

Final Evaluation of the Regional Start Initiative (RSI)

Final Report

5 October 2015



SQW

1. Introduction

- 1.1 SQW Ltd (SQW), as Lead Contractor, working with QA Research (QA), was appointed by Invest Northern Ireland (Invest NI) in April 2015 to undertake a final evaluation of the Regional Start Initiative (RSI). The evaluation covered the period from RSI's launch in October 2012 through to March 2015, and projecting forward to October 2015.

Purpose

- 1.2 The purpose of the evaluation, as set out in the original Terms of Reference, was to provide a robust evaluation of the operation, outcomes, and impact of RSI over the evaluation period. Specifically, the objectives were to:

- Assess the rationale and need for RSI over the evaluation period, in light of the strategic and economic environments in which the intervention operated and the market/other failures in play, and conclude on the future rationale/need to intervene through RSI beyond the evaluation period.
- Determine the extent to which the principle aims, objectives and targets of intervention through RSI had been met.
- Provide an analysis of RSI provision in terms of its consistency across Northern Ireland, identifying best practice and areas for improvement, this including a review of the quality of business plans produced and deployed.
- Provide an independent review of Invest NI's approach to reporting RSI against PfG targets.
- Assess the outcomes and impacts of RSI, including assessments of business start-up rates, jobs created, and business survival rate.
- Identify the monetised economic and other wider/regional impacts associated with the intervention.
- Assess accessibility and the extent to which RSI operated as an accessible service.
- Determine the extent to which RSI represented Value for Money.

- 1.3 In meeting these objectives, the evaluation was to be compliant with relevant government guidance on evaluation, including HM Treasury's 'Green Book'. This guidance required that consideration be given to characterising fully the following aspects of RSI:

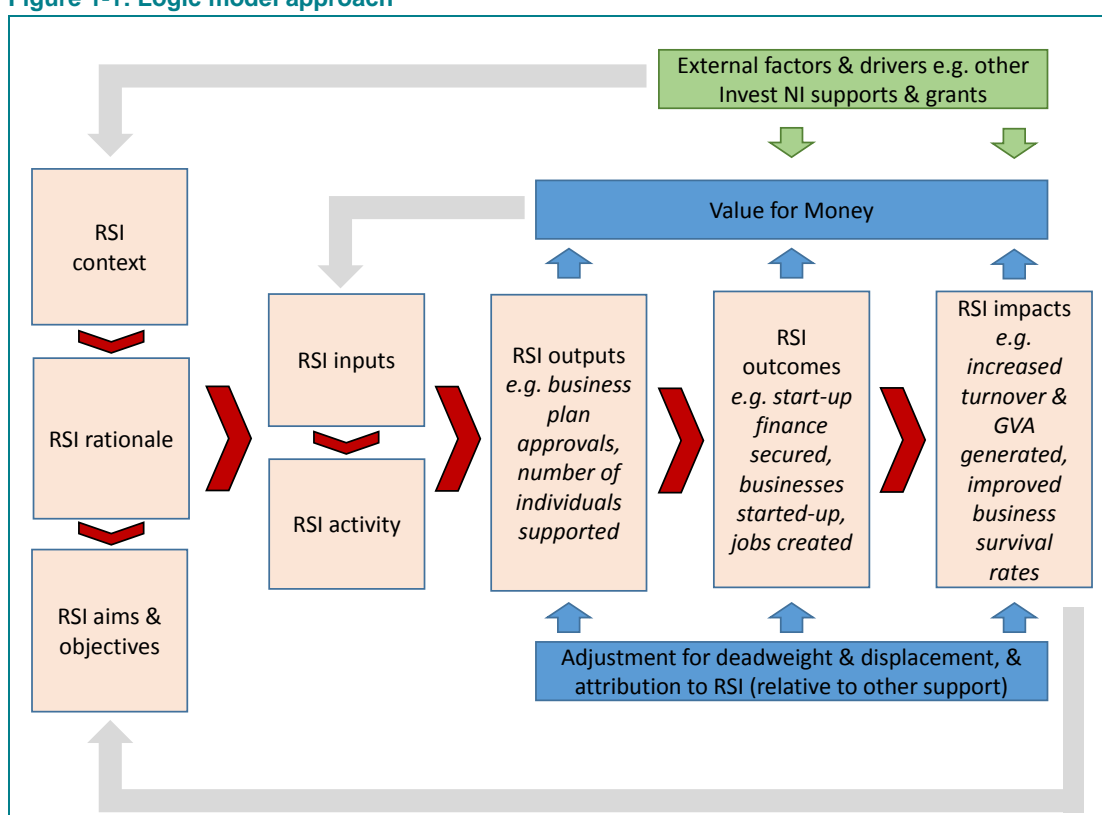
- **The rationale for intervention:** testing the extent to which RSI met (and continues to meet) a genuine need over the evaluation period in terms of market or other failures, and its alignment with the economic and strategic contexts in play.
- **Additionality:** the effects of RSI on business start-up and development over-and-above what would have occurred in any case, taking into account deadweight and displacement effects.

- **Net economic impacts:** assessing, as far as practical, the employment and Gross Value Added (GVA) effects delivered, and the overall contribution of RSI to Northern Ireland's economy over the evaluation period.
- **Value for Money:** in terms of RSI's Economy, Efficiency, and Effectiveness, and overall return on publicly-funded investment.

Evaluation Approach and Method

- 1.4 Reflecting its objectives, the study adopted a logic chain approach, designed to enable a robust assessment of (and the linkages between) the rationale for intervention, the objectives that emerge, the inputs, activities and outputs delivered, and the resulting outcomes and impacts. The components of the logic chain are summarised below.

Figure 1-1: Logic model approach



Source: SQW

- 1.5 Against this background, the study comprised a mix of primary research and desk-based analyses. The evaluation comprised seven research elements:

- **Analysis of RSI monitoring data** – covering monitoring data on business plan approvals and quality, and the characteristics of participants.
- **Review of key RSI and strategic documents** – including internal casework materials and reviews, the economic appraisal, delivery guidance material, institutional corporate plans, and wider economic policy documents/statements.
- **Telephone surveys of RSI participants** – the population for the survey covered participants who had completed a business plan (a stage known as Business Plan

Approval, or BPA), with the business plan signed off in 2012, 2013 or 2014. In total, this group comprised approximately 8,300 participants. Of this group, telephone surveys were completed with 300 participants. The sample provides an overall confidence interval for the survey findings of approximately +/- 5.5% at a 95% confidence level for participants achieving BPA. Participants with BPAs signed-off in 2015 were not included in the telephone surveys, owing to the time-paths to outcomes in terms of business development. Note, however, that the impact data from the survey have been scaled-up to the total population covered by the whole evaluation period (that is the approximately 8,300 BPAs), and the findings used in assessing impact projecting forward to October 2015.

- **Consultations with staff at those organisations involved in delivering RSI** – this included consultations with the RSI Team at Invest NI, and Delivery Team and Senior Management at Enterprise NI, and consultations with a number of Invest NI Client Executives and the nibusinessinfo team.
- **An online survey of RSI Business Advisors** – an online survey was distributed to identified contacts at all Local Enterprise Agencies and identified sub-contractors responsible for delivering RSI support. The online survey link was distributed to 65 individuals (who could in turn forward on the link to other relevant advisors), with 42 completions received (a 65% response rate on the initial distribution).

1.6 These quantitative and qualitative perspectives were brought together to provide the synthesised assessment of delivery and impact, as required by the Terms of Reference. The evaluation study was overseen by a Client Steering Group comprising representatives from Invest NI. The Client Steering Group were involved fully throughout the study including providing inputs on research design, participating in a presentation of the study's draft findings, and providing subsequent comments and feedback. Their perspectives, contributions, and critiques were appreciated.

Analysis and Limitations

1.7 The evaluators make five points in setting the context for the evaluation's findings:

- **Cross-tabulation of the data:** to provide further insight into the delivery and impacts of RSI, the participant survey data has been cross-tabulated and findings presented to four standard variables:
 - *Economic status:* whether the participant was employed or unemployed when they approached RSI (drawn from monitoring data)
 - *Previous experience of starting-up a business:* whether the participant had previously started-up a business when they approached RSI or had not (monitoring data)
 - *Attendance at RSI workshop:* whether the participant attended, or did not, an optional workshop as part of the RSI process (drawn from survey data)
 - *Hours of one-to-one support received:* whether the participant received under three hours, or over three hours, of one-to-one support (survey data)

- **Nature of participant evidence:** the evaluation is based principally on evidence of participants that led to a Business Plan Approval (BPA). There may be wider benefits of RSI for those individuals that engaged with the intervention, but did not ultimately complete a business plan, in terms of personal and wider development. However, contact data on these individuals was not collated centrally and therefore they could not be contacted as part of the evaluation; as such the evaluation may underestimate the overall effects of RSI; although wider evidence has been used (including feedback from Business advisors to provide some qualitative evidence on this group).
- **The intricacies of the start-up process:** given the intricacies of the entrepreneurial and start-up process, and the often 'grey area' between a business idea and when a business is formally established, the evaluation took a consistent approach to what constituted a 'started-up' business. The definition applied was that a business was regarded as having started-up if the individual had incurred expenditure on the business (e.g. buying/leasing equipment, or premises, paying salaries etc.) and/or if the business had received income from the sale of goods/services, as identified by survey respondents. For the impact assessment, only those participants stating their business had started trading and continued to trade at the time of the survey were included. Turnover may have been generated by firms that started-up but failed, however it was not practical to gather data from this (limited) cohort.
- **Adjustments to self-reported data:** while the data provided by participants was assumed to be accurate and realistic, some modest adjustments were made including adjusting expected turnover data to take into account Optimism Bias, and removing one major outlier data in the process of scaling-up impacts to the population.
- **Response bias:** there is likely to be some 'response bias' in the participants' survey, that is, the risk that individuals that had had a more positive experience with RSI and/or had gone on to successfully start a business were more likely to respond to the survey. Quantifying the level of response bias is not possible – put simply, the evaluators do not know how those participants who did not participate in the survey have performed. Accordingly, the potential for response bias needs to be taken into account when considering the results from the analysis.

1.8 It is also important to note contextually that RSI, as funded by Invest NI will close in October 2015, with responsibility for any future intervention passed to the local authorities, this as part of the process of Local Government Reorganisation. The future-facing elements of the evaluation are therefore framed in this new context.

Structure

1.9 The remainder of this report is structured as follows: Section 2: Conditions, Rationale and Objectives; Section 3: Inputs and Activities; Section 4: Gross Outputs and Outcomes; Section 5: Assessment of Additionality and Attribution; Section 6: Impact and Value for Money; Section 7: Process perspectives; and Section 8: Conclusions and Recommendations. Three Annexes are attached: Annex A: Survey and population characteristics; Annex B: Sensitivity on displacement ratios; Annex C: Method for deriving participant-level additionality ratios.

