the total BLE service – which includes non-intensive assistance. Results from the South West BL evaluation showed that, when non-intensive assistance was also taken into account, the GVA: cost ratio rose from £0.6 GVA: £1 spent to £4.2 GVA: £1 spent. Hence, the value for money of the BLE service would rise significantly if non-intensive assistance was considered;*
- **GVA (three-year): cost ratio**: when persistence effects are taken into account, the GVA: cost ratio of the BLE service in 2010/11 is likely to rise to £2.4 of GVA for every £1 spent by 2013/14 in the ‘low additionality’ scenario and £8.1 of GVA for every £1 spent by 2013/14 in the ‘high additionality’ scenario.

11. Strategic Added Value

This chapter addresses research question four: **'Has the second regional Business Link contract achieved its intended Strategic Added Value?'**

SAV is the wider qualitative impact of a project or programme. It specifically measures the ability of RDAs to influence the behaviour and performance of their partners and stakeholders via other means than their programme and project spend. SAV often relates to such factors as 'leadership', 'influence' of stakeholders, 'leverage' of other funding sources, 'synergy' with stakeholders' programmes and priorities, and 'engagement' of stakeholders in the design and delivery of services.

Discussions with stakeholders identified a mixed response as to whether SAV measures were set out clearly at the beginning of the BLE contract. The majority of interviewees from EEDA believed that the SAV measures were clearly set out at the beginning of the contract, although this was in tender documentation and internal papers for the EEDA Board rather than within the BL contract itself. The majority of interviewees from EEIDB Ltd stated that the SAV measures were not clearly set out with EEDA when the contract commenced.

EEDA developed their own internal SAV measures for the BL service. Likewise, EEIDB developed their own internal SAV measures. The documentation relating to the re-procurement of the BL service also identified a series of SAV benefits that were anticipated as a result of the new BL contract. However, these were not set out in the contract as agreed performance measures. A review of these three different sets of SAV measures shows that there are some similarities, but also differences, as summarised in table 11.1.

EEDA interviewees stressed that developing a set of agreed SAV measures for the BLE service was due to take place during 2010/11. However, this work did not go ahead due to uncertainty over the future of the regional BL service, which ultimately culminated in the announcement of the closure of the service in November 2011. Nonetheless, stakeholders praised the way in which the BLE service coped with the uncertainty and continued to deliver added value throughout this time.

Table 11.1: Comparison of the SAV Identified by EEDA, the BL Provider and the Re-Procurement Exercise

SAV set out in the re-procurement exercise	EEDA SAV measures	EEIDB SAV measures
Provision of a **fully integrated brokerage service** for business support and skills	**Joining Skills and IDB brokerage** significantly enhances the reach and the impact of the service under the Business Link Brand	**Integral to the broader business support** strategy across the region
Achieving better **value for money** from the first BL contract	The broad spectrum of services joined up in the contract will provide a focus through the use of RBSIS and the marketing forum for all other EEDA funded business support to collaborate and offer new **value for money opportunities**	
A decrease in back office cost would release **additional funds to be spent on service provision**		
More **open governance** of BL		
Opportunities for **greater involvement of the wider business community** in the way that the business is managed and the service provided		**Valued** overtly by customers, stakeholders and partners
The focus moving from market penetration to an increase in intensive assists (ie **focus on quality over quantity**)	A **significant regional presence** taking positive messages about the merits of seeking help and advice to over 110,000 businesses	Great **performance** **Valued** overtly by customers, stakeholders and partners
Greater flexibility to respond quickly to changes in the regional environment, customer needs or Governmental demands		
The delivery model **maintains or enhances the reputation** of the BL brand and the corporate reputations of EEDA and EEIDB		**Emulated and admired** by others
	Provides a **vehicle for local authorities to invest** in Solutions for Business approved Start Up provision	
		Nurtured and committed **workforce**

11.1 Strategic Added Value Created by the Second Regional BL Service

Although there was not a set of agreed SAV measures in 2010/11, the stakeholders interviewed for this evaluation did identify a range of added value that the second BL contract delivered for the region. These were as follows:

1. Engagement with Partners, including Local Authorities

The most frequent response from stakeholders was the perceived improvement in the way in which the BL service engaged with partner organisations, most notably local authorities at county, district and unitary authority level (55 per cent of respondents identified improved partnership working as a key SAV improvement). The strengthening of partnership working did not just happen with local authorities. The interviewees also identified improved relationships with Chambers of Commerce and local economic development organisations such as Choose Suffolk and the Haven Gateway.

Some of the stakeholder comments were as follows:

> *"BL credibility has improved with key partners, in particular local authorities."*
>
> *"The original contract distanced BL from local authorities. They became more flexible and their attitude changed. EEDA is now seen as a trusted commissioner rather than a heavy-handed contract administrator."*
>
> *"There have been good communications and regular meetings… We really valued the good two-way communication."*
>
> *"The Chambers' relationship with BL is second-to-none."*
>
> *"Historically, there was a lot of silo-working. Genuinely working together has a much greater impact."*

It is important to note that this improvement in partnership working was not exclusive to the second BLE contract but developed over the course of the regional BL service, with relationships taking time to develop. One interviewee noted that:

> *"The first contract sowed the seeds, by developing engagement with businesses and key partners. The second contract is bearing the fruits of those labours."*

Specific examples were given of how the BL service worked closely with South Cambridgeshire District Council, Thurrock Council and the Greater Cambridge Partnership, with these organisations investing funding in the BL service to enhance specific activity to their local businesses. This co-investment in the BL service was seen to create less duplication of business support, therefore making it easier for businesses to access the help and support they needed and aiding the development of stronger relationships between BL and partner organisations.

The introduction of the Partnership Director position in the first contract was considered to have been a key factor in improving in relations between the BL service and partner organisations. This continued in 2010/11. EEIDB Ltd appointed 11 Partnership Directors to build strong relationships at a local geographical level, to act as advocates for the BL service and to use their local knowledge to help to develop BL products. As a result of strong advocacy work, EEIDB received 120 individual letters of support from partners when bidding for the second BLE contract. The positive comments regarding the Partnership Directors as part of this evaluation included the following:

> *"Partnership Directors have been a very good way of re-engaging with local authorities. The principle of having a BL employee on the patch with local knowledge who understands the 'where', 'when' 'how, and 'who' of the district economic and political geography and demographics has reaped benefits in terms of the performance of the service and engagement with local initiatives."*
>
> *"Local authorities having a dedicated link person works really well."*
>
> *"[the Partnership Director] insight, the speed with which he can absorb the details of the problem, and the time he takes to come back with a response are all really good. We (the Chamber of Commerce) have had the best opportunity to engage with what BL are doing, even if it is at arms length."*

More recently, levels of interactions with businesses have been maintained despite the closure of the service – in large part due to continued promotion activity by Partnership Directors.

2. Improved Information and Knowledge Exchange between Stakeholders

There was an overwhelmingly strong agreement (81 per cent respondents) that the new regional BL service had improved information and knowledge exchange between stakeholders. Of the respondents that did not see an improvement in this area, the reason given was the major step forward that had taken place during the first regional BL service in 2007-10.

A small number of local authorities had previously raised the issue with EEDA that there was a lack of information or follow-up with businesses that the local authority officers had referred to BL for support. This resulted in EEDA working with Improvement East to fund a pilot project to enable a small group of local authorities to access RBSIS, giving them direct access to data on businesses in their localities and interactions with the BL service. Stakeholders considered this to have helped in improving relationships between local authorities and the BL service. This was a limited pilot project that was not rolled out due to the announced closure of the RDA and BL regional service.

Business intelligence and data was also specifically reported to local authorities, to demonstrate the work of BL in their locality. This included the introduction of 'school reports' that set out the performance of BL in different geographical areas and which were provided to partners. This helped to break down perceptions that BL may have been more active in certain geographical areas at the expense of others. The interviewees commented that:

> *"The school reports aimed at LAs demonstrated performance and in-depth relationship management improved communication."*
>
> *"Linked to the improved LA engagement was sharing BL data which showed the local award grants were fairly distributed across the counties and split equally across district authorities"*

3. Bringing Partners into the Design and Delivery of the Service

Although it was strongly recognised that the relationship between the BL service and partner organisations had improved during the second regional BL contract, this activity was focused on engaging and communicating with partners, rather than bringing partners into the actual design and delivery of the service on an ongoing basis.

Interviewees did recognise that there was robust engagement with a range of partners in shaping the new contract, but further planned work of setting up a stakeholder board or business advisory network to provide a more formal process of engaging partners with the shape of the service had not taken place. The reasons given related to the significant changes to business support at national level, including the announcement of the closure of the regional BL service

4. An Integrated Service

One of the primary purposes of re-procuring the regional BL service was the requirement to develop an integrated skills and IDB model and 30 per cent of interviewees identified this as a major SAV benefit. Stakeholders felt that this had led to an improved service to customers, as a business only has to see one advisor to cover both skills and more general business issues, therefore providing a more coherent offer.