2. Context, Rationale and objectives

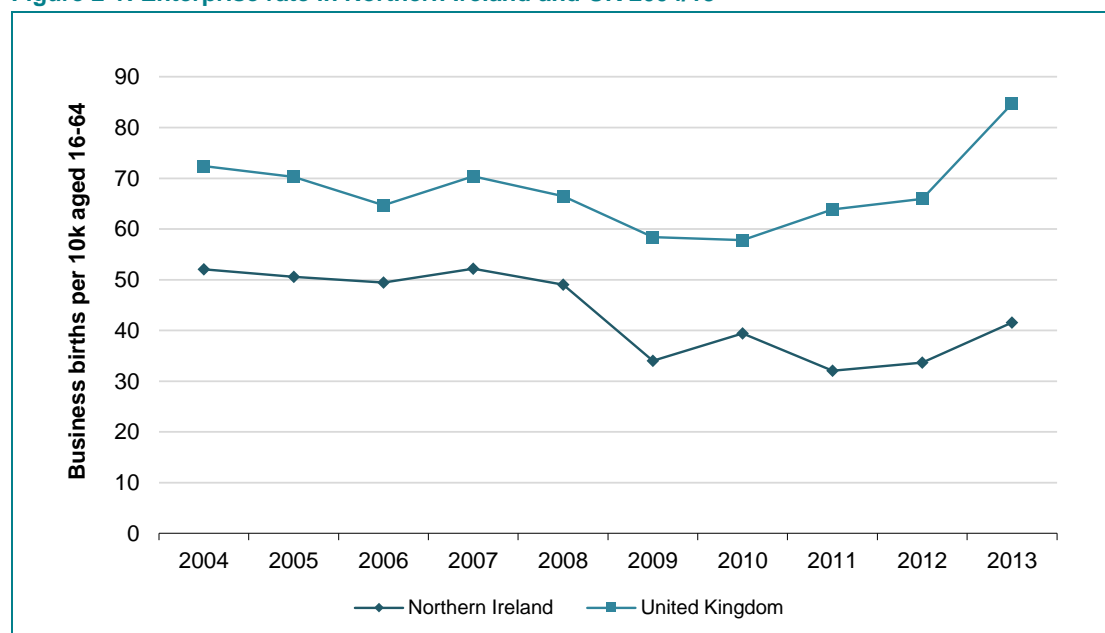
- 2.1 This Section assesses the first element of the logic model, that is the underpinning contextual conditions economically and strategically, and the rationale, and objectives, of RSI.

Context for RSI

The economic context ...

- 2.2 The challenges faced by the Northern Ireland economy and its business base are well known. A significant body of research has been undertaken to evidence and characterise these.¹ However, it is important to understand the contextual background, related specifically to enterprise and employment, in which RSI was first developed. Indeed, while Northern Ireland's economy was hit hard by the recession in 2008, the core underpinning challenges facing the Northern Ireland economy relating to enterprise and employment have not altered fundamentally relative to the UK as a whole.
- 2.3 In terms of *enterprise*, as set out in Figure 2-1, the business start-up rate has consistently underperformed compared to the UK average, and the gap has been widening in recent years. In 2012 (the year that RSI was launched), around 35 businesses were started up in Northern Ireland for every 10,000 of the working age population compared to over 65 in the UK as a whole. A wide range of factors underpin this long-run performance, including long-term industrial restructuring in Northern Ireland, the dominance of the public sector in the economy, and issues related to accessing finance and skills.

Figure 2-1: Enterprise rate in Northern Ireland and UK 2004/13

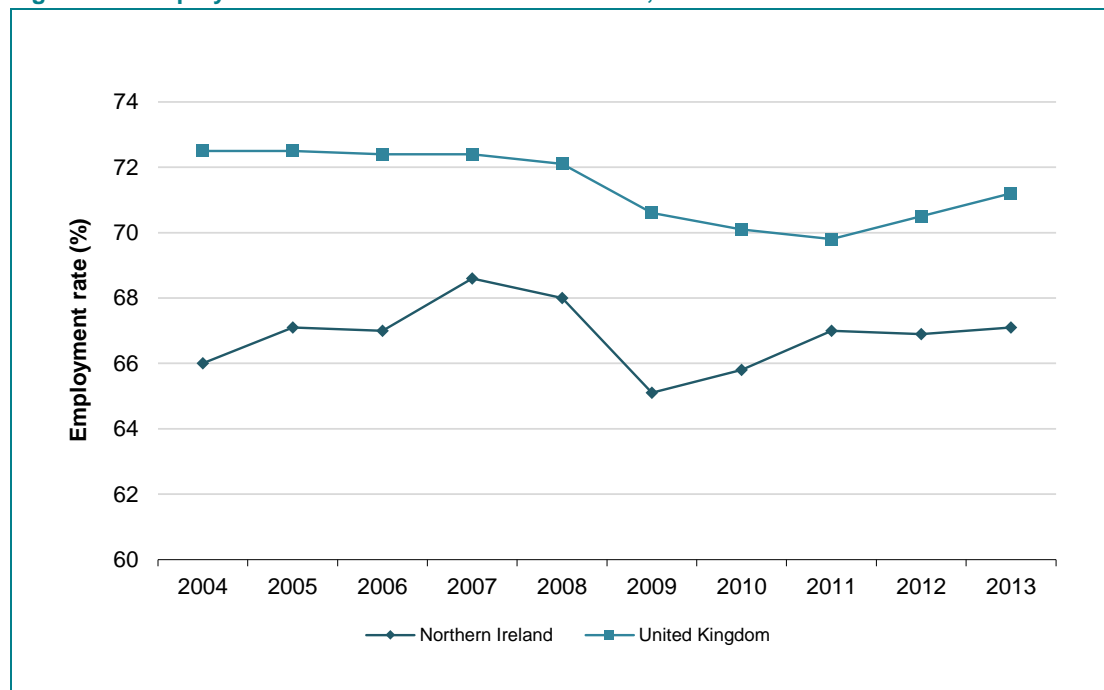


Source: Business Demography, and Mid-year Population estimates

¹ For example, the very significant Independent Review of Economic Policy undertaken for DETI and Invest NI (available here: http://www.detini.gov.uk/independent_review_of_economic_policy-2.pdf) and DETI's Economic Briefings ([here](#))

2.4 Alongside this enterprise deficit, *employment* has also been lower consistently in Northern Ireland than elsewhere across the UK. As shown in Figure 2-2 while the effects of the recession on employment was pronounced in Northern Ireland, the long-term employment deficit to the UK as a whole pre-dated the recession, and has continued following it.

Figure 2-2: Employment rate in Northern Ireland and UK, 2004/13



Source: Annual Population Survey

2.5 As such, it is within a challenging recent and longer-term context that RSI was developed, and has been delivered. This is important for the rationale and strategic case for RSI. In headline terms, the economic case for intervention through RSI to promote enterprise development, from both business growth and employment perspectives, was sound.

... and the strategic backdrop?

2.6 RSI was conceived, and has operated, in a strategic policy context that reflects this economic backdrop. Whilst there have been developments over the evaluation period as new policy priorities and agendas have come on stream, both at the time that RSI was developed in 2012, and by its close in 2015, the strategic environment was one characterised by a policy agenda focused on addressing:

- The ongoing productivity gap between Northern Ireland and the rest of the UK.
- The effects of the recession on employment, and in turn economic prosperity and quality of life for people and communities across Northern Ireland.

2.7 The original appraisal of RSI² reviewed the policy backdrop to 2011 in some detail. At this point, the key strategic document (the Northern Ireland Economic Strategy) was still in development, and the relevant organisations' plans were coming to an end, including the

² New Business Start Programme Economic Appraisal, May 2011

Invest NI and DETI Corporate Plans for 2008/11, and the 2008/11 Programme for Government.

- 2.8 The evaluators do not rehearse the findings of the original appraisal here. However, importantly, it found that the proposed programme (which became RSI) offered a strong strategic fit to the then policy agenda, and the twin goals of the Economic Strategy (as finalised in 2012) of **rebalancing** the economy towards higher value added private sector activity, and the need to undertake a more immediate **rebuilding** phase, these to address the impact of the global downturn on NI's economy and labour market.³ This strategic alignment has remained over the course of the delivery of RSI, with the Economic Strategy finalised and providing the framework for economic interventions, and remains so at its close.
- 2.9 Policy alignment is also evident in terms of links to the core objectives set out in DETI's Corporate Plan 2011/15 including that of '**encouraging business growth**' (including through initiatives aimed at encouraging enterprise), and to '**improve employment opportunities**' (including through the Jobs Fund), and their equivalent objectives set out in Invest NI's Corporate Plan.
- 2.10 Taken in the round, the policy alignment and relevance of RSI was and remains strong: there is a clear, and on-going recognition of the importance of driving-up levels of enterprise in Northern Ireland's economy if long-term economic objectives are to be met. This imperative is now set out explicitly in the Economic Strategy. However, two points are worth noting in reflecting on the on-going strategic backdrop for RSI (or similar initiatives going forward):
- While the strategic context for RSI was identified consistently as being about *both* rebalancing and rebuilding (or put another way, both about productivity and employment), arguably the core strategic alignment was stronger on the latter than the former, given the non-targeted nature of the intervention i.e. supporting the creation of more businesses does not in itself raise levels of private sector productivity. Understanding fully the trade-offs here between employment and productivity – and the strategic focus in play – will be important for any future intervention.
 - Related to this, across the UK the 'productivity challenge' is now increasingly centre stage in economic development thinking. There is clear evidence that the UK is less productive than it should be absolutely (compared to past trend), and increasingly is less productive relative to its main competitors. The productivity deficit is particularly pronounced in Northern Ireland – the latest data indicate that Northern Ireland had the lowest productivity as measured by GVA per hour worked of any UK region, 17.2% below the UK average.⁴ This strategic re-focusing will need to be considered as a core element of any successor intervention.

³ *ibid*

⁴ Regional Economic Indicators, July 2014

The rationale for RSI

- 2.11 Government guidance makes it clear that the public sector should only intervene in markets when there is a rationale to do so, often involving a market or other failure, or to address equity/distributional issues. As set out in the Green Book:

'... Before any possible action by government [or its agencies] is contemplated, it is important to identify a clear need which it is in the national interest for government [or its agencies] to address. Accordingly, a statement of the rationale for intervention should be developed'⁵

- 2.12 So, alongside considerations of the strategic case for intervening – as evidenced in the economic and policy context – it is also important to test the market and/or other failures that provide the justification for RSI.

The case made

- 2.13 The case made in market/other failure terms for RSI, as set out in the Business Casework⁶ underpinning Invest NI's investment (and drawing on the economic appraisal) was as follows:

- The lack of awareness of the benefits of self-employment, lack of awareness or understanding of information available or an inability to access information.
- The benefits and availability of expert advice to small business owners is unknown to many individuals and groups in NI society.
- Financial institutions are unaware and unable to identify and assess the risks and rewards of lending to those interested in becoming self-employed.

- 2.14 Taken together, the case made was one based essentially on **information gaps** among individuals on why and how to start-up a business, and **information asymmetries** between financial institutions and individuals seeking start-up funding. These issues were tested with RSI participants and partners/stakeholders, as follows:

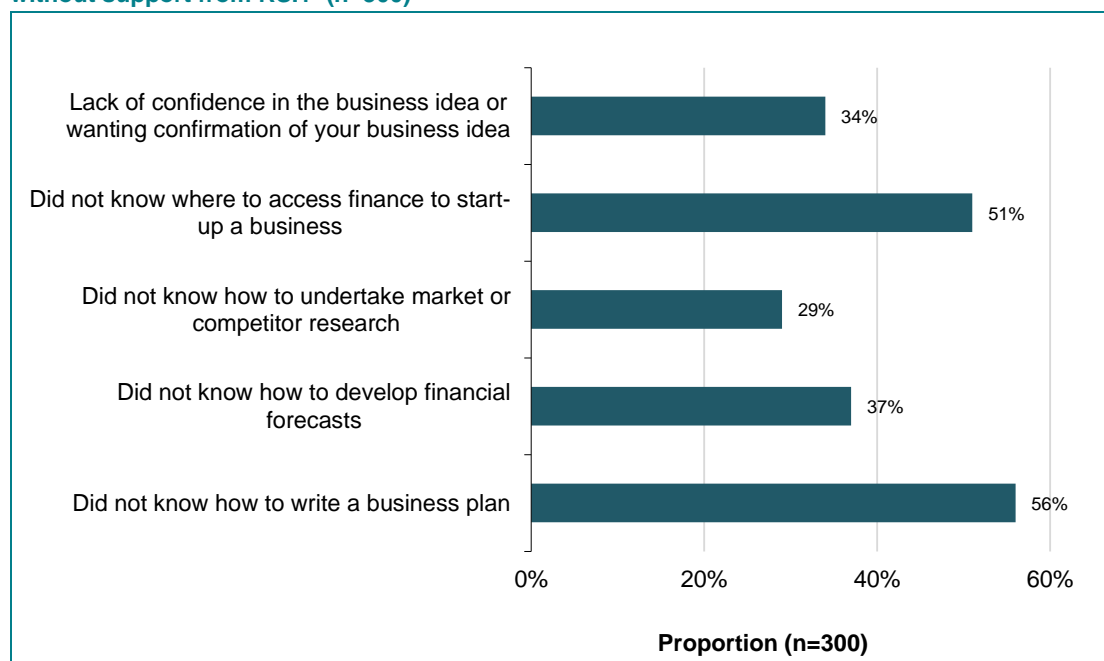
Participant perspectives on rationales ...

- 2.15 Typically, participants are not concerned directly with market failure, rather what the barriers were to start-up, and the motivations for start-up that informed their decision to approach RSI. As such, explicit probing of market/other failures in the participant survey was not appropriate. However, the survey tested the extent to which there were implicit failures in play by exploring the barriers that were preventing individuals from taking forward their business without RSI. The overall findings on this issue are set out in Figure 2-3.

⁵ The Green Book: appraisal and evaluation in central government
(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf)

⁶ Business Start Programme Business Casework, June 2011

Figure 2-3: Response to 'What barriers were preventing you taking forward your business idea without support from RSI?' (n=300)



Source: Participant Survey

2.16 Three points are noted here:

- The most common responses were consistent with the 'information failure' rationale for RSI identified in the Casework, specifically relating to information gaps on how to write a business plan, and how to identify and access finance.
- Issues related to the development of (i) financial forecasts and (ii) confidence in the business idea were also identified by around a third of participants. The former is consistent with 'information failure', and the latter indicates that developing the confidence of individuals to start-up is likely to be a key issue for a good proportion of its participants, consistent with an equity/distributional rationale for intervention by the public sector, to ensure that enterprise opportunities are open to all.
- As demonstrated by the Figure, many participants indicated a range of barriers which were preventing start-up. Indeed of the 300 survey respondents, a sizeable proportion (119) identified two or more barriers (including 49 identifying four or more barriers). This demonstrates that RSI was commonly responding to a range of inter-related issues preventing individuals from starting-up without support.

2.17 These data from the survey validate the stated rationale for RSI. However, one further point is important – of the 300 participants surveyed, approximately one-quarter (24%) stated that they had previously started-up a business prior to RSI. This is higher than might be expected given the underpinning knowledge and information-based rationale for RSI, although it is worth noting that previous experience was *not* a factor in RSI eligibility.

2.18 Within the remit of the survey for this evaluation, it was not possible to probe further on the status/experience of this previous enterprise experience. This said, given their participation in the RSI programme it is reasonable to assume that some of these enterprises had failed. Interestingly, the barriers for those that had started previously a business varied in two ways

from those that had not: a lower proportion identified not knowing how to write a business plan as a barrier to start-up without RSI, and a higher proportion identified ‘other’ issues not covered in the five options set out in the survey. Table 2-1 provides the detail.

Table 2-1: Barriers to start-up by previous start-up experience (bold = signification of difference at 95% confidence level)

	No previous start-up experience (n=229)	Previous start-up experience (n=71)
Did not know how to write a business plan	60%	42%
Did not know how to develop financial forecasts	40%	30%
Did not know how to undertake market or competitor research	31%	24%
Did not know where to access finance to start-up a business	51%	52%
Lack of confidence in the business idea or wanting confirmation of your business idea	36%	28%
Other	12%	27%

Source: Participant Survey

- 2.19 For those participants that had previously started-up a business, and indicated ‘other’ barriers (n=19), whilst a range of other factors were identified, issues related to finance (with RSI seen as a route to potentially accessing finance) were the most common. Although the sample here is small (so caution is needed in reading too much into the data), viewed alongside the fact that not knowing where to access finance to start a business was the most common barrier for those with previous enterprise history, suggests that access to finance considerations were the most common barrier to start-up for RSI participants with past experience of enterprise.
- 2.20 The core rationale for this sub-group is therefore seeking to address (through the influencing effect of a well-defined and robust business plan) the market failures that prevent start-ups accessing finance, and the absence from the mainstream of commercial lending for affordable loans of low value to individuals without collateral or track record.

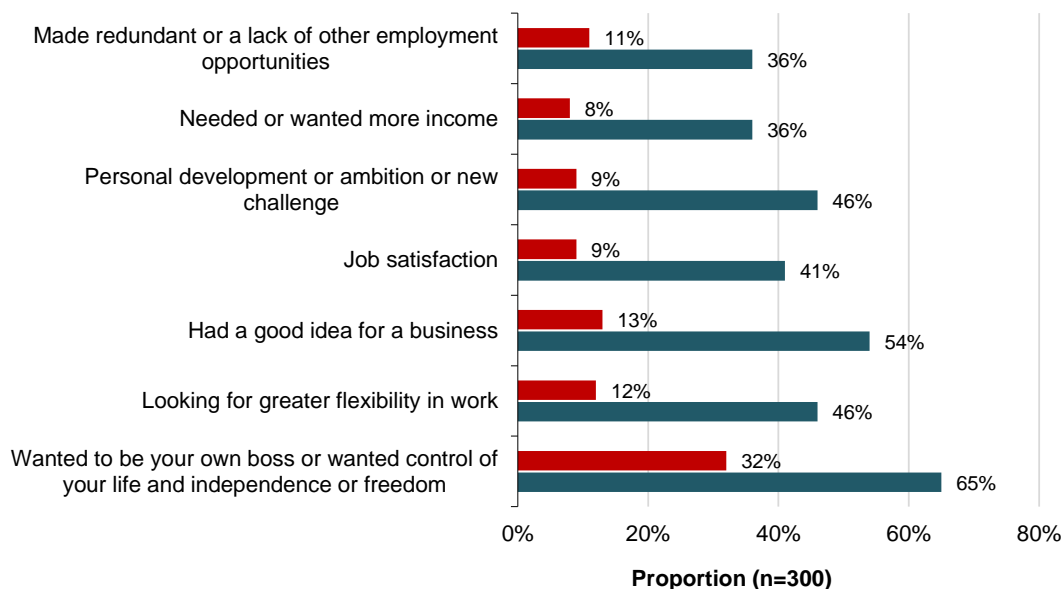
Motivations for start-up

- 2.21 The survey evidence indicated that the most important *motivation* for RSI participants’ looking to start-up a business was generally ‘opportunity based’, notably wanting control and ‘being my own boss’ (see Figure 2-4). This is consistent with wider evidence on motivations for enterprise e.g. the latest GEM UK Report found that ‘opportunity based’ enterprise was more common than ‘necessity based’ enterprise: 7.0% of the UK Working Age adult population were opportunity-motivated early-stage entrepreneurs, with 1.4% identified as necessity-driven early-stage entrepreneurs.⁷
- 2.22 However, ‘necessity-based’ arguments for looking to start-up a business were also common among RSI participants. Over a third of participants surveyed identified being made redundant or a lack of other employment opportunities or needing/wanting more income as a factor in looking to start-up a business, and approaching a fifth identified one of these two

⁷ Global Entrepreneurship Monitor United Kingdom 2014 Monitoring Report, Hart et al

factors as the most important (11% and 8%, respectively). This does again suggest an equity/distributional rationale for RSI.

Figure 2-4: Response to Q5. 'So, when you decided first to approach RSI, what were your motivations for looking to start-up a business?' All that apply, and most important (n=300)



Source: Participant Survey

... and the views from wider partners and stakeholders

2.23 The core 'information failure' arguments were tested with partners and stakeholders consulted in the evaluation. In headline terms, the feedback provided was consistent with the stated rationale i.e. that RSI was needed to address information failures, although more in terms of information gaps among participants than information asymmetries related to financial institutions.

2.24 Three other points arose from these consultations as core to the rationale for RSI:

- Partners and stakeholders emphasised the importance of the **equity/distributional arguments underpinning RSI**, essentially that it is important that enterprise and self-employment are open to all, necessitating a pan-Northern Ireland response to addressing the underpinning enterprise deficits and barriers evident in the low levels of business start-up.
- The evidence from the online survey of Business Advisors identified **understanding business finance and market research as core areas where RSI participants generally require the greatest advice and support**. This is consistent with the information failure argument noted above.
- Although not formally a market failure or equity rationale, the importance of providing **continuity in enterprise support through RSI** was identified, with RSI over the 2012/15 period following earlier 'volume' enterprise support programmes in Northern Ireland funded by Invest NI. These included the Enterprise Development

Programme (EDP) which ran between 2009 and 2012, and incorporated pre-start, start-up, and growth elements. Consistency in support was regarded as crucial if long-standing enterprise deficits are to be addressed.

In the round, a robust rationale?

- 2.25 Taken together **the evidence indicates that there was a valid rationale for RSI at its outset, and in policy terms intervention by Invest NI was justified.** RSI sought to address information failures, notably information gaps, among potential entrepreneurs across Northern Ireland in how to go about starting-up a business (including related to accessing finance), and also responded to broader equity and distributional arguments. The strong supporting policy context, the importance of continuity in support for enterprise, and the challenging economic backdrop, further underpinned the case for intervention.
- 2.26 It was not within the remit of this evaluation to undertake a formal appraisal of on-going demand for RSI, or an RSI-like successor; indeed this work has been progressed separately on behalf of local authorities across Northern Ireland who will be responsible for any such intervention going forward. This said, the evidence from the evaluation does imply that the rationale for intervention remains valid. Employment and enterprise deficits in Northern Ireland continue to be present compared to the national picture, and the strong on-going participation in RSI over the final months of delivery outside the evaluation period (as indicated by Invest NI) suggest that market demand remains.
- 2.27 Importantly, no evidence has been provided through consultations for this work that the underpinning information failures that RSI seeks to respond to has been fundamentally 'fixed'. Given the nature of the target cohort and the way it is constantly being turned over and refreshed (as new individuals look to start-up a business), this is not unexpected.

Objectives

- 2.28 In logic chain thinking, objectives need to flow logically and seamlessly from the rationale for intervention. The evaluators note, from the discussion above, that the rationale for RSI is based principally on addressing information failures. These intents should therefore be reflected and developed in its objectives.
- 2.29 RSI's overall stated objective is to *'increase participants' capability to start and grow a business (through their ability to develop a quality business plan).'*⁸ Alongside this overall objective are a set of more specific associated aims and objectives, set out in Table 2-2 below.