> *"At a customer level, people should be getting, as a minimum requirement, the same or better to anything that existed before, and I believe it is better because of the operational efficiencies involved, the ease with which people can interact with BL and the increased opportunity which is presented to customers with less hassle at point of delivery. There's an enormous added value proposition that has gone forward, just by bringing it all together."*

The associated back office cost savings of an integrated service were also identified by interviewees and in the re-procurement documentation, resulting in savings made being reinvested in frontline service delivery. This was vital in 2010/11, as the savings were used to protect frontline services, which would otherwise have been cut in line with overall budget reductions from BIS.

Linked to this, was considered to be the added value brought about by EEIDB securing both the BL contract and also the trade development and inward investment contracts (following an open procurement exercise).

There are also examples of EEDA working in partnership with BL to deliver other business support services, including CompeteFor, the online portal for procurement opportunities related to the London 2012 Olympic and Paralympic Games. The partnership between BL and EEDA worked on a number of different levels, particularly in the recruitment of businesses to the site through numerous promotional events throughout the region, funded by EEDA and other regional partners. This approach led to strong take-up of CompeteFor within the region: 6.5 per cent of registered businesses signed up to the site – the highest regional take-up outside of London. In addition, there has been a close partnership in the delivery of ongoing support to CompeteFor registrants, working to improve businesses' use of the site. BL was instrumental in the event management of the CompeteFor-related events funded by EEDA, providing a consistently highly-regarded service, as seen in post-event evaluation and providing efficiency savings for EEDA.

5. Business Intelligence and Data

The BL service was recognised as providing valuable business and economic intelligence during the economic downturn. This 'real-time' data helped not only EEDA, but also partner organisations, including BIS, and Government Ministers to understand the regional business environment and the issues faced within certain sectors at that point in time. This was particularly important given that more formal data, such as from the ONS, are frequently subject to time lags in capturing and reporting. The intelligence from BL was used by organisations and Ministers to develop appropriate policy responses to support businesses during the downturn.

6. BL as an Influencer of Services Offered by Partner Organisations

70 per cent of interviewees thought that BL had, to an extent, influenced services offered by partner organisations. One interviewee commented that "the regional BL service has complemented partner offers and has opened a number of doors that were closed to us in the past". However, it was stressed by respondents that the extent to which BL was able to influence services offered by partner organisations was very varied, with some partners recognising the benefits brought about by collaborative working, whilst others forged ahead separately, leading to duplication of services.

A number of examples were given to demonstrate how BL collaborated with other services, including that of Resource Efficiency East (REE), whereby the BL provider and REE worked together to increase referral rates from BL to REE. This was achieved by BL undertaking a diagnostic with businesses they worked with to identify resource efficiency issues that could then be addressed by REE.

On a related matter, it has been difficult to quantify the extent of referrals into BL from partner organisations or referrals from BL into partner organisations as the reporting system was modified in 2010 to meet BIS requirements for recording referrals to 'Solutions for Business' products. This displaced the regional referral system. Before this modification, the system demonstrated very high levels of referral and signposting by BLE.

7. Leveraging in Additional Funding

In addition to the examples given above of local authorities co-investing in the BL service, the BL service has acted as a cash generator for the region, bringing in an additional £1.2 million from the ESF, £1 million from the ERDF and further funding to support rural businesses from the Rural Development Programme. EEDA used the Single Programme BL budget as match-funding for these European funding initiatives, which led to the delivery of additional activities that could not have otherwise been carried out, most notably social inclusion projects to aid those out of work into employment or self-employment.

Funding of £101,500 was also secured from the Office for Civil Society in 2010/11 to aid the creation and growth of social enterprises in the region. This funding increased awareness and use of the regional BL service by the social enterprise sector. Feedback from the interviews with stakeholders and an evaluation of the social enterprise funding found that this had helped to break down perception barriers that the BL service was only geared up to the private sector and not relevant to the social enterprise sector. It also got the sector used to the IDB model and paying for consultancy services, although these costs were reimbursed to the social enterprises through a grant system. In 2010/11, 73 grants were approved and 71 progressed fully – exceeding the target of 67 grants.

One stakeholder summed up the benefits as follows:

> *"[social enterprises] got used to using the BL system as it was supposed to be used. It convinced them that buying the service was an investment rather than a cost… evaluation showed that people would use BL after receiving the social enterprise grant"*

Using BL for leveraging additional funding not only meant that the region gained from extra resources to help businesses, but also meant that – because BL was used to delivering some of the additional activities such as TakeITon, the rural business support programme and the assistance to social enterprises – the "infrastructure was already there, so we could put all of the resources directly into service delivery for customers".

Conclusions

- Developing agreed SAV measures for the BLE service did not take place during 2010/11 due to the announcement of the closure of the service in November 2011. A lesson for future commissioners of business support services is to communicate clear SAV measures to providers as part of the contract so that they can develop appropriate recording and routine reporting of progress;
- The SAV brought about through the second regional BL contract was identified as enhanced partnership engagement, provision of integrated services, increased sharing of knowledge and information exchange between stakeholders, influence of policy through enhanced economic intelligence, influence on other business support services and leveraging of additional funding for business support;
- Whilst stakeholders were brought into the process of shaping the second contract, the planned introduction of formal processes to engage with stakeholders on shaping service delivery on an ongoing basis did not take place due to national changes in business support policy.

12. Conclusions and Lessons Learnt

12.1 Conclusions

This evaluation has identified the positive impact that the BLE service had on businesses in 2010/11 and the improvements that were made in response to recommendations from past evaluations. The main conclusions relating to the four key research questions are summarised below:

1. **How did EEDA's commissioning of the current Business Link East contract from 2010 take account of recommendations made in previous reviews, evaluations and lessons learnt from the economic downturn?**

- EEDA has taken on board recommendations from past evaluations, with 12 out of the 19 recommendations reflected in the second BL regional service 2010/11;

- There has been a clear move to more intensive assists, with this shift in focus beginning during the economic downturn and then being formalised in the second regional contract;

- The second contract had a greater regional focus with less emphasis on only delivering the formal requirements set out by BIS and greater focus on meeting the objectives of the Regional Economic Strategy and EEDA's Corporate Plan;

- To ensure that the contract reflected the needs of the region, EEDA undertook a process of partner engagement in the development of the second contract and responded to the recommendations of past evaluations while also taking a more strategic role in the management of the BL contract;

- Whilst some partner engagement has taken place to shape the second regional BL service, the aspiration to establish formal processes to engage stakeholders on a continual basis to shape the service was not implemented;

- EEDA has reflected lessons learnt from the economic downturn into the second regional BL contract, most notably the need to have a flexible contract to allow for quick changes to the service to adapt to the economic environment.

2. **Did Business Link East achieve its intended (measurable) outputs, outcomes and impacts between April 2010 and March 2011?**

- BLE exceeded the majority of its output targets in 2010/11;

- BLE staff maintained strong performance and high customer satisfaction levels despite BLE's impending closure, showing that staff remained motivated to deliver a good service. In fact, customer satisfaction rose to an all-time high and rose against falling levels in some other regions;

- In line with stakeholder comments, the number of customers receiving added-value services rose to its highest level in the past three years;

- More intensive assistance activity and increased benefit-to-business has been apparent since 2009/10. Performance dipped slightly in 2010/11, eg due to reduced budgets, but remained above targets;

- The effect of intensive assistance improved, with a greater percentage of businesses reporting that improvements had been identified and that they planned to implement improvements;

- The only areas of under-performance were the number of businesses created and the number of businesses surviving 12 months. This is likely to be due to the effects of the economic downturn and time lags in collecting data on companies that have started or continued to trade. At the same time, the number of businesses created as a percentage of pre-start customers rose to an all-time high in 2010/11, indicating that pre-start assistance was more effective.

- Analysis of BLE outcomes show that BLE assistance had a positive effect on businesses in the East of England:

  - Business performance: GVA growth in 2010/11 was higher for businesses assisted intensively by BLE than the regional average. In the previous year, intensively-assisted businesses recorded growth in GVA – against a fall in GVA per business across the East of England region in 2009/10;
  - Business survival: The one-year survival rate of businesses created by BLE fell between 2008/09 and 2010/11 – as it did for all businesses across the East of England – although BLE-assistance may have lessened the likelihood of failure;
  - Business start-ups: The BLE service contributed positively to business creation – with an increase in the number of new businesses created by BLE between 2007/08 and 2009/10 – against a fall in the number of business start-ups across the East of England region.