⁸ Internal review of the Regional Start Initiative, Version 3.0 June 2014

Table 2-2: RSI aims/objectives

-
- Raise the overall number and quality of business starts pa in Northern Ireland
 - Deliver an accessible programme that delivers on Invest NI's equality and diversity agenda (including NEETs individuals and individuals living in Neighbourhood Renewal Areas)
 - Provide a flow of new clients to the Invest NI client bank
 - Effectively signpost all new business starts that do not have the (immediate) potential to become an Invest NI client to the 'existing business' support offerings available in the marketplace, and particularly those offered by the local councils
 - Provide innovative advisory and training support to individuals/business at the start-up stage
 - Ensure the full integration of Invest NI's www.nibusinessinfo.co.uk online support into the programme offering.
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Source: Invest NI

2.30 The core evaluation issue here is the extent to which these objectives have been met: the evaluators return to this issue in Section 6 when considering the effectiveness of RSI. However, three points are made regarding the objectives themselves at this stage:

- The overall objective focused on increasing participants capability to start and grow a business is well-aligned to the underpinning information failure rationale, and provides a helpful overall depiction of what RSI is (or should be) about fundamentally to inform activity. Whilst, ideally, there would have been a baseline measure identified of capability at the outset of the 'customer journey' to ensure that this objective could be tested formally, this is an issue more of monitoring systems than the objective itself. We return to this in Section 7.
- The six more specific aims/objectives are varied in the extent to which they are SMART (that is, Specific, Measureable, Achievable, Relevant and Time-bound), and a number are descriptions of the activity that will be delivered, not what RSI is seeking to achieve. Notably, the objective to 'raise the overall number and quality of business starts in Northern Ireland' is very difficult to measure both owing to the indirect/enabling focus on RSI on start-up, and because of the very wide range of factors that will drive the number and quality of business starts across Northern Ireland (and these two elements are themselves very different things). The aims/objective to 'provide innovative advisory and training support to individuals/business at the start-up stage' is essentially a description of activity.
- Half of the specific aims/objectives (the second, third and sixth set out above) are essentially objectives focused on RSI 'doing something' for Invest NI as an organisation. Whilst such measures may be appropriate as internal management-goals (for example, to ensure that the intervention does meet relevant equality and diversity agendas), the objectives should have been focused on, and couched in terms of, what the intervention was seeking to achieve for its target group.
- The objectives, and particularly the specific objective regarding raising the start-up rate suggest that there was at the outset, and the evaluation evidence suggests there has continued to be, some ambiguity over whether RSI was at core about increasing the *capability of participants* to start-up a business (as the overall objective would suggest), or about *actually creating more businesses* (as the first specific objective would suggest). The two are linked clearly (with business start-up a logical 'next step' that can be accelerated/catalysed through enhancing capability). However, they are

also different (with different underpinning market and other failures in play), and arguably call for different types of activity and support in order to maximise impact. Clarity on the balance between capability and actual starts will be important to define for any further RSI-like intervention.

Summary Conclusions

- Northern Ireland has faced long-term economic and enterprise challenges, with fewer start-ups than the rest of the UK and higher unemployment. This context provided a challenging backdrop to RSI, but also a sound economic case to seek to intervene to boost rates of start-ups.
- RSI was, from the outset, and remains, well aligned to the policy and strategic context, providing a sound policy base for the intervention (or an equivalent) going forward. The focus was arguably more on the re-building rather than re-balancing intent of the policy agenda. Understanding fully the trade-offs here between employment and productivity – and the strategic focus in play – will be important for any future intervention.
- The case for RSI was based on the presence of information gaps and asymmetries, particularly in terms of the knowledge among individuals across Northern Ireland on ‘how to’ start-up a business. Equity and distributional arguments were also in play, ensuring that people from deprived communities were not ‘shut out’ of enterprise and self-employment opportunities.
- Ex-post, this evaluation concludes that the overall rationale to intervene at the start of the evaluation period was valid, and in policy terms justifiable. In 2015, and going forward, the underpinning enterprise challenges remain, and the rationale remains appropriate.
- Survey evidence suggests that approaching a quarter of participants that secured a business plan had previously started-up a business. The rationale for this group is more focused on the inability of this cohort to access finance, with the RSI business plan seen as the means of addressing this. However, the proportion of participants with previous experience of starting a business seems higher than may be expected given the focus of RSI, and may influence the appropriateness and validity of the RSI model for this group.
- The overall objective of RSI – to increase participants’ capability to start and grow a business – is linked directly to the underpinning rationale. However, the specific objectives underpinning this overall intent were not consistently SMART. The objectives also indicate that greater clarity was possible over whether RSI at core was about increasing the capability of participants to start-up a business, or about actually creating more businesses. The two are linked, but different, and call for different types of activity and support. Clarity on this issue will be important in any further RSI-like intervention.

Recommendations

- R1. Any further RSI-like intervention should collect information on previous enterprise/self-employment experience at the outset of the 'customer journey'. This information could be used to tailor potentially the nature of support needed, and inform strategic programme monitoring and delivery.
- R2. Any further RSI-like intervention should ensure that its objectives are SMART and focused on what can be attributed directly to the intervention; e.g. focused on developing the viability of business ideas, not the broader start-up rate (which the intervention cannot directly control or influence).

3. Inputs and Activities

- 3.1 This Section turns to consider the inputs and activities of RSI over the evaluation period, including an overview and analysis of the ‘customer journey’, both in ‘theory’ and ‘practice’ as evidenced through the evaluation. It also provides an overview of the characteristics of participants with approved business plans, drawn from the monitoring data and participant survey.

Inputs

- 3.2 Inputs refer to the financial and other resources (staff time, in-kind support, etc.), expended in delivering RSI. The inputs do not cover participants’ time (or costs) associated with progressing their business plan. RSI was funded fully by Invest NI, with expenditure covering the delivery of support to generate business plans (contracted to Enterprise NI), management of the intervention by the RSI Team, and marketing.
- 3.3 A budget of £5.2m was approved for the first two years of RSI (2012-14), with a further £1.5m approved for the third year extension, providing a total approved budget of £6.7m, covering delivery costs, staffing costs and marketing costs. Data provided to the evaluators by Invest NI indicate that by the end of March 2015 total expenditure was around £4.4m (see Table 3-1).
- 3.4 Delivery costs (that is the cost of delivering business plans, with payment made on the approval of each plan) accounted for approaching two-thirds (64%) of the total cost. Very significant costs were also associated with marketing of RSI, equivalent to 28% of the total.
- 3.5 Invest NI staff costs accounted for 8% of the total; this is slightly on the high side, with 5% of costs generally regarded as a reasonable ‘rule of thumb’ for economic development interventions such as RSI. However, the scale and volume nature of support, with the Invest NI team responsible for a significant volume of quality vouching alongside broader programme management and oversight functions explains this level. The appropriateness of this model is discussed in more detail in Section 7.

Table 3-1: RSI expenditure (October 2012 to March 2015)

	Oct 12 – Mar 13	Apr 13 – Mar 14	Apr 14 – Mar 15	Total
Delivery costs	303	1,204	1,284	2,790
Invest NI staffing costs	34	152	168	354
Marketing costs	132	531	568	1,231
Total	469	1,887	2,019	4,375

Source: Invest NI Note: marketing costs have been averaged across the period, with marketing costs for the January-March 2015 period based on a pro rata of projected costs. Data does not include costs for the economic appraisal or evaluation

- 3.6 The underspend relative to the total £6.7m approved budget is explained by (i) the remainder of the delivery period to October 2015 involving a further six months of activity with associated costs with a forecast expenditure by October 2015 of £5.1m, and (ii) that the competitive tender process used to select the delivery partner (Enterprise NI) meant that

delivery costs have been kept down. Commentary on the economy of these costs, relative to the activity, is set out in Section 6.

Activities

Overview of the RSI model

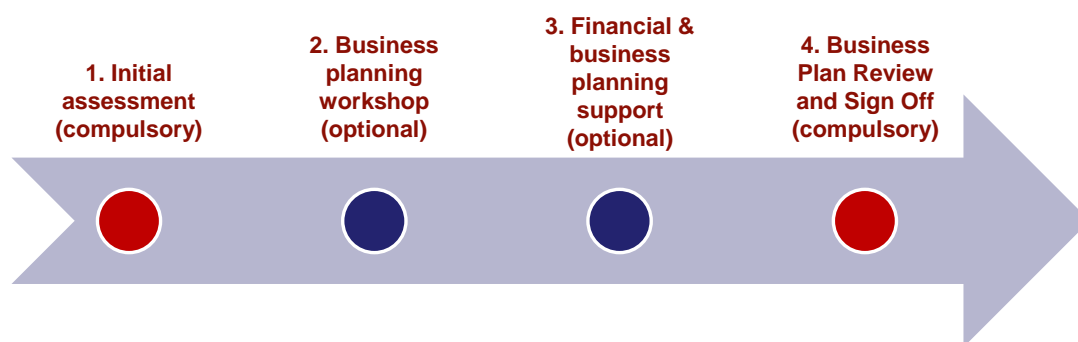
- 3.7 RSI was coordinated and managed centrally by Invest NI, with the RSI Team involving two or three Joint Programme Managers over the course of the evaluation period (with changes in staff levels based on the time inputs required to manage the intervention) supported by a Programme Administrator, plus Senior Management oversight. The Team was responsible for programme management, quality vouching, and monitoring. This core RSI Team was supported by other Invest NI staff including marketing staff, and the nibusinessinfo team (with sign-up to the nibusinessinfo site an important element of the RSI process).
- 3.8 Delivery of RSI was contracted to Enterprise NI. Management was led by a central team at Enterprise NI who oversaw delivery, this through 'on the ground' activity provided via the Local Enterprise Agency (LEA) network located across Northern Ireland. Those delivering support to participants included both LEA staff and sub-contractors, working on behalf of the LEAs and Enterprise NI. In total more than 65 individuals were responsible for delivering RSI support over the evaluation period.
- 3.9 Enterprise NI was also responsible for providing regular reporting and monitoring data to Invest NI (including providing information on all business plan approvals), and undertook internal quality vouching, including vouching delivered by a sub-contracted business consultant.

The RSI 'customer journey' in theory ...

- 3.10 An overview of the RSI 'customer journey' – from application to completion – is set out in Figure 3-1 below. There are four key stages:
- An enquiry is made by a potential participant to engage with RSI. An **initial assessment meeting** results with a Business Advisor to ensure the applicant's eligibility and to gather information about the proposed business idea. At this stage, participants are also signed-up to www.nibusinessinfo.co.uk.
 - Applicants are offered the opportunity to attend a **business planning workshop** (at a maximum duration of six hours) to help shape and develop their business plan. This involves the use of the Enterprise Navigator Tool designed to take individuals step-by-step through the process of writing a business plan (note that all participants should be offered the chance to attend a workshop, with this requirement built into RSI's Operating Manual, and pre-notified of the benefits of the workshop at the initial assessment stage).
 - Applicants are offered the opportunity to receive **one-to-one support on financial and business planning** (up to three hours) from a Business Advisor to help compile and produce their business plan, including developing cash-flow and financial forecasts.

- A **business plan review and sign-off meeting** (of up to one hour) is held between the Business Advisor and participant to review the full final business plan and identify areas critical from an implementation perspective.

Figure 3-1: Overview of the RSI 'customer journey'



Source: SQW, based on Invest NI information

3.11 There are three points to note here regarding the 'customer journey' in theory:

- The combination of compulsory and optional elements, with the most substantive elements of support in terms of scale of engagement (the business planning workshop and one-to-one financial and business planning support) both optional. The implications of this in terms of take-up are discussed in detail below
- The combination of one-to-one and collaborative support, with the potential for RSI participants to benefit both from the direct support offered individually, and through meeting and networking with other similar individuals also looking to set up a business in the optional business planning workshop
- 'Sign-off' refers to the acceptance of the business plan *by the participant*, not the Business Advisor. Consultations with Enterprise NI indicate that it was possible for the Advisor to indicate they had reservations in relation to aspects of the business plan, however ultimately it was the participant who determined 'sign-off'.

3.12 It is also worth noting that through the Jobs Fund administered by Invest NI, RSI participants from specifically defined cohorts were able to access start-up finance, specifically:

- participants resident within one of Northern Ireland's Neighbourhood Renewal Areas (NRA) that completed a business plan through RSI and went on to start a business were eligible for a £1,000 business start grant
- participants who were Not in Employment, Education or Training (NEETS) that completed a business plan through RSI and went on to start a business were eligible for a £1,500 business start grant.

... and in practice'

- 3.13 The above is fine in theory, but how did things operate in practice? Four key themes are evident from the fieldwork gathered by the evaluation:

Theme 1: The varied nature and scale of support

- 3.14 As noted above, the overall RSI offer to participants is designed to be consistent; however, the evidence from the evaluation is that the experience of RSI in practice varied substantially across participants. This is owing in part to the take-up of the optional elements of the 'customer journey' (discussed in more detail below). However, it is also because of tailoring of support by Business Advisors within the overall 'customer journey': as evidence of this, of the 42 Business Advisors responding to the online survey, 39 (i.e. over 90%) stated that the support they provided through RSI was tailored to the needs of particular groups and types of individuals.

- 3.15 Various factors were taken into account when tailoring assistance. These included participant's age, location, ethnicity and economic/social status. Business Advisors also took the experience and business knowledge of participants into consideration, together with the nature of the business idea. Examples are provided opposite.

- 3.16 This flexibility in support was important and valued by participants (as the overall high rates of satisfaction with the intervention, discussed later in the report, evidence), and by Business Advisors themselves.

- 3.17 However, it did mean that the experience of support from RSI is likely to have varied substantially in terms of both scale and nature, with implications for the consistency in outcomes across the participant cohort, with some individual participants securing more and different types of support than others in the development of their business plan.

Example feedback from Advisors

'Not every individual requires similar support. In addition the size and scope of the business also differs and as such there is an element of bespoke help guidance and advice required at every stage.'

'The business and financial planning is very much tailored to the individual needs of the client e.g. some people need as much help as possible simply to complete the business plan others are capable of completing the plan and the time is spent assisting with e.g. market research, helping set up social media etc.'

'Each individual and group is different and have different requirements ... We can spend anywhere between 3 and 20 hours with a person depending on what they require.'

'Each client is met with individually and the issues covered are totally dictated by the conversation and discussion had with them'

Theme 2: Leadership on the business plan development by Business Advisors

- 3.18 Linked to the varied and tailored nature of support provided to participants through RSI, consultations with those responsible for managing and leading the intervention, and feedback from Business Advisors, indicated that in practice the development (i.e. writing) of the business plan (which is recognised in the RSI Operating Manual as the 'key objective' of the

Programme⁹) and its associated financial material was generally (although not always) led by the relevant Business Advisor, rather than the participant.

3.19 This appears to have been driven in part by the nature of the participant cohort (for example, see the feedback opposite), many of whom may not have had the capability or experience to lead on the writing of the business plan (although around a quarter had previously started a business). Indeed, as noted above, not knowing how to write a business plan was the most common reason for participation in RSI identified by survey respondents.

Example feedback from Advisors

'It is impossible to meet someone and hope they have everything ready for their business plan so they are guided, particularly in their primary research, to ensure their plan is as robust as possible. Even though they do not have the skills to write a business plan, very few clients are interested in training on how to complete a business plan... they just want it completed for them.'

3.20 The volume output and financial incentives of RSI (where payment was made on the completion of a business plan) are also likely to have played a role here, incentivising Business Advisors and the LEAs to ensure plans were progressed promptly, avoiding the risk that other priorities for the participant delayed the development of the business plan.

'Each individual has different needs, some are more competent than others and are able to complete the majority of the business plan themselves while others require more 'hand holding' and require assistance with completing all areas including market research etc.'

3.21 That Business Advisors led generally on the writing the business plans is not in itself a 'problem'. However, it does raise three issues.

3.22 First, it may mean that participants are less engaged with and committed to the development of the business than they might be if they were leading on the plan, with the risk that ownership is lost. As set out in Table 3-2, when asked on average how involved participants were in the development of their business plans, the findings were mixed: whilst 18 stated they were 'involved to a large extent', the most common response was that participants were engaged to a 'moderate' extent, which may not be optimal given the focus on capability development in RSI. Consideration should be given to how more consistent significant involvement by participants can be encouraged in any future similar intervention, given the importance of a business plan to start-up and early growth.

Table 3-2: Response to: 'On average, how involved are participants in the development of their business plan through RSI?' (n=42)

Level of involvement	Number of Business Advisors (n=42)
Involved to a large extent	18
Involved to a moderate extent	20
Involved to a small extent	4
Not at all involved	0

Source: Business Advisor Survey

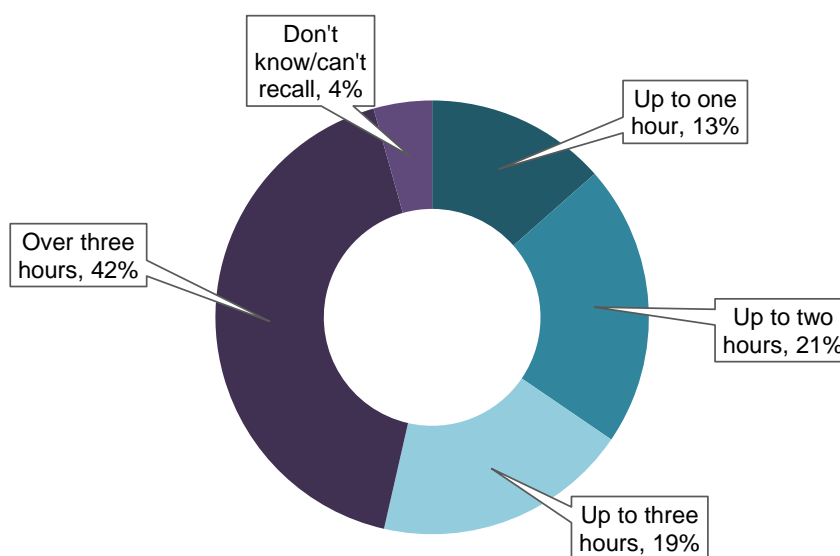
⁹ Regional Start Programme Operating Manual, September 2013 – v1.1

- 3.23 Second, and related, the lead in writing by Business Advisors points back to the issue raised in Section 2 regarding the ambiguity over what RSI was about fundamentally: starting businesses or developing capability? In facilitating the former, the approach taken is appropriate, with 'better' business plans (as written by Advisors) more likely to secure finance and/or more broadly put the business idea on a sound footing, than those written by participants. However, the process of writing a business plan directly (with appropriate expert support) is key to development of capability. Simply put, having a business plan written 'for' participants is less likely to increase their capability to start and grow a business, than a business plan written 'by' them.
- 3.24 Third, there is an important question of whether RSI was competing with (and crowding-out) market provision of commercial business plan writing services, provided for example by business consultants and accountants. Given the nature of the target cohort, with individuals largely focused on developing local-service businesses, and with a high rate of individuals in unemployment, the use of market provision to develop a business plan may be expected to be lower than for the broader base of entrepreneurs, and as such this may not be a major issue. However, ensuring that the intervention is adding value in the business plan development process that participants would not have sourced in the market (e.g. through workshops, in-depth support and access to other services) is important to ensure that the risk of market distortion and displacement is minimised.

Theme 3: Varied take-up of optional support

- 3.25 The evaluation indicates that take-up of the optional one-to-one business and financial planning support was high: 84% among participants surveyed for the evaluation. These data are consistent with feedback from Invest NI and Enterprise NI that this element of the 'customer journey' was the most important. It also aligns with feedback from Business Advisors: when asked which element of the 'customer journey' was most important in delivering outcomes, the one-to-one business and financial planning support was identified by over half as the most important for (22 of the 42 respondents).
- 3.26 For those that took-up the optional one-to-one business and financial planning support (n=252), 42% received over three hours of support (consistent with the feedback from Business Advisors above).

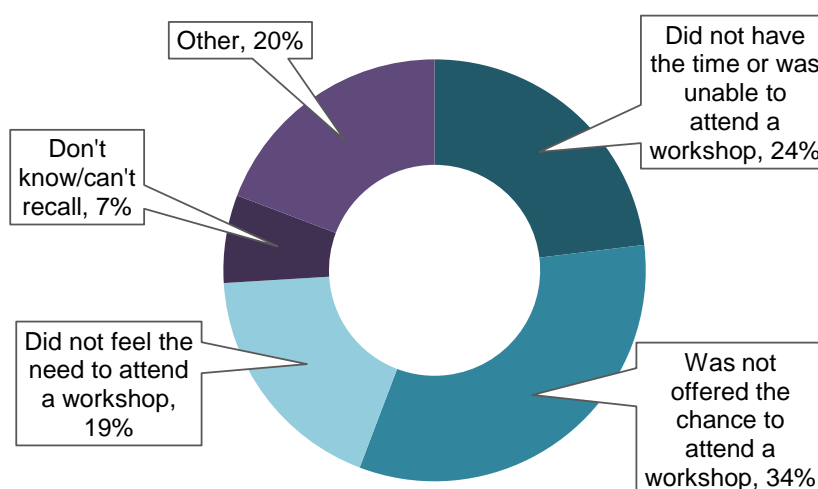
Figure 3-2: Hours of one-to-one support received by Business Advisor respondents (n=252)



Source: Participant Survey

- 3.27 By contrast, take-up of the business planning workshops across the evaluation period was lower than anticipated. Consistently across the consultation with partners, the workshop stage was the element of the RSI 'customer journey' which was deemed to have been less effective. The evaluation's participant survey indicated a take-up rate of 49% (i.e. 146 of the 300 participants surveyed attended a workshop), although there is the potential here for response bias, with those participants more engaged in the RSI process more likely to respond to the survey. The true take-up rate of the workshops for the participant population as a whole may be somewhat lower, perhaps around 35-40%.
- 3.28 Importantly, in contrast to the 'customer journey' in theory (where all participants are expected to be offered the chance to attend a workshop), the most common explanation for non-attendance amongst survey respondents was that they were not offered the chance to attend a workshop. The data are in Figure 3-3. Whilst there may be some memory decay here (i.e. participants were offered the chance to attend, but they had forgotten this by the time of the survey), this does appear quite high. The c.50 participants that stated they were not offered the chance to attend a workshop accounts for approximately 16% of the total survey cohort.
- 3.29 Interestingly, approaching a quarter of those participants surveyed that did not attend a workshop stated this was because they did not have the time, or were unable to do so. Further, one-fifth of respondents that did not attend a workshop (in aggregate terms, 27) indicated they 'did not feel the need' to attend a workshop, with a further 13 participants who provided an 'other' explanation saying they did not attend a workshop as they had received one-to-one support. Taken together, over a quarter of those that did not attend a workshop (28%, in aggregate 40 of the 143) did not feel the need. This relatively common explanation for non-attendance is noteworthy.

Figure 3-3: Participants' response to: 'Why did you not attend a business planning workshop event?' (n=143)¹⁰



Source: Participant Survey

- 3.30 These data suggest that the workshops could have been offered more consistently (as stipulated in the Operating Manual), and that the potential benefits of the workshop (including its role alongside other elements of the 'customer journey') could have been articulated more fully across the RSI delivery network. Workshop take-up may also be linked to the lead role played by Business Advisors in writing the business plan: greater emphasis on the participant leading on the business plan may have driven higher levels of engagement in workshop activity.
- 3.31 It is worth noting that take-up of workshops was consistent broadly across the five delivery regions (min= 42%, max= 51%), and not related to participant employment status (i.e. employed or unemployed) at the time of approaching RSI or previous experience of starting a business. However, within the participant survey cohort, take-up of the workshops was higher for those completing a business plan in 2013 (at 56%) than in 2014 (43%). This may suggest that promotion/access to the workshops was reduced in 2014 as RSI volume increased (see data in Section 4 on output volume).