- In terms of impacts, the BLE service is estimated to have generated between £12.7 million and £42.5 million of Gross Value Added (GVA) among intensively-assisted businesses in 2010/11 (ie between £7,600 and £14,000 per business);

- This was considerably higher than in 2009/10, when BLE helped to generate between £5.7 million and £18.9 million of GVA (although the economic downturn is likely to have depressed results);

- If the benefits persist for three years (diminishing by 10 per cent each year), intensive assistance in 2010/11 is estimated to generate between £34.5 million and £115.1 million of GVA by 2013/14.

3. Has the second East of England regional Business Link contract provided value for money in comparison to the first contract and other regional Business Link services?

- The BLE service provided comparatively good value for money in 2010/11, as explained below;

- Cost per business assisted: this was equivalent to £174 in 2010/11 (or £644 in the 'low additionality' scenario and £354 in the high additionality' scenario). The cost of assisting each business was higher than in previous years, although this may have reflected increased focus on delivering added-value services. The cost compared favourably to other business support services;

- Cost per job created: this was equivalent to £545 in 2010/11 (or £2,017 in the 'low additionality' scenario and £1,108 in the 'high additionality' scenario). The cost of creating each job was lower than in 2009/10, reflecting a reduced budget and an increase in the number of jobs created. The cost compared very favourably to other business support services;

- GVA (annual): cost ratio: in 2010/11, the BLE service generated £0.9 of GVA for every £1 spent on all BLE services in the 'low additionality' scenario and £3.0 of GVA for every £1 spent on all BLE services in the 'high additionality' scenario. This was higher than in 2009/10 (£0.4 of GVA for every £1 spent in the 'low additionality' scenario and £1.2 of GVA for every £1 spent in the 'high additionality scenario'). This compared favourably to other BL services (£0.6 - £0.7 of GVA for every £1 spent);

- *It is important to note that this only considers the GVA generated from intensive assistance and compares this to the cost of the total BLE service – which includes non-intensive assistance. Results from the South West BL evaluation showed that, when non-intensive assistance was also taken into account, the GVA: cost ratio rose from £0.6 GVA: £1 spent to £4.2 GVA: £1 spent. Hence, the value for money of the BLE service would rise significantly if non-intensive assistance was considered;*

- GVA (three-year): cost ratio: when persistence effects are taken into account, the GVA: cost ratio of the BLE service in 2010/11 is likely to rise to £2.4 of GVA for every £1 spent by 2013/14 in the 'low additionality' scenario and £8.1 of GVA for every £1 spent by 2013/14 in the 'high additionality' scenario.

4. Has the second Business Link contract achieved its intended Strategic Added Value?

- The SAV brought about through the second regional BL contract was identified as enhanced partnership engagement, provision of integrated services, increased sharing of knowledge and information exchange between stakeholders, influence of policy through enhanced economic intelligence, influence on other business support services and leveraging of additional funding for business support;

- Whilst stakeholders were brought into the process of shaping the second contract, the planned introduction of formal processes to engage with stakeholders on shaping service delivery on an ongoing basis did not take place due to national changes in business support policy.

12.2 Lessons Learnt

The regional BL services across England will cease in November 2011. However, EEDA felt that it was important to capture the lessons learnt in procuring and delivering regional business support so that partner organisations can benefit from the experience and knowledge that had built up. Lessons identified by the evaluation are set out below:

- Lessons learnt from the economic downturn were incorporated into the second regional BL contract and are applicable to future business support services. These include the following:

  - Business support services need flexible legal contracts to enable them to respond quickly and easily to changes in the business environment, including economic shocks;
  - As a result of changes in the business environment, there is continued need for services that help businesses to access finance (eg via the Financial Intermediaries Service and associated support) and deal with high demand for instant advice (eg the BLE Online Advisor Service);
  - Services offering intensive assistance to a smaller number of businesses are much more valuable and have greater economic impact than implementing a high-volume, light-touch approach to business support – albeit intensive assistance is much more expensive to deliver;

- Changes have recently been made to the BLE service – often in response to recommendations made in previous evaluations – which have improved impact, customer satisfaction and partner support. However, there are other ways that business support services could be improved, which were not implemented in 2010/11. These include:

  - Quality assurance: formal methods of quality-assuring brokered services should be investigated to improve the business support offer;
  - Involvement of stakeholders in shaping the service on an ongoing basis: partners should have a formal mechanism to communicate any challenges and feedback to inform the future focus of the service, eg through a formal stakeholder group containing representatives from local public bodies and business representative groups;
  - Putting SAV measures in place: SAV measures should be established at the outset, to ensure appropriate recording and routine reporting of progress;
  - Putting impact measures in place: measures should be developed to provide better evidence of the impact that the service is having on businesses and the regional economy and its value for money.

Appendix A: Logic Chain for Business Link East

Economic development interventions should be designed in order that the changes they are aiming to create or expedite in the economy are measurable from the point of introduction and tracked through and beyond the delivery phases. A ‘logic chain’ for projects and programmes enables EEDA to design and evaluate its interventions. A logic chain sets out the rationale for why the project should/did go ahead, how the project will/did tackle the problems that have been/were identified, what resources will/were used and how performance (in terms of gross and net outputs, outcomes and impacts) will be measured. The following sets out the logic chain for the BLE regional service.

Rationale

- *Contextual conditions and challenges to achieving headline regional ambitions*
- *Analysis of the problems to be addressed by policy interventions*
- *Aims and objectives of the interventions*

Evidence shows that organisations that access business support generally perform better than those who do not. However, a range of market failures is constraining businesses from accessing support. The Business Link model was implemented to address the market failure of business support provision and address the following factors[13]:

1. Market failure in the demand for business advice (small firms tend to lack the internal capabilities to analyse their problems and derive solutions; focus on survival rather than developing their business; and are uncertain about the quality of business advice on offer);
2. Supply side institutional failure (diversity in service provision can lead to inconsistency and duplications and in turn lead to a lack of economies of scale and scope);
3. Market failure in the supply of business advice (this includes the location of consultants and business services geared towards the major market in large firms).

Hence, there is a rationale for public intervention in the market to stimulate demand for business support and help businesses to determine and access the most appropriate type and level of support. Once the benefits of support are realised, the region’s economy will benefit from an improvement in business start-ups, improvements in business survival and stronger business productivity and growth – thereby generating more economic output (GVA) and jobs.

Theory of Change

- *Why and how did the interventions tackle the market failures?*

The BLE regional service encourages and enables individuals and businesses to more effectively access business support and skills services, through a mix of individual and workshop-based interventions so that they are better-able to start,

[13] As set out in a report commissioned by the Department for Business, Enterprise and Regulatory Reform in 2006 (Economic Impact Study of Business Link Local Service (2006): University of Warwick, Aston business School and Kingston University)

develop and grow – thereby helping to improve start-up rates and business performance and, in turn, help to improve economic output and increase employment in the East of England.

Inputs

- *Resources, people, time, funds*

BLE receives a core grant each year to deliver the IDB service. Table A1 sets out the amount of core EEDA funding received each year.

Table A1: Core EEDA Funding for the BLE IDB Service

	2007/08	2008/09	2009/10	2010/11
Core IDB Grant	£14,864,000	£15,345,000	£15,335,000	£14,195,000

Activities and Processes

- *The services provided*

The BLE service is for individuals thinking of starting a business and anybody running a business. Whilst principally aimed at SMEs rather than large businesses, the BLE service offers primary access to all publically-funded services and business information for all pre-start, start-up and established businesses in the East of England.

The BL service is delivered nationally and regionally. The national BL website (www.businesslink.gov.uk) is the principle channel for communicating business information from Government to businesses. Historically, the focus has been on regulation and compliance, but it is increasingly being developed to include online guides, interactive tools and diagnostics, template downloads, such as business plans, e-alerting services, directories, case studies, access to events and workshops, news and information, access and links to other online services and Government forms relating to starting and running a business.

At regional level, BLE provides the following additional services:

1. Business Link Gateway incorporating the Information and Intelligence Service
2. Business and Skills Advice Service
3. Events, Seminars and Workshops Programme
4. Business Start-up Support Service

These services deliver the following three elements:

- Information: offering businesses access to objective information – in addition or complementary to the information supplied nationally – to help them to identify opportunities and assistance.
- Diagnosis: offering customers impartial diagnosis to identify and analyse their needs and determine an appropriate course of action.
- Brokerage: referral to a solution provider where the intensive diagnosis and action planning identifies a need.

Outputs

- *Direct effects from the interventions*

Key Outputs/Targets 2010/11

- Customers receiving added-value services (Level 3+)
- Customer satisfaction: customers receiving added-value services (Level 3+)
- Intensively-supported established customers
- Intensively supported customers reporting benefit-to-business
- Businesses created in 10-11
- Businesses created in 09-10 and surviving 12 month milestone
- Jobs created by new businesss
- Businesses assisted

Other Common Contractual Targets (2008/09 – 2010/11)

- Overall customer satisfaction
- Intensively-supported established businesses who say that improvements have been identified
- Intensively-supported established businesses who plan to implement improvements
- Intensively-supported pre-start customers
- New-start businesses created and supported in the first 12 months

Outcomes

- *Changes in the behaviour, capacity and performance of businesses affected by interventions*

Intensively-Assisted Businesses
Firm-level GVA: additional GVA generated per business as a result of assistance

Start-Ups
Start-up survival rates

Pre-Starts
New businesses created

Impacts

- *The impact of the project/programme on the regional economy*

- Total GVA generated by the BLE service in the East of England

This logic chain is also displayed diagrammatically on the chart below.