Theme 4: The scope of RSI support

- 3.32 As discussed in Section 2, the stated overall objective of RSI was to increase the capability of participants to start and grow a business. However, the feedback from participants and Business Advisors is that over the evaluation period the support offered by RSI could have done more to deliver fully on this, particularly related to the 'growing' intent.
- 3.33 Two issues were identified by those engaged in the fieldwork. First, as RSI was focused principally on the business plan itself (consistent with its intent, and the business plan recognised by its delivery agency as the key focus of activity, as indicated in the Operating Manual), this left limited scope for the intervention to provide a broader range of explicit

¹⁰ 11 respondents didn't know/could not recall/refused to state whether they attended a workshop

support and advice on practically 'how to' start-up and run a business once a plan was in place. The long-run evaluation evidence on start-up activity is that such operational capability development is what those starting a business (mainly) for the first time frequently require. Whilst the process of engagement in the workshops and one-to-one support (where taken-up), the business plan sign-off session, and the business plan itself will have helped to provide insights into practical operational matters, the feedback from the evaluation was that more explicit support on starting-up a business, essentially ensuring that the business plan is effectively and fully utilised, would have been valuable. Example feedback from the evaluation's primary research related to this issue is set out below.

Example feedback regarding the scope of support through RSI

'Help in how to manage the business was what I felt I needed at the time, went back, needed more support with basic things, like keeping the books, tax, insurance, legal side just general business stuff ... they weren't able to advise or support me' (Participant)

'I've got a business plan but need to understand it, for them to go through it, what if I'm going ahead what to do, how to get started. I'm sure the business plan was very good but it didn't really mean anything to me' (Participant)

'The business plan was the end of the support offered. There was none afterwards and we did not know where to go after that. There needs to be more support after the business plan and direction towards experts in your field.' (Participant)

'There was no practical 'how to start and run a business' or 'how to implement the plan' mentoring and training and this was a big loss to the public.' (Advisor)

'Initial meetings and financial business planning are beneficial to the client however the focus of these meetings should be on providing business advice and clarification not just concentration on the development of a business plan. After the start-up period businesses often require additional support, at present the programme takes them up to completion of the business plan with no support thereafter, there should be post start mentoring offered as part of the programme.' (Advisor)

'Although clients get a good quality business plan they need information on various aspects of running a business and this has been requested by a number of clients who are totally new to self-employment.' (Advisor)

'The programme was essentially completing a business plan. In that case it was a good programme however I think it's important to note that providing someone with a just business plan sometimes isn't enough to help that person run a successful business without any training on marketing, sales, operations, legal issues, financial planning and bookkeeping etc.' (Advisor)

- 3.34 Second, and related to this, there was no formal process of follow-up or aftercare support that could help in ensuring that the business plan developed through RSI was being used appropriately, and to provide an on-going source of support and advice to new firms as they started and enter their first years of trading. Example feedback from the evaluation's primary research related to this issue is set out below.

Example feedback regarding follow-up or aftercare support

'Would have been nice to have some follow up support down the line ... or more support generally' (Participant)

'There was no follow up to it, I didn't get any feedback or any support. I'd expected someone to come back and give some mentoring support but there was just nothing.' (Participant)

I suppose I haven't heard anything since October 2014 - if they could make some kind of contact, any correspondence - email, phone call to see how I'm getting on' (Participant)

'It would be good to have a follow up check after six months to review progress and any changes.' (Participant)

'The follow up and support structure for those businesses who have started at a time when they are most vulnerable e.g. 8-12 months is not in place' (Advisor)

Where RSI did not work well was ... 'The lack of on-going support for clients. The programme offers nothing to individuals once sign off has been completed.'
(Advisor)

Improvement to RSI should include ... 'More time with the client pre-plan and during the initial few months of the business start. It is in these critical months that most mistakes will be made and we are well placed to help ensure the impact is minimised.'
(Advisor)

- 3.35 This feedback is consistent with the formal RSI model: it was not set up to provide wider practical business support for early-stage firms further to the development of the business plan (and the insight and guidance this provides on practical business activity), and no aftercare support was included in the agreed 'customer journey' contracted to Enterprise Northern Ireland.
- 3.36 However, if the stated objective to increase participant capability to start and grow a business is retained going forward, any future RSI-like intervention should assess formally the option of a more consistent and formal suite of broader business advice, potentially as part of a formal 'next steps' offer towards the end of the 'customer journey' to provide at least an overview of key business issues alongside the content of the business plan and advice provided in its development. It should also consider the provision of some form of light-touch aftercare support, budgets permitting, ensuring there is no duplication of efforts with those participants that go on to secure support from other public business support programmes.

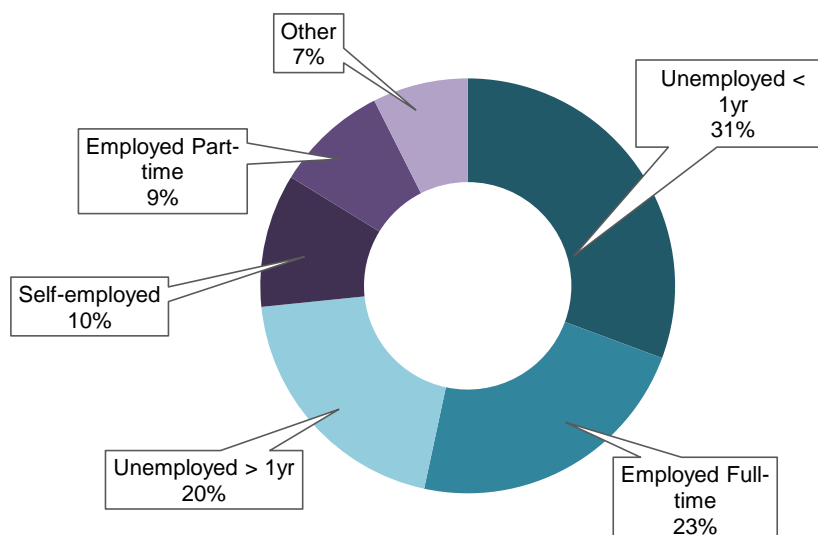
Characteristics of Participants

Economic Status

- 3.37 The economic status of participants in RSI that secured a BPA are set out in Figure 3-4. Over a half of participants were unemployed at the time of approaching RSI, including 20% that had been unemployed for over a year. Linked to this detailed classification is the broader NEET definition for Young People: in total, RSI supported over 1,000 young people classified as NEET, representing 12% of the total participants with a BPA over the evaluation period.

3.38 The data illustrate the role of RSI in providing an enterprise opportunity for those experiencing unemployment. However, the data also indicate that RSI supported individuals that were in employment, but seeking to do something else, consistent with the motivations for enterprise discussed in Section 2. Accordingly, the economic status of RSI participants was diverse.

Figure 3-4: Economic status at time of approaching RSI



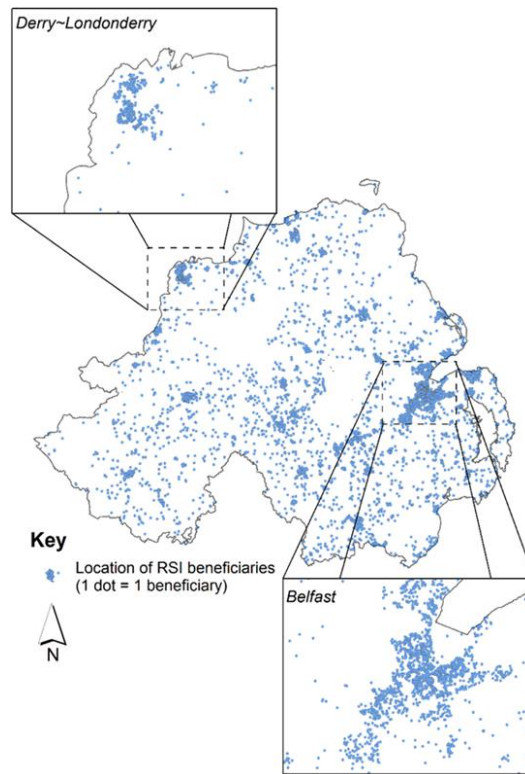
Source: Invest NI monitoring data

Location and deprivation

3.39 Data was also collected on the resident location of participants, indicating that 25% of the total participants (in aggregate approximately 2,100 people) with BPAs were resident in one of Northern Ireland's Neighbourhood Renewal Areas. Two further points are made regarding location:

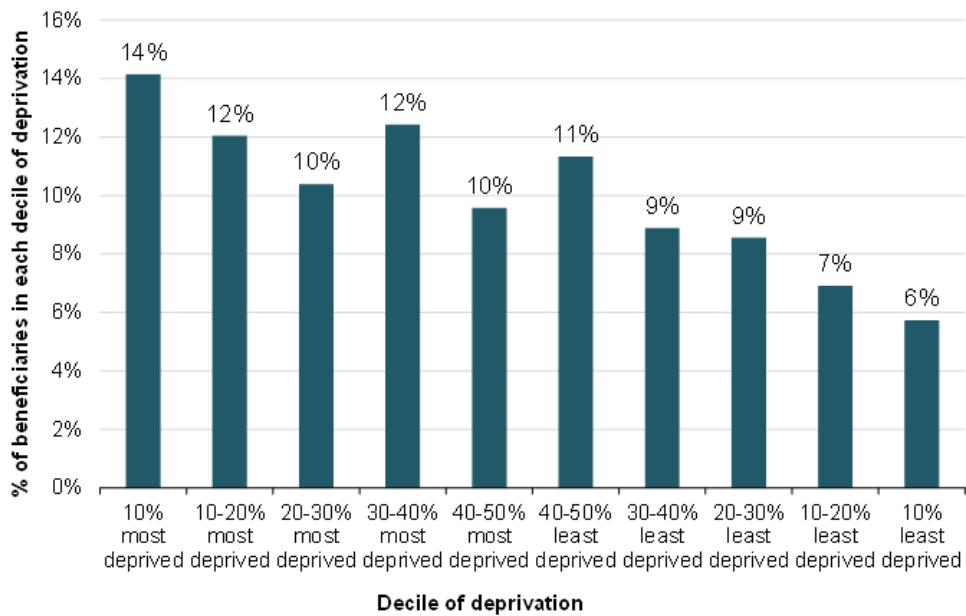
- Consistent with the pan-Northern Ireland remit of the intervention and delivery across the LEA areas, RSI supported individuals to develop business plans across all areas of Northern Ireland, although there were concentrations of support in major urban areas including Belfast and Derry/Londonderry (as would be expected given the population density and as centres of economic activity).
- Further to the headline NRA data, the detailed data indicate the extent to which RSI supported individuals from deprived communities, with 14% of participants with a completed business plan in the 10% most deprived areas across Northern Ireland, and 36% in the 30% most deprived areas: these data illustrate and validate the equity/distributional rationale discussed in Section 2.