Contextual conditions and challenges to achieving headline regional ambitions and goal priorities
Evidence shows that organisations that access business support generally perform better than those who do not. The Business Link model was implemented to address the market failure of business support provision and address the following factors:

1. Market failure in the demand for business advice
2. Supply side institutional failure
3. Market failure in the supply of business advice

Once the benefits of support are realised, the region's economy will benefit from improvements in business start-ups, business survival and business productivity and growth.

Impacts

Total GVA generated by the BLE service in the East of England

Targets and key performance measures
Activities, outputs and outcomes

Theory of Change
The BLE regional service encourages and enables individuals and businesses to more effectively access business support and skills services (both one-to-one and workshop based) so that they are better-able to start, develop and grow – helping to improve start-up rates and business performance and, in turn, help to improve economic output and increase employment

Inputs

£14,195,000 of core EEDA funding in 2010/11

Activities and Processes
1. Business Link Gateway incorporating the Information and Intelligence Service
2. Business and Skills Advice Service
3. Events, Seminars and Workshops Programme
4. Business Start-up Support Service

Gross Outputs

Key Outputs/Targets 2010/11
•Customers receiving added-value services
•Customer satisfaction: customers receiving added-value services (Level 3+)
•Intensively-supported established customers
•Intensively supported customers reporting benefit to business
•Businesses created in 10-11
•Businesses created in 09-10 and surviving 12 month milestone
•Jobs created
•Businesses assisted

Net Outputs
Adjusted from gross outputs

Outcomes

Intensively-Assisted Businesses
Firm-level GVA

Start-Ups
Start-up survival rates

Pre-Starts
New businesses created

Appendix B: List of Stakeholders Interviewed

EEDA (the commissioner of the BL regional service)

- Executive Director , Enterprise & Skills / External Directorate
- Director of Business and Enterprise (left EEDA March 2010)
- Head of Business Support
- Senior Manager Business Support
- Manager Business Support

EEIDB Ltd (the deliverer of the BL regional service)

- Chair of EEIDB
- Chief Executive
- Operations Director / Deputy Chief Executive
- Nine Relationship Managers
- Director of Corporate Services

East of England Business Group

- Chair of EEBG (observer for the regional BL re-procurement exercise, Member of the EERA Review Group and Board Member of EEIDB)

Chambers of Commerce

- Chief Executive Cambridgeshire Chamber of Commerce
- Chief Executive Suffolk Chamber of Commerce

Local Authorities

- Executive Member for Planning Policy and Economic Development, East Herts District Council (Member of the EERA Review Group, EEDA - EERA liaison panel member and observer for the regional BL re-procurement exercise)
- Economic Development Manager, Norfolk County Council

Appendix C: Stakeholder Interview Questions

1. What is your role relating to the delivery of the current BL contract?
2. What was your involvement in the re-procurement of the regional BL service?
3. What do you think have been the key achievements of the BL service between April 2010 and March 2011?
4. What do you think have been the areas that may need improving over the next six months of delivery?
5. In what ways do you think the regional BL service has changed since April 2010?
6. Do you think the regional BL service has strengthened as a result of the new BL regional contract?
7. What do you think are the benefits of this second regional BL contract are?
8. Do you think this second regional contract has learnt lessons from past evaluations (EERA Review and Oakleigh review), if so what are these?
9. Do you think the current contract has taken on board lessons learnt from responding to the economic downturn? If so, what are these?
10. In your view, has the delivery of the service met all its contractual requirements for the 2010/11 financial year?
11. Are there any areas you think have performed particularly strongly? What / Why?
12. Are there any areas that have not met the performance required? What / Why?
13. Have there been any external factors that have influenced delivery of the contract from April 2010 to March 2011? – What were they and what issues have they caused / how have they been addressed?
14. Were the Strategic Added Value measures set out clearly at the beginning of this contract? If no – why not / have any been developed / what? If yes – what do you think these were?
15. What do you think are the key SAV achievements that the new BL contract has achieved?
16. Do you think the new regional BL service has influenced business services offered by partner organisations? If so, how?
17. Do you think the new regional BL service has improved information and knowledge exchange or co-ordination between stakeholders? If so, how?
18. Are you aware of any additional funds the regional contract has brought in? If so, what are these funds and what benefit have they brought?
19. In what way do you think the new service has brought in stakeholders into the design and delivery of services?
20. Is there anything else you would like to raise that we have not discussed?

Appendix D: Customer Satisfaction Analysis

To understand the factors driving satisfaction/creating dissatisfaction with the BLE service in 2010/11, an analysis has been undertaken of feedback provided by customers in monthly telephone surveys undertaken by research company, Critical.

Due to the high volume of telephone surveys undertaken, it was not possible in the timeframe of this project to assess each response for the whole of 2010/11. For those customers reporting that were very/fairly satisfied with the BLE service, an analysis was undertaken of all survey responses in 2010/11 Q4 (878 responses). As there were relatively few customers reporting that they were neither satisfied nor dissatisfied (35 responses) or very/fairly dissatisfied (14 responses) in 2010/11 Q4, an analysis was undertaken of all responses for the whole of 2010/11 (245 responses).

The following provides an outline of the key factors driving satisfaction/creating dissatisfaction among customers recently assisted by BLE, along with examples of customer feedback. The analysis is broken down into four service areas:

1. Enquiries (contact with BLE regarding an enquiry)
2. Events (attendance at an event, workshop or seminar)
3. Intensive Assistance (an in-depth, one-to-one advice session)
4. Light Touch (a request for, or download of information, from BLE)

1A. Enquiries: Very/fairly satisfied[14]

The key issues driving customer satisfaction with the BLE enquiry service were the useful information provided, the helpfulness and professionalism of staff and the quick response times for providing information

> *“I found him to be willing to listen to me, very willing in fact. He was very supportive and helpful, he had suggestions for ideas, he gave me information on what material I needed to read, he was quick to offer documents by email on the subject. I was extremely pleased.”*
>
> *“She is really knowledgeable and helpful, always gets information back as quickly as possible, provides good support and it's always good to have someone to bounce things off.”*
>
> *“I got someone on the phone and spoke to a real person not an answer machine and although they couldn’t help straight away they were able to get someone to call me back.”*
>
> *“I've never done this before so it was all new to me. I was advised to give Business Link a ring and they were very helpful. Everything has ended up running very smoothly and I feel confident moving forward.”*

[14] 362 respondents in Q4

Some noted that BLE staff had made extra effort to answer queries

"She did exactly what I asked her to do. She did some research for me and came back to me with some good advice and more information than I expected."

"She was extremely helpful and sent out more information than I even asked for and suggested information that was extremely useful. It was very, very helpful and she seemed to really care."

Many respondents were impressed by the level of knowledge of BLE staff

"He spoke sense and quite often employed people do not grasp things from a self-employed viewpoint. He seemed on right wavelength."

"It was excellent. He was very knowledgeable, he had a good knowledge of my industry and he was able to offer marketing and sales advice. He was up-to-date with new ideas and the latest trends and was very friendly."

"He really did not have to ask me much as he came out with most things needed. He seemed to understand our needs as a business."

A number of customers noted that the advice provided had – or would have – clear business benefits

"I found her to be very productive and focus me on what I need to focus on in terms of getting my business going. She come up with lots of ideas and contacts for me. She gave me a shove in good way."

"It provided the information I needed. It provided information I wasn't aware was available. It led me to a satisfactory outcome and I ended up obtaining the bank account I needed."

"*It was quite helpful and I was led in the right direction. It was to do with advertising and they pointed me in the right direction of how to advertise the business more."*

Some customers were pleased that the information was provided in a clear and easy-to-understand way

"I was pleased with the help as the information was useful and he spoke in layman's terms so I could understand it all."

"[The advisor] put me at ease. I have a disability and she explained everything in a very understandable way and the advice was spot-on."

One respondent noted that BLE continued to provide good customer service despite the potential negative impacts that the forthcoming closure of the regional service could have

"In this current climate it was nice that someone got back to me, let alone got back to me in a couple of days. I got everything I needed."

Some were pleased that they were offered further support as a result of their enquiry

"I was offered a free business course in June, which I did not expect. Also [the advisor] gave me some good ideas about starting up my business, which I was very pleased about."