Figure 3-5: Locating RSI participants with a BPA



Source: SQW analysis of monitoring data. Contains Ordnance Survey data © Crown Copyright and database rights (2015)
Licence number 100030994

Figure 3-6: RSI participants by decile of deprivation

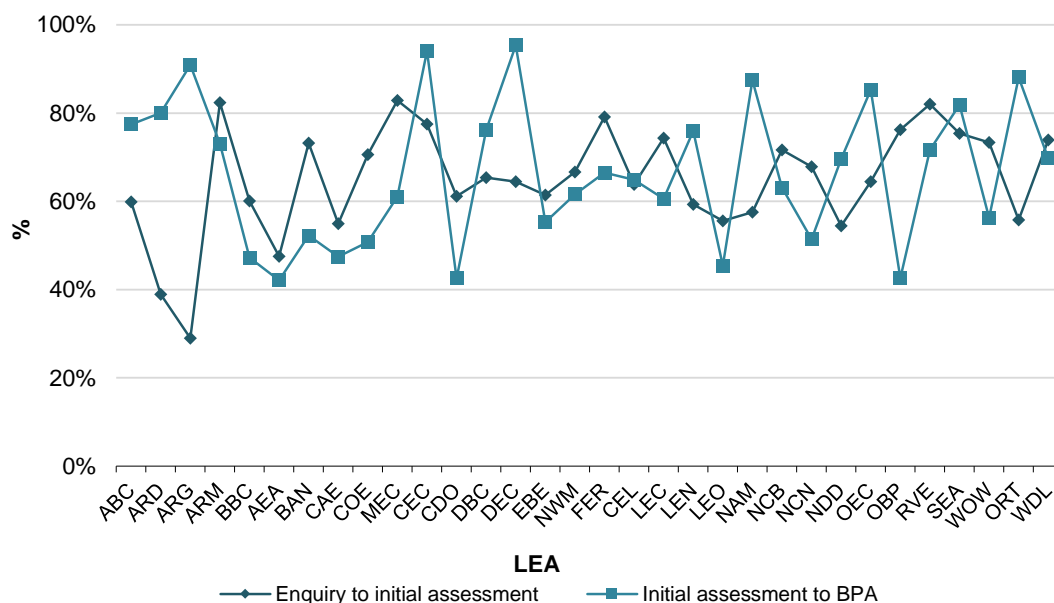


Source: Invest NI monitoring data and Northern Ireland Index of Multiple Deprivation

Conversion rates

- 3.40 Aggregate data on conversion rates through the customer journey from initial enquiry, through assessment and on to BPA have been provided to the evaluators by Enterprise NI. The data indicate that over the October 2012-May 2015 period (therefore including two additional months outside of the formal evaluation period) there were:
- c. 20,450 enquiries to RSI, which led to c. 13,500 initial assessment meetings, a conversion ratio from enquiry to assessment of 66%
 - the initial assessment meetings led to 8,802 BPAs, a conversion ratio from initial assessment to BPA of 65%.
- 3.41 The conversion ratios by LEA are set out in Figure 3-7. It is notable that the variation both *between* LEAs and *within* LEAs is significant. There is no common pattern, although some LEAs such as Armagh Business Centre, West Belfast Development Trust, and Cookstown Enterprise Centre perform well on both measures.
- 3.42 Given the volume of RSI it is not unexpected that there is some variation in conversion rates, and the enquiry to initial assessment conversion in particular will be driven largely by external factors (i.e. eligibility of those that approach the LEAs for support). However, whilst external factors will also inform the conversion rates between the initial assessment and BPA (such as the commitment of participants), these are likely to be consistent broadly across areas, and the variable conversion rate here is somewhat concerning. The data suggest scope to enhance systems and processes in implementation to ensure that eligible participants are progressed consistently through the 'customer journey': the need to promote consistency in conversion as far as practical is an important learning lesson for any future intervention.

Figure 3-7: Conversion rates across the LEAs¹¹



Source: Enterprise NI

Summary Conclusions

- Expenditure on RSI over the evaluation period (to March 2015) was c.£4.4m, within the budget agreed for the intervention. Delivery costs (i.e. the costs of delivering business plans) accounted for 64% of the total cost, with marketing at 28%, and Invest NI staff costs at 8%.
- Despite a consistent overall ‘customer journey’ containing four elements (initial assessment, workshop, one-to-one support, final meeting) the evidence from the evaluation is that the experience of RSI varied substantially across participants, owing to the optional nature of elements and tailoring of support by Business Advisors.
- The evidence suggests that generally the writing of the business plan was led by the relevant Business Advisor, rather than the participant. Around half of Business Advisors surveyed reported that participants were involved significantly in the development of the business plan, with a similar proportion indicating they had modest or limited engagement. It is positive that many participants were engaged significantly in the business plan (including many

¹¹ ABC - Acorn Business Centre Ltd; ARD - Ards Business Centre LTD; ARG - Argyle Business Centre Ltd; ARM - Armagh Business Centre Ltd; BBC - Ballymena Business Centre Ltd; AEA - Ballymena Business Centre Ltd (Antrim); BAN - Banbridge District Enterprises Ltd; CAE - Carrickfergus Enterprise Agency Ltd; COE - Causeway Enterprise Agency Ltd; MEC - Causeway Enterprise Agency Ltd (Moyle); CEC - Cookstown Enterprise Centre Ltd; CDO - Craigavon Industrial Development Organisation Ltd; DBC - Down Business Centre Ltd; DEC - Dungannon Enterprise Centre Ltd; EBE - Eat Belfast Enterprise Ltd; NWM - Enterprise North West Ltd; FER - Fermanagh Enterprise Ltd; CEL - Inspire Business Centre Ltd; LEC - Larne Enterprise Development Company Ltd; LEN - Larne Enterprise Development Company Ltd (Newtownabbey); LEO - Lisburn Enterprise Organisation Ltd; NAM - Newry & Mourne Enterprise Agency Ltd; NCB - North City Business Centre Ltd; NCN - North City Business Centre Ltd (Newtownabbey); NDD - North Down Development Organisation Ltd; OEC - Omagh Enterprise Company Ltd; OBP - Ormeau Enterprises Ltd; RVE - Roe Valley Enterprises Ltd; SEA - Stranbane Enterprise Agency Ltd; WOW - West Belfast Development Trust Ltd (Work West); ORT - West Belfast Enterprise Board Ltd (Ortus); WDL - Workspace (Enterprises) Ltd

that had not previously engaged in business start-up activity), but there does appear to have been scope to enhance participant leadership of the business planning process in order to deliver on the capability development intent of RSI.

- Take-up of the optional one-to-one business and financial planning support was high. By contrast, take-up of the optional business planning workshops across the evaluation period was lower than anticipated. The evaluation suggests that the workshop stage was the element of the RSI 'customer journey' which was deemed to have been least effective from a delivery perspective.
- The stated objective of RSI was to increase the capability of participants to start and grow a business, with business plan development the key route to delivering against this through the various elements of the customer journey. However, feedback from participants and advisors is that more ideally would have been done to provide support and advice on 'how to' practically start-up and run a business. Some form of aftercare/follow-up support was also regarded as an area where any similar future interventions could enhance the offer in order to promote business and personal development and growth, including to ensure that the business plan was being used appropriately.
- Over a half of participants were unemployed at the time of approaching RSI, and RSI supported over 1,000 young people classified as NEET, and many from deprived communities, with 36% of participants with BPAs in the 30% most deprived areas across Northern Ireland.
- Conversion rates from enquiry to initial assessment and on to BPA varied substantially across the LEA delivery network. A more consistent picture here would have been beneficial to ensure consistency of offer.

Recommendations

- R3. Any successor intervention should promote more fully, and consider making mandatory, the workshop events. This will be important in enabling the intervention to deliver broader capability development, and enabling participants to meet with and learn from others.
- R4. Any successor intervention should seek to enhance participant ownership and engagement in the business plan development process, to ensure that business plans are developed 'with', not 'for' participants.
- R5. Any successor intervention should consider formally the option of including some form of broader business advice (potentially as part of a 'next steps' offer towards the end of the 'customer journey' to provide at least an overview of key business issues) and some form of aftercare/follow-up activity (avoiding duplication for participants that have moved on to other forms of business support).

4. Gross Outputs and Outcomes

- 4.1 This Section turns to the gross outputs and outcomes of the RSI, including data on BPAs, personal development outcomes for participants, and business outcomes including business start-ups.

Coverage

- 4.2 The core outputs and outcomes covered in this sub-section are summarised in Table 4-1. These indicators are set out in turn in this Section.

Table 4-1: Outputs and outcomes

Category	Indicators	Source of evidence
Outputs	<ul style="list-style-type: none"> Business Plan Approvals (BPAs) 	Monitoring data
Personal development outcomes	<ul style="list-style-type: none"> Effect of RSI on business skills and knowledge, business confidence, personal confidence, and networking 	Participant survey
Business development outcomes	<ul style="list-style-type: none"> Business start-up Employment created Turnover generated 	Participant survey

Source: SQW

- 4.3 Business survival is also discussed (consistent with the requirements of the ITT). However it is worth noting that it is too soon to be clear on the potential survival rates of businesses started following support from RSI relative to the wider business base. As such, this is not identified a core metric for the purposes of this evaluation.

Outputs

- 4.4 Data on Business Plan Approvals (BPAs) were provided to the evaluators for the period from the launch of RSI through to the end of March 2015. By the end of March 2015, **RSI had led to the development of approximately 8,300 business plans** (in gross terms). Over 900 business plans were delivered in each delivery region. Positively, RSI was on course to deliver against its total lifetime target of 9,900 BPAs.

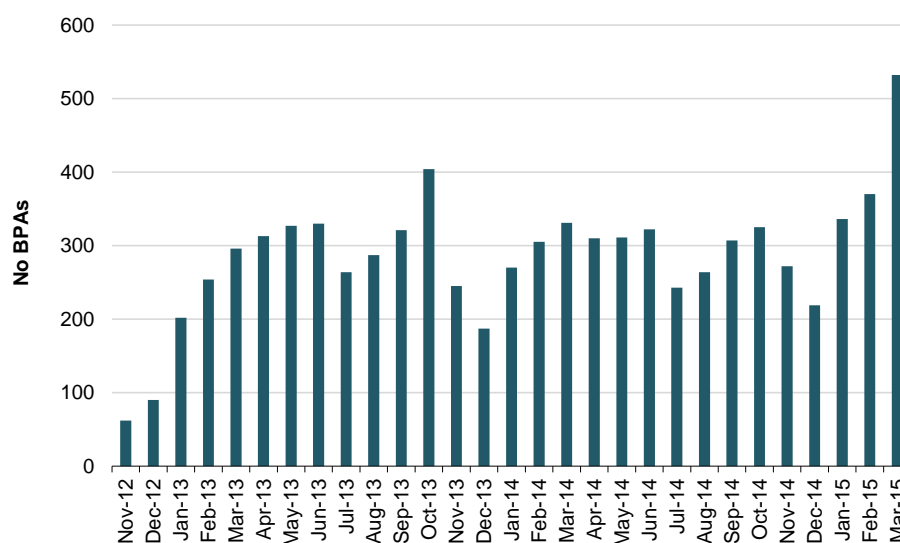
Table 4-2: Number of BPAs by delivery region (November 2012-March 2015)

Delivery region	Number of BPAs	% of BPAs
Eastern	2,535	31%
North East	978	12%
North West	1,368	16%
Southern	1,618	19%
Western	1,800	22%
Total	8,299	100%

Source: Invest NI monitoring data

- 4.5 The flow of BPAs over the course of the evaluation period is set out at Figure 4-1.

Figure 4-1: Number of BPAs by month (November 2012-March 2015)



Source: Invest NI monitoring data

- 4.6 As evident from the Figure, RSI got off to a ‘slow start’ in November and December 2012, during which time the volume of activity was low and there were quality issues regarding the business plans.¹² Action was taken by Invest NI to address underperformance, with formal letters of concern written to Enterprise NI. The ‘slow start’ reflected both the generally expected run-in period associated with a new intervention, and the drop-off in demand over the period during which there was no RSI or equivalent programme (with Invest NI operating an ‘interim service’ following the closure of the EDP in 2011). However, following this initial period volume picked up steadily over 2013, with the programme reaching a ‘steady state’ of business plan approvals by mid-2013.
- 4.7 From January 2013 onwards, RSI delivered on average approximately 300 BPAs per month, with fluctuations around holiday periods (as would be expected). The high number of BPAs in March 2015 is notable; consultations suggest this was driven by the end-date for the eligibility for Jobs Fund grants for specific cohorts identified above (with grants not available to those in NRA areas or NEETs after March 2015).