"The advisor was very quick to arrange a meeting and come out to see us. He was very thorough and I felt that he had done a lot of preparation before the meeting. He has stayed in contact with us since that initial meeting. This has been very useful."

Three customers noted that the BLE service was more useful than services from other providers

"He listened and understood what we were talking about. It was better talking to him than it was talking to our bankers."

"The information I was given clarified the points I had in my mind. I was given all the information I required, which confirmed my thinking. I had tried to get the information from my accountants and solicitors with no luck."

"The problem was trying to identify which form I needed to get my tax return in. I went on the website for HMRC and was at a loss. He was able to clarify what I needed to do."

Another was pleased that they had received a useful service that was free-of-charge

"It was something for nothing, to help promote our business and she was 100 per cent professional."

1B. Enquiries: Very/fairly dissatisfied or neither satisfied nor dissatisfied[15]

The key issue leading to lack of satisfaction or dissatisfaction with the BLE enquiry service was that customers did not gain the information that they required. Some reported that BLE did not add to anything they already knew or that they had to go away and find the information themselves

"I did not get the information I expected. It was left to me to go on the internet to find it. I am employed and also self-employed and I want to go fully self-employed but lack the finances to be able to do this. I wanted to know how to do this but they couldn't give me a straightforward answer. I had to look it up myself."

[15] 27 respondents in Q4 and a further 87 in the first three quarters of the year

“They were trying to help me as much as they could but had no answers to a question. I phoned up with a question about term-time contracts with nannies and holiday entitlements, but they weren't sure how to calculate the answer. They sent some stuff by email but it was not what I needed.”

“The advisor didn't flag up anything that I didn't already know. I feel the advisor could have taken it on himself to research this a little and then get back to me with some detailed information. I felt that, as he didn't have the information, he just referred me to an outside consultant, which would come at a cost for me.”

“I don't think he understood my business. I did more of the talking on the interview and didn't get any information or advice from him, which was the whole point of the meeting. He just didn't seem interested in what I was explaining about the business and how it worked and I felt dissatisfied with how the whole thing was. My idea was they are there to help us and it was just me doing the talking and asking for specific information and not a lot was offered.”

Some of those enquirers wanted more in-depth advice or an offer of further support

“I was looking to get help to write a business plan to get a grant or loan to get the business off the ground. I feel like I haven't been given enough, I was sent links to click on and numbers to call but I was looking for more specific advice on how to do this. I was expecting her to take information and give more guidance in a step-by-step guide. I left the conversation not feeling I had much more confidence in what I needed to do.”

“I was advised that Business Link couldn't help me on this occasion. I was looking for specific start-up advice, maybe some referrals to get funding and also for an advisor come and visit me. I was advised that none of the above would be available.”

“I was expecting that I would be able to get more help and more information from them. I was expecting help on how to market research and also maybe to be invited into to see an advisor, which I was previously told I may be able to get.”

“I just wanted to speak to someone and I felt I was pushed away from that. It was not an option, it was just, “come to a start-up thing”. I just wanted to talk to someone.”

Some were referred to the BL website – which they did not think was appropriate or did not think that this provided them with the information they required

“I was looking to start a business and people had recommended me to go to Business Link as a first port of call. All I was told was to look at the website and given no real information. Rules and information can be interpreted differently. She put me through to someone else, but all they did was send me an email

with a link to the website, which isn't really helpful. When you are starting a business you need confidence-building and guidance and I didn't feel I got that at all. It was far from it. I expected at least a phone call with advice/guidance. I had already looked at the website as when you are starting up the first thing you do is go on Google, and I got nothing else out of it."

"I wanted help setting up my website and he introduced me to the guides, maps and pages on their website so I know I've got a lot to do myself, I understand, but I haven't got enough of an answer, I don't think. I thought that he would be able to provide with more help and he is yet to send me the links to get to certain pages on their website, which is fine but I am not good with this type of thing, that's why I wanted help to set up a website. I'm not sure what to do next and think I need more help in getting onto these links when I get them."

Some would have liked BLE staff to help them explore different options – but some felt that they lacked the knowledge to do so

"He was really good in coming back quickly and having time for me but I felt during discussion that he didn't give me anything to go on. He agreed it was a tough situation but didn't say "try this next, then try this". He did go out of his way to contact a few people to give me their feedback. I went to him as I didn't know what to do next but I got the impression he didn't really know either."

"I think I was disappointed but surprised that, for the funding we were asking about, there were no funds remaining to support our enquiry and [the advisor] didn't seem to have much idea of any alternative."

Some customers stated that BLE staff did not have the specialist information that they were after

"The guy called me in a timely manner but had no information regarding intellectual property, I wanted it more for merchandising licensing and they didn't have information on what I had asked for. I couldn't get any information I needed regarding the entire subject."

"Although they did give me some information, I feel I didn't get the specialist help I required. I really needed to speak to someone who understood the fashion industry. I also wanted to get help in how to attain my customers."

"The initial request I had related to Business Systems and [the advisor] said it was an area that he was not familiar with. His skill set didn't meet the needs of my enquiry so as a result I received very limited information. I was looking at getting information on funding for Business Systems and [the advisor] could not give me that information so the contact was of no benefit to me."

Some customers were dissatisfied as there were no grants or funding available for their business

"Although she was helpful, I'm setting up a small business and was hoping there would be a grant or interest free loan, but there was nothing available.

She sent an email about a guaranteed loan but the interest and repayments were too much.”

“I was referred to Business Link by the Job Centre. I'm trying to start up a business as I'm not working at the moment. I saw the opportunity to work for myself but I needed finance to start up but Business Link referred me back to the Bank. Business Link is supposed to work for people; they should have more robust ways of helping people. If I could go to the Bank, I wouldn't have gone to Business Link. I got a breakdown of what I can do but nobody seemed to know how to assess what else is out there. I'm not satisfied that I was referred to the Bank but it was not the fault of the person I was speaking to.”

One third of customers dissatisfied with the enquiry service stated that BLE did not send them the information promised following their enquiry, did not call back when promised or that it took much longer for them to receive the call/information than they were originally advised

“There has been no follow up. He came in and we conducted an interview. We gave him the information I required and I have had no feedback from that meeting and no proposals.”

“She was fine on the phone but I didn't actually receive anything. She was supposed to send loads of information on possible funding opportunities to try but I didn't receive anything at all.”

“I got a phone call a long time after making an online request. The phone call was not overly helpful and I did not receive the information that they said they would send to me.”

2A. Events: Very/fairly satisfied[16]

Many customers stated that they were impressed with the presenters’ style, knowledge and real business experience

“The event was well-presented by someone that knew what they were talking about, had good experience and made it interesting and relevant and answered questions fully without sounding condescending.”

“I found the tutor to be very knowledgeable, approachable and open. Also, the fact that she also had experience of starting a business meant she knew what she was talking about.”

Respondents also found the content of the events useful, informative and relevant

“It was a very good seminar, I found it was informative and it helped me with making choices for the running of a business.”

[16] 143 respondents in Q4

“Overall the time spent on that day was well spent because I don't take time off usually to attend these events, but I found it very useful.”

“The course was brilliant, I came away with a lot of really useful information and I did not expect that as I thought I knew a lot about the area spoken about.”

“They always make sure they do their research before the presentation and they give you relevant information.”

Many stated that the events were professional and run efficiently

“It was all done very well, all very efficient. Customer service was very good as a first point of contact and they quickly booked me onto the course, which ran very smoothly.”

“It was easy to arrange. I received confirmation quickly and a follow up reminder. The administration was slick. It delivered what it said it would do. It covered all the aspects I required. The trainers have real business experience.”

Some customers commented that the events gave them motivation and confidence and provided clear examples of how the events had benefitted their business

“My knowledge of the internet was very limited and, thanks to this course, I have been able to find an address online where I have been able to set up a business website.”

“It put my mind at rest in starting up a business. Chatting to others and the person who took the talk made me more motivated and more confident. I didn't feel so silly about it all.”

“It helped me enormously. I had an idea but they put it all together for me and showed me I was heading in the right direction.,Tthey also answered some queries for me, ie VAT and timescales of working, etc.”

The ability to network with other businesses, develop contacts and speak to others in the same situation was important to some respondents

“It was really good. They gave me a lot of insight into what it was all about and there were other people there in the same position so we got to do networking.”

“I found it very informative and it was a great help to be able to talk to people in the same position. The speaker had been in the same position as us only a couple of years previously so she could give us a lot of ideas.”

Others found the sessions were interactive, with time to ask questions so that the content was relevant to their needs

“Being in a group was helpful as everyone asked questions and covered things you might not have thought of.”

"I found he was really enthusiastic, answered every question, he was professional in the way he led the programme and the skills he was showing, in particular he was so keen to help with whatever question anyone had."

Some respondents commented that the information was presented in a clear and accessible way

"The trainer made it very easy to understand the information that he was giving. The information came across as less frightening and more interesting!"

"The manner in which they delivered the workshop was very informative. The way he explained things was broken down into layman's terms."

Some noted that the events were better than those run by other providers, with the added benefit that these events were free

"It was relevant and good advice and was a lot better than other days I been to through other companies."

"It was very well organised. I have tried to get on courses with other companies before and been unsuccessful, even turned up and no-one told me it was cancelled but I had no problems with Business Link. They did everything they were supposed to, sent email confirmation and I thoroughly enjoyed the course and found it really useful."

"It was very good content with no charge."

Some were complementary about the venues, particularly as the events were held in places that were local to the customers (this is likely to be a key issue in rural areas)

"The event was very well-organised and well-handled. I got a lot of very useful information and the event was very local to where I live."

2B. Events: Very/fairly dissatisfied or neither satisfied nor dissatisfied[17]

There were few respondents that claimed that they were dissatisfied with BLE events. Of those that were dissatisfied/neither satisfied nor dissatisfied, over 40 per cent claimed that the information provided was too basic and did not go into enough detail on certain topics

"I had not had high expectations and that was confirmed during the session itself. There were a lot of open doors, it did not provide a lot of worthwhile information and it was pitched too low for me. I felt that I had more knowledge and experience than the presenters."

[17] 5 respondents in Q4 and a further 16 in the first three quarters of the year

“I felt the range of people they where trying to support was too broad, I am a graduate with 20 years’ management experience and felt others were there just there to show willing to the Job Centre. What was covered could have been done in 20 minutes and then gone on to deeper issues. I felt it was not pitched for my experience.”

“I was fairly dissatisfied with the event I attended. I felt that the course wasn't appropriate for me. The speaker was fantastic and this is no reflection on him. I felt that he gave all the information that time allowed but there was also a lot of information that wasn't covered. He covered a lot of topics but none in great detail. I was looking for in-depth information around tax and NI insurance and also liability. The speaker only half delved into some of these areas. I left the course still feeling slightly confused.”

3A. Intensive Assistance: Very/fairly satisfied[18]

The key issue driving customer satisfaction with the intensive assistance service was the advisors’ level of knowledge and the useful, practical advice and ideas that they provided

“He was brilliant. He knew his stuff and he was helpful and patient. He just made loads of suggestions and gave the answers to all our queries either there and then or afterwards by email. He was really helpful and forthcoming.”

“The advisor answered all the questions that I had and also gave a lot of new suggestions for us to try. She gave us very good guidance and also a very clear path to follow. The advisor seemed to be very knowledgeable about all aspects of website design and IT.”

“I felt that [the advisor] was very thorough in his attempts to understand my business and he bought with him a wealth of knowledge and extensive background of experience.”

Good customer service was a key issue affecting satisfaction levels, with many commenting that the advisors were friendly, approachable and professional and followed-up quickly with additional information.

“The advisor seemed to go the extra mile to try and help me with the issues that I had. I felt my enquiry was followed-up and resolved fully.”

“[The advisor] produced beyond our expectations with email communications and she followed-up with information and a visit, which was very productive. She also provided us with templates to use based on the developments that we had made together. [The advisor] made us feel important, not just a small business.”

“She answered all of the questions that I asked her and, if she didn't know, she found out for me.”

[18] 311 respondents in Q4

Some noted that the advisors had gone out of their way to help and had prepared information in advance of the meeting

> *"The advisor had done a lot of research before he arrived for the meeting. He had already looked at my company background, had looked at my website and had also looked at my competitor's website. He also made very useful suggestions about what we could do further and he also took an interest in what we are trying to achieve. He was helpful, understanding and took a very genuine interest in my business."*

> *"[The advisor] was great and well prepared. She had thought about the meeting and did her homework. She had come for IT issues and, in doing so, had spent time looking at our website and then gave good suggestions as a result of doing this."*

Other areas of good customer service included having enough time to cover all of the issues that businesses wanted to discuss, with advisors taking the time to listen to businesses' concerns/issues and provide information in a way that was clear and easy-to-understand

> *"He went through everything I needed him to and made it clear for me to understand."*

> *"He was very, very helpful. I felt he listened to us and found out our needs so efficiently from what we had spoken about. It was so helpful and really very informative."*

> *"She was good in that she knew her stuff and listened to our problems and gave us a lot of time."*

Many noted that the discussions were comprehensive and answered all of the questions that the businesses wanted to cover

> *"This was a yearly review meeting and the advisor answered all the questions that I asked in a very professional manner. There was nothing that wasn't covered. The advisor has provided me with a wealth of knowledge and I am very grateful for the support that he has given me. It is always a pleasure to work with him."*

> *"I am very satisfied with the meeting that I had with the advisor. I felt that she answered all of the questions I had. I was also sent other information that was very detailed. The advisor gave very useful advice and also pointed me to different workshops that would be beneficial for me to attend. I was so impressed with the way in which she dealt with the issues that I raised."*

Some noted that the advice had led to positive outcomes, with action plans provided that businesses could follow and advice that had given businesses better focus and direction. Some commented that the advice had saved them time and money and provided them with new contacts

"*I wasn't expecting such a quick response from Business Link and also such a thorough service. The advisor drew up an action plan for me and gave me very relevant advice, which was very directional. He helped me to focus my mind on what I needed to do. The advisor was very easy to talk to and he spoke in very clear terms and also was completely jargon-free.*"

"I think the information given and feedback was excellent and she has also given us names and contacts of companies."

"I think everything from the point he walked in – he was presented well, he gave excellent information that was all pertinent, and the service provided was invaluable as we saved a bunch of money."

Some were positive about the reassurance that they were given in terms of increased confidence and with the knowledge that someone was there to help the business

"He has made two recommendations that have both been followed up and were good. He is very helpful and follows up. He makes me think my business is cared for."

"It was good to know that there is someone out there able to help."

Some were positive about the availability of a free and impartial service that was personal and tailored to businesses' needs

"It was a very good service. For someone to take an interest in your business and help you for free is marvellous."

"I found it very useful to speak to someone, one-on-one, with regards to my business. It was really helpful to speak to someone who has knowledge and previous experience."

"I have never spoken to the advisor before. I thought I would get more bland comments but, in fact, did get very specific advice for my business as opposed to just generalities."

Some were pleased that they had been able to access funding as a result of the assistance or were made aware that funding opportunities were available

"I was just enquiring if there was any help available regarding funding for training and the outcome was very good as I got the funding."

"I have to say that this was the only government department to help us, so I was pleased that there was help. I found them to be very helpful and friendly and to bring the grant to our attention."

3B. Intensive Assistance: Very/fairly dissatisfied or neither satisfied nor dissatisfied[19]

Half of these respondents claimed that they did not receive the help that they needed, the advice was too basic and/or the assistance did not lead to a positive outcome for the business. Some claimed that this was due to a lack of knowledge from advisors, lack of specialised advice and high expectations of the assistance available

> *"I don't think they could offer me anything. They were coming in at a low level, and it was not really possible for them to help me. I felt the level they can help is school leaver's as the advice is very basic and standard."*

> *"I was satisfied with how he represented himself, I didn't get much response on what I wanted. He did suggest things but we are already doing these things. There wasn't anything else he could suggest, so it was quite pointless."*

> *"I was hoping for a more complicated service and was expecting more after looking at their website. On there, it offers really great help for businesses and that made my expectations high."*

> *"I don't think I am where I need to be yet as regards to the information I needed from Business Link, it's very difficult to know what is on offer from them."*

> *"I have been running a restaurant for 20 years and needed to know about marketing ideas – but he had no catering experience and no marketing ideas as he was an IT person."*

More than a third of dissatisfied customers did not receive any follow-up after their meeting with BLE. For some, this meant that the positive advice had not been acted on

> *"Basically the information was very good but the follow-up never materialised. He told me a load of information, but because there has been no follow-up, nothing has happened."*

> *"She was a very pleasant lady and we sat and chatted but she did not follow-up on what I asked for. I knew funding was available for training as I had read about it in literature and I also had phoned Business Link beforehand to check and as a result of this they sent [the advisor] out to me. But in the end I had to do it myself through TCHC as I heard nothing from her after our meeting."*

> *"I did not get my questions answered. She did not have enough knowledge on what I was looking for. She told me that she did not understand what I wanted, but she made no effort to look up the information that I needed or find someone who did understand. There was no follow-up. She did not get back in touch with me. I feel that she kind of just gave up on me."*

[19] 6 respondents in Q4 and a further 50 in the first three quarters of the year

Some customers were disappointed that there was no funding available for their business. Some felt that this could have been clearer from the outset

> "We were left confused as to why other businesses in a similar situation do get financial help and we didn't."

> "He was a nice chap, but ultimately he could not get me the funding I was after, which was for training. There wasn't anything available to help me."

> "I felt she should have mentioned at the beginning of our meeting that I would not be eligible for the funding. I had been advised by my trade advisor at EEDA that I would be eligible. I was upset as she had wasted my precious time."

4A. Light Touch: Very/fairly satisfied[20]

The key reason for customers' satisfaction with light touch services was that they got all of the information that they wanted

> *"They gave me what I wanted."*

> *"I found out all the information I needed about Business Networking Evenings."*

Many customers said that the information provided by BLE was useful and comprehensive

> *"The information is always concise and detailed so it does not take long to find out what you want to know."*

> *"I think the information that I was sent was very helpful and useful."*

A number of respondents noted that BLE had sent them the information they requested promptly

> *"I spoke with an advisor and then I was sent the information that I was promised. I now have a website and am looking to attend one of the courses that was recommended."*

> *"They said what they were going to do and did it really quickly – in two days."*

Some customers were impressed with the BL website

> *"What I find with the Business Link website is that everything is there you need – so I find that you don't have to go to other websites to find further information, for example, when I was looking at the website for tax, I didn't then have to go to the HMRC website."*

[20] 62 respondents in Q4

"It was really easy to use and find things. I wasn't actually sure what I was looking for but everything was so easy – and I find that generally with Business Link. Also, if I can't find it, I can always phone them."

Some respondents noted clear business benefits from the information provided by BLE

"I got all the information that I needed, and I was able to make a good, advised, informed decision because of this."

"I actually found a lot of information I needed from it and it's given me a lot of ideas of how to go about market research, which I didn't know was available in the local library. It's given ideas of what types of business to go for."

As with other services, respondents noted that the staff were helpful

"It was good. I got what I needed. They have always been helpful and, if I have had any issues, then they have always found a solution for me."

"The advisor I spoke to was very helpful and explained things to me very well."

One respondent commented that it was good to have a free service providing information to businesses

"I got what I needed to know. I got all the answers to my questions and it is free."

4B. Light Touch: Very/fairly dissatisfied or neither satisfied nor dissatisfied[21]

The key issue driving dissatisfaction/lack of satisfaction with light touch services was that customers did not receive or could not find the information they were looking for, the information was not detailed enough or the information was not relevant. Some claimed that the advisor did not understand their query

"They could not offer me anything at all to help my business."

"They sent me out some information but I still needed to go elsewhere as it was not in as much detail as I was hoping for."

"The information which I received didn't really have anything to do with the initial query that I made to Business Link. I was looking for specific information about partnerships within business. The pack I received didn't contain any information about that topic."

[21] 10 respondents in Q4 and a further 44 in the first three quarters of the year

As with other services, some customers claimed that BLE staff did not provide the information that they had promised to send

> *"I have not received the information I requested. I am starting self-employed and wanted information for beginners."*

> *"I wanted a meeting with a representative and asked [the advisor] to arrange this with a local advisor and I didn't receive anything back."*

> *"They were supposed to send a letter with a date and time for where I will go for the course but I haven't received anything."*

Some customers experienced problems with the BL website – such as not being able to find information, problems logging on, problems searching for and booking courses and lack of flexibility when entering information on online forms

> *"I did not get any information that I was looking for off their website. I am trying to open a business and need help with it. I could not find the information on how to start up a business on their website."*

> *"I couldn't work out how to book the course I wanted to go on, so I phoned in the end and booked the courses. It was not laid out well. I could not search the area for courses, it just would not work."*

Appendix E: Calculating Additionality

Surveys of service beneficiaries are usually undertaken to capture the difference that a service has made compared to what might otherwise have happened (ie to translate gross outputs/outcomes into net outputs/outcomes). Due to the tight timeframe for this evaluation, estimates have been provided of the additionality of the BLE service. The following guidance reports were reviewed to obtain information on additionality:

Assessments of the Additionality of Individual Enterprise Support

- Research to improve the assessment of additionality (BIS, October 2009)
- Impact of RDA spending: national report (PwC, December 2008)

Assessments of the Additionality of BL Services

- Interim evaluation of the Business Link services in the South West (SQW, March 2009)
- Independent Evaluation of Business Link East (Oakleigh Consulting Limited, March 2009)
- Interim Impact Evaluation of Business Link in London (The Evaluation Partnership, March 2009)
- Economic Impact Study of Business Link Local Service (BERR, November 2006)

Separate information on the additionality of intensive vs. non-intensive support was also sought. This was because evidence from regional stakeholders and other evaluation evidence suggested that the impact of BL interventions was higher for intensive assistance than non-intensive assistance, eg:

- The Oakleigh evaluation of BLE found that additionality was higher for intensive assistance, particularly in terms of deadweight;
- The EERA review of the BLE service recommended that greater weight was given to the number and intensity of value-added intensive-assists over the lighter-touch and 'superficial' level of market penetration;
- The BERR study of the BL Local Service found that a higher proportion of intensively-assisted firms identified changes in behaviour influenced by BL than other assisted firms;
- The evaluation of BL in London found that intensively-assisted businesses were slightly more likely to report full and partial additionality than other assisted businesses.

Table E1 details the information on additionality obtained from the above guidance and evaluation reports:

Table E1: Additionality Factors from Guidance and Other Evaluations

		BIS	PwC	SW	Oakleigh	London	BERR
Non-Deadweight (1-D)		0.51	-	0.45	0.33	0.38	0.48
Non-Leakage (1-L)		0.95	-	0.98	0.94	-	-
Non-Displacement (1-Dp)		0.72	-	0.54	0.39	-	-
Non-Substitution (1-S)		1.00	-	0.98	0.71	-	-
Multiplier (M)		1.45	-	1.48	1.57	-	-
Additionality Ratio [(1-D) X (1-L) X (1-Dp) X (1-S) X M]		**0.50**	**0.32**	**0.35**	**0.14**	**-**	**-**
Intensive vs. Non-Intensive Assists							
		BIS	**PwC**	**SW**	**Oakleigh**	**London**	**BERR**
Non-Deadweight	Intensive Assist	-	-	0.43	0.48	0.41	0.51
	Non-Intensive Assist	-	-	0.46	0.08	0.35	0.45
Non-Leakage	Intensive Assist	-	-	0.97	0.97	-	-
	Non-Intensive Assist	-	-	0.99	0.90	-	-
Non-Displacement	Intensive Assist	-	-	0.47	0.41	-	-
	Non-Intensive Assist	-	-	0.46	0.46	-	-
Non-Substitution	Intensive Assist	-	-	0.98	0.68	-	-
	Non-Intensive Assist	-	-	0.98	0.79	-	-
Multiplier	Intensive Assist	-	-	1.51	1.47	-	-
	Non-Intensive Assist	-	-	1.58	1.40	-	-
Additionality Ratio	**Intensive Assist**	**-**	**-**	**0.29**	**0.19**	**-**	**-**
	Non-Intensive Assist	**-**	**-**	**0.32**	**0.04**	**-**	**-**

The South West and Oakleigh evaluations were the only reports that provided full sets of information on the additionality of intensive and non-intensive assistance, while the London and BERR reports provided estimates of deadweight for both types of assistance. For the purposes of this evaluation, the averages for each additionality factor from these four reports were used. However, three figures were excluded from the averages (highlighted in red in table E1):

- Deadweight: the results from the Oakleigh evaluation assumed a much higher level of deadweight for non-intensive assistance than other evaluations, with just 8 per cent of outputs/outcomes for non-intensive assistance assumed to be non-deadweight (ie attributable to BLE). This was therefore assumed to be an outlier, with the average taken from the South West, London and BERR reports.

- Substitution: The BIS and South West studies estimated that there was no or very little substitution for general individual enterprise support and for BL assistance. In contrast, the Oakleigh evaluation assumed a fairly high level of substitution (equivalent to 32 per cent and 21 per cent of outputs/outcomes for intensive and non-intensive assistance). As this was significantly different to the other studies, these results were disregarded and the results from the South West study were used.

Overall, these results generated additionality ratios of 0.29 for intensive assistance and 0.27 for non-intensive assistance (ie 29 per cent and 27 per cent of all BLE outputs/outcomes are assumed to be attributable solely to BLE activity). Compared to other evaluations, these ratios are very low as the averages have been brought down by the poor results from the Oakleigh evaluation: this estimated an overall additionality ratio of 0.14, compared to a high of 0.50 in the BIS assessment of individual enterprise support.

These results are therefore assumed to be a 'low' estimate of additionality. A 'high' estimate was also generated by applying the differentials between intensive and non-intensive assists from the 'low' estimate to the BIS additionality factors. The 'low additionality' and 'high additionality' estimates are detailed in table E2.

Table E2: Additionality Factors for BLE

	Intensive-Assists		**Non-Intensive Assists**	
	Low Additionality	**High Additionality**	**Low Additionality**	**High Additionality**
Non-Deadweight	0.46	0.53	0.42	0.49
Non-Leakage	0.97	0.96	0.95	0.94
Non-Displacement	0.44	0.71	0.46	0.73
Substitution	0.98	1.00	0.98	1.00
Multiplier	1.49	1.45	1.49	1.45
Additionality Ratio	**0.29**	**0.52**	**0.27**	**0.49**

Appendix F: Gross Value Added Data and Methodology

Gross Value Added (GVA) data collected by BLE has formed the basis for calculating impact and value for money in this evaluation.

Across BLs, GVA is used as the key measure of both the business aspirations of BL customers and as a measure of the impact of BL activity upon wealth creation and productivity improvement. By looking back at the results achieved and also forecasts of future performance, the GVA measure provides a snapshot in real time of the businesses that BL is assisting and the expected economic impact.

GVA was chosen as a key performance measure for BLs as it is applicable across all businesses and easily usable and recognisable within common economic frameworks. It also enables an evaluation of the role of BLs in effecting change over time compared with national and regional benchmarks.

F.1 How GVA Data is Measured and Collected

GVA equates to sales less all direct material costs and non-wage overhead costs and depreciation. The formula to be used is:

GVA = Total Salary/Wage Costs + Pre Tax Profit + Depreciation.

Although there are more sophisticated/complex ways of calculating GVA, this comparatively simple calculation provides a measure that is accurate enough to ensure a robust measure without adding excessive costs or complications for BLP's.

BLs should collect GVA data for all intensively-assisted customers, with regard to the previous year's performance and the current year's expectation. BL business advisors are responsible for gathering and updating GVA information. During their work with customers, advisors agree initial forecasts of year-end results across the key financial data items. These forecasts are not set in stone and can be updated by the advisor at any time if the customer's circumstances change in a way that will affect their financial results. This data is not collected at pre-determined times but during normal advisor/customer discussions.

As the customer's year-end is reached, the forecasts are replaced by results from their management accounts and will finally be replaced by results from their audited financial accounts.

With respect to the inclusion of start-ups/pre-starts within the GVA measurement system, these customers are included where they both meet the requirement for intensively-assisted and where GVA can be forecast and measured for the year in question.

F.2 GVA data for the BLE evaluation

With regard to BLE, GVA data is collected by business advisors and stored in the RBSIS.

Due to some issues with GVA data collected by BLE advisors (eg non-recording or incorrect recording of information for some businesses), the GVA data for this evaluation was obtained by collecting data for a random sample of 100 intensively-assisted businesses whose data were correctly recorded. The data are displayed in table F1.

Table F1: Average Change in GVA per Intensively-Assisted Business based on a random sample, 2007/08 – 2010/11

Number of employees	2007/08	2008/09	2009/10	2010/11
0-4	-£198,704	£4,493	£3,264	£2,178
5-9	-£1,791	£5,176	-£8,770	£36,461
10-49	£55,490	-£40,465	£117,811	£27,931
50-99	£156,250	£29,500	-£502,500	£594,333
100-249	£102,000	-	£0	£635,500
Unknown	£45,000	-	-	-
Total Average of GVA Change across whole sample	**-£58,109**	**-£8,280**	**£32,100**	**£46,506**

The sample contained the following percentages of businesses by employment sizeband:

Table F2: Sample of Intensively-Assisted Businesses by Employment Sizeband, 2007/08 – 2010/11

Number of employees	2007/08	2008/09	2009/10	2010/11
0-4	40.0	41.0	48.0	47.0
5-9	23.0	24.0	14.0	18.0
10-49	30.0	31.0	35.0	30.0
50-99	4.0	4.0	2.0	3.0
100-249	2.0		1.0	2.0
Unknown	1.0			

F.3 Scaling the Data

In order to make meaningful comparisons, the GVA data had to be scaled to the business populations for which comparisons were being made.

- **Outcomes – change in GVA per business in sample compared to the regional average**

To make a meaningful comparison with the average change in GVA per business across the East of England, the data from the sample needed to be scaled to fit the profile of the East of England business size profile. This is because the profile of businesses in the sample and the profile of businesses across the East of England differed substantially. Most notably, the sample had a much lower percentage of small businesses than the regional average and would therefore overstate the change in GVA per business compared to the regional average. The profile of businesses in the East of England by employment sizeband – obtained from BIS SME Statistics – is displayed in table F3.

Table F3: Percentage of Businesses in East of England by Employment Sizeband (%)

Number of employees	**2007**	**2008**	**2009**[22]
0-4	92.3	91.5	91.8
5-9	4.0	4.5	4.5
10-49	3.1	3.3	3.2
50-99	0.3	0.3	0.3
100+	0.3	0.3	0.3

By scaling the average GVA increase per business in the sample to the East of England business size profile, the following GVA results were generated.

[22] Data for 2010 are currently unavailable.

Table F4: Average GVA Change of Businesses in Sample Scaled to East of England Business Size Profile, 2007/08 to 2010/11

	2007/08	2008/09	2009/10	2010/11[23]
Average GVA increase per business in sample				
0-4 employees	-£198,704	£4,493	£3,264	£2,178
5-9 employees	-£1,791	£5,176	-£8,770	£36,461
10-49 employees	£55,490	-£40,465	£117,811	£27,931
50-99 employees	£156,250	£29,500	-£502,500	£594,333
100+ employees	£102,000	-	£0	£635,500
Number of businesses in East of England				
0-4 employees	472,920	446,720	460,305	460,305
5-9 employees	20,475	22,180	22,360	22,360
10-49 employees	16,030	16,350	15,880	15,880
50-99 employees	1,615	1,635	1,715	1,715
100+ employees	1,415	1,450	1,395	1,395
Average GVA increase X number of businesses in East of England				
0-4 employees	£93,970,901,662	£2,007,254,603	£1,502,515,573	£1,002,769,546
5-9 employees	-£36,676,066	£114,792,590	-£196,100,394	£815,267,960
10-49 employees	£889,512,418	-£661,601,695	£1,870,843,671	£443,537,399
50-99 employees	£252,343,750	£48,232,500	-£861,787,500	£1,019,281,667
100+ employees	£144,330,000	-	£0	£886,522,500
Total GVA increase	**£92,721,391,560**	**£1,508,677,998**	**£2,315,471,350**	**£4,167,379,071**
Scaled to East of England business size profile				
Average GVA increase per business	**-£180,936**	**£3,089**	**£4,616**	**£8,307**

[23] With no business by sizeband data currently available for 2010, 2009 percentages were used.

- **Impact – change in GVA per business scaled to the total number of intensively-assisted businesses**

To calculate the average GVA increase per intensively-assisted business, the data from the sample needed to be scaled to the total number of intensively-assisted businesses. This is because the profile of businesses in the sample and the profile of all intensively-assisted businesses differed substantially. Most notably, the sample had a much lower percentage of small businesses than the population of intensively-assisted businesses average and would therefore overstate the average change in GVA per intensively-assisted business. The profile of intensively-assisted businesses by employment sizeband is displayed in table F5.

Table F5: Percentage of Intensively-Assisted Businesses by Employment Sizeband (%)

Number of employees	**2008/09**[24]	**2009/10**	**2010/11**
0-4	73.3	70.5	63.8
5-9	14.0	13.6	16.5
10-49	11.1	14.0	17.4
50-99	1.0	1.3	1.5
100+	0.5	0.7	0.8

By scaling the average GVA increase per business in the sample to the population of intensively-assisted businesses in each year, the following GVA results were generated.

[24] The profile of intensively-assisted established businesses and the number of intensively-assisted pre-start customers were not collected in 2007/08.

Table F6: Average GVA change of businesses in sample scaled to population of intensively-assisted businesses, 2008/09 to 2010/11

	2008/09	2009/10	2010/11[25]
Average GVA increase per business in sample			
0-4 employees	£4,493	£3,264	£2,178
5-9 employees	£5,176	-£8,770	£36,461
10-49 employees	-£40,465	£117,811	£27,931
50-99 employees	£29,500	-£502,500	£594,333
100+ employees	-	£0	£635,500
Number of intensively-assisted businesses			
0-4 employees	5,995	7,408	5,257
5-9 employees	1,147	1,431	1,358
10-49 employees	910	1,468	1,434
50-99 employees	84	134	125
100+ employees	43	70	70
Average GVA increase X number of intensively-assisted businesses			
0-4 employees	£26,937,436	£24,181,000	£11,452,319
5-9 employees	£5,936,299	-£12,550,074	£49,514,038
10-49 employees	-£36,823,091	£172,947,009	£40,052,433
50-99 employees	£2,478,000	-£67,335,000	£74,291,667
100+ employees	£0	£0	£44,485,000
Total GVA increase	**-£1,471,357**	**£117,242,935**	**£219,795,456**
Scaled to number of intensively-assisted businesses			
Average GVA increase per business	**-£180**	**£11,154**	**£26,661**

[25] With no business-by-sizeband data currently available for 2010, 2009 percentages were used.