Personal Development Outcomes

- 4.8 All 300 RSI participants surveyed were asked to identify whether (and to what extent) engagement in RSI had led to a range of personal development outcomes, notwithstanding whether the business plan had led to a start-up. The personal development outcomes covered were business skills and knowledge, business confidence, personal confidence, and links/networks with other entrepreneurs and business support professionals.
- 4.9 The overall findings are set out in Table 4-3. The messages are positive broadly, with over a third of respondents agreeing strongly that RSI improved their business skills and knowledge, and a similar proportion agreeing strongly that it improved their business confidence. Effects on personal confidence and the establishment of links/networks with others were more

¹² Internal Review of the Regional Start Initiative, Version 1.0 October 2013

modest, as indicated by the lower ‘net positive’ proportion (that is those that agreed minus those that disagreed), particularly in the case of the establishment of links/networks with others.

Table 4-3: Personal development outcomes of engagement in RSI: Response to ‘To what extent do you agree or disagree with the following statements about the outcomes of the RSI support’ (n=300)

	It improved my business skills and knowledge	It improved my business confidence	It improved my personal confidence	It helped establish links and networks with other entrepreneurs and business support professionals
Agree strongly	36%	35%	24%	24%
Agree	45%	43%	43%	31%
Neither agree nor disagree	8%	6%	12%	11%
Disagree	6%	11%	17%	22%
Disagree strongly	4%	4%	3%	10%
Don't know/can't recall	1%	1%	1%	2%
<i>Net positive (agree-disagree)</i>	71%	63%	47%	23%

Source: Participant Survey

Personal Development Outcomes by take-up of optional elements

- 4.10 The workshop and one-to-one business planning support were optional elements of the RSI ‘customer journey’. However, the participant survey suggests that where participants attended a workshop, and/or where participants received over three hours of support, the self-reported effects on personal development outcomes were more pronounced.
- 4.11 The data for workshop attendance and hours of support are set out respectively in the two tables below. Note that **Bold** indicates that the proportion of participants agreeing with the statement for one group is significantly higher (at the 95% confidence level) than the other group. Significant effects are evident for business skills and business confidence across both analyses, and on linkages/networks for the workshop (this would be expected given the opportunity the workshops afford to meet other individuals also looking to start-up a business).

Table 4-4: Qualitative outcomes of engagement in RSI by attendance at workshops (Did not attend workshop n=143, Attended workshop n=146)

Outcome	Workshop status	Agree	Neutral	Disagree
It improved my business skills and knowledge	Did <i>not</i> attend workshop	73%	10%	15%
	Attended workshop	89%	5%	5%
It improved my business confidence	Did <i>not</i> attend workshop	73%	8%	18%
	Attended workshop	84%	5%	11%
It improved my personal confidence	Did <i>not</i> attend workshop	64%	11%	23%
	Attended workshop	70%	12%	18%

Outcome	Workshop status	Agree	Neutral	Disagree
It helped establish links and networks etc.	Did <i>not</i> attend workshop	43%	13%	42%
	Attended workshop	67%	10%	23%

Source: Participant Survey

Table 4-5: Qualitative outcomes of engagement in RSI by scale of one-to-one support (Over 3 hours n=106), Under 3 hours n=135)

Outcome	Hours of support	Agree	Neutral	Disagree
It improved my business skills and knowledge	Over 3 hours support	91%	6%	4%
	Under 3 hours support	75%	10%	15%
It improved my business confidence	Over 3 hours support	89%	6%	6%
	Under 3 hours support	70%	8%	21%
It improved my personal confidence	Over 3 hours support	73%	16%	11%
	Under 3 hours support	61%	13%	26%
It helped establish links and networks etc.	Over 3 hours support	60%	11%	28%
	Under 3 hours support	52%	11%	35%

Source: Participant Survey

- 4.12 These findings are not unexpected, and there is some risk of selection bias: it may be that participants receiving less one-to-one support did not need it, and that those taking up workshops needed support more (take-up was higher among those unemployed at the time of approaching RSI). However, the data do suggest that, at least for some participants, attendance at a workshop and the scale of one-to-one support is an important factor in enabling RSI to generate personal development benefits. This evidence should be considered by any future RSI-like intervention.
- 4.13 Further, the feedback from Business Advisors – who worked with the wider participant cohort than those surveyed – was broadly consistent with these participant data. As shown in Table 4-6, as perceived by Business Advisors, improvements in business skills and knowledge was the most commonly identified outcome, with improvements in business networks and connecting more limited. This is also consistent with the findings set out in Section 3 regarding the breadth of the support offered through RSI.

Table 4-6: Business Advisor responses to: ‘To what extent do you agree that RSI has delivered the following benefits for its participants?’ (n=42)

	To a large extent	To a moderate extent	To a small extent	Not at all	Don't know
Improved the business skills and knowledge of participants	16	17	8	1	-
Improved the business confidence of participants	12	23	7	-	-
Improved the personal confidence of participants	14	18	6	1	2
Improved the business networks and connections of participants	6	17	15	4	-

Source: Business Advisor survey

Business Development Outcomes

Business start-up

- 4.14 The business start-up rate¹³ across the 300 participants surveyed was 69%; put another way, 208 of the 300 surveyed participants stated they had started-up their business following support from RSI. As shown in Table 4-7, start-up rates were consistent in terms of previous experience of start-up, attendance at a workshop, and scale of one-to-one support.
- 4.15 However, the start-up rate was higher significantly for participants that were employed at the time they approached RSI compared to those that were unemployed. This is not unexpected given that this group may be more able to access finance and bring more experience in business issues than those who are unemployed. However, the data suggest it is the characteristics of the participant, rather than the specific nature of support provided, that is a key determinant in start-up post-RSI (but not, as discussed above for broader personal development outcomes, where the nature of the support plays a more prominent role).

Table 4-7: Start-up rate by cross-tabs

Cross-tab	Group	Start-up rate
Experience of start-up	No previous experience of start-up (n=229)	69%
	Previous experience of start-up (n=71)	72%
Attendance at workshop	Attended workshop (n=146)	71%
	Did not attend workshop (n=143)	67%
Hours of one-to-one support	Under 3 hours (n=135)	70%
	Over 3 hours (n=106)	75%
Employment status	Employed (n=114)	78%
	Unemployed (n=160)	64%

Source: Participant Survey

- 4.16 The overall start-up rate of 69% is consistent broadly, though somewhat above, earlier evidence from Invest NI of a start-up rate of 61% from a survey of over 900 participants with BPAs in 2014.¹⁴
- 4.17 This is likely to reflect the longer time-frame involved rather than a substantive change in the performance of the intervention. As shown in Table 4-8, our survey indicated that the average time between BPA and start-up was five months, although this varied from zero months (i.e. starting-up in the same month as the BPA) to over two years in some cases.
- 4.18 Note that these data exclude participants that identified their business start-up as prior to the BPA date (n=32): in most cases this was a modest issue, with the business start-up (that is when they incurred expenditure or received income) a few months prior to the date of the BPA – given the non-linear nature of the start-up process, this is not unreasonable.

¹³ Defined as incurring expenditure on, or receiving income from, the business

¹⁴ Internal review of the Regional Start Initiative, Version 3.0 June 2014

Table 4-8: Time taken to start-up, post RSI BPA (n=167)¹⁵

	Number	Proportion
Over 12 months	17	10%
Six to 12 months	42	25%
Two to five months	59	35%
One month	25	15%
No months	24	14%

Source: Participant Survey

- 4.19 For those participants that had not started-up at the time of the survey (n=92), a majority (62%) stated that they still intended to start-up in the future, most commonly in the next six months. As such, the start-up rate for RSI may well be higher in time than the 69% identified by the survey, although there is likely to be some optimism bias in play here which should be guarded for.

The nature of business start-ups

- 4.20 As shown in Table 4-9, businesses started-up by RSI participants are largely operating in sectors with largely local customers such as Wholesale and Retail, Accommodation and Food Services, and 'Other' services¹⁶. However, the data also indicate the range of firms that RSI is helping to create, including those trading in professional/technical industries and ICT.

Table 4-9: Sectors of businesses started-up by RSI participants

Sector	Number
Wholesale and retail trade; repair of motor vehicles and motorcycles	33
Other service activities	30
Professional, scientific and technical activities	23
Manufacturing	19
Construction	18
Arts, entertainment and recreation	17
Accommodation and food service activities	13
Information and communication	13
Human health and social work activities	13
Administrative and support service activities	12
Transportation and storage	8
Agriculture, forestry and fishing	4
Education	3
Financial and insurance activities	2

Source: Participant Survey

¹⁵ As noted above 32 respondents identified their business start-up as prior to the BPA date; a further nine respondents were not able to provide a date for start-up.

¹⁶ A category that includes repair of computers and personal and household goods and a variety of personal service activities such as hairdressing, beauty treatments, and per care services

Employment Created

- 4.21 There are two routes for employment outcomes for RSI:
- Employment of the participant in the business started following RSI support, referred to below and subsequently in this report as 'direct employment'.
 - Employment of other individuals in the business started following RSI support, referred to below and subsequently in this report as 'indirect employment'.
- 4.22 Invest NI's funding for RSI was based on evidence from KPMG on the predecessor 'Enterprise Development Programmes, Start-Up Strand' that each start-up led to 1.13 Full Time Equivalent (FTE) gross jobs, including both direct and indirect employment.¹⁷ The methodology for this metric was reviewed part of this evaluation and appears sound. Two points are made:
- The methodology did not take into account issues of attribution of the intervention, where other business support activity may also have played a role in delivering the outcomes (this issue is discussed more fully in the next Section).
 - The research was based on an early stage in the lifetime of supported firms (as the report acknowledges explicitly), with over half of the firms on which the metric was based trading for less than a year, and many of these for a matter of months only.
- 4.23 Given that the firms from our survey were generally further on in their development (with average trading period of 14 months, and under half trading for less than a year), the gross employment effects would be expected to be more pronounced, although this may be counterbalanced by allowance for attribution (which is discussed in the next Section).

Direct Employment

- 4.24 Consistent with the KPMG methodology, direct employment is based on assuming one FTE for those participants that stated they work full-time on the business started-up following RSI, and 0.5 FTEs that stated they work part time in the business. Of the 208 business started-up post-RSI, 189 were still trading by the time of the survey (discussed in more detail below), with the majority (127) stating that they work full-time, and the minority (61) part-time.¹⁸
- 4.25 Converting this data to FTEs provides an aggregate direct employment in businesses started-up post-RSI from the survey cohort of 300 of 157.5 jobs at the point of the survey (not taking into account attribution effects arising from other supports).

Indirect Employment

- 4.26 The majority of business started-up post-RSI by survey participants did not at the time of the survey employ staff other than themselves: just 16% of the 189 businesses still trading reported employing other staff, with 82% stating they did not (one respondent stated they did not know). This is important: while it is possible that more business will take on other staff,

¹⁷ *Research into the Emerging Impacts of the Start-Up Strand*, October 2010, KPMG

¹⁸ Note that one respondent stated 'Don't Know' when asked if they worked Full or Part time. For the purposes of this assessment, the evaluators have assumed they work part-time

in reality RSI has supported many individuals into self-employment, care must therefore be taken in assessing the Value for Money of the ‘businesses created’ through RSI.

- 4.27 Again assuming one FTE for full-time staff and 0.5 FTEs for part-time staff, in total the indirect employment supported in the 31 businesses where other staff were employed was 73 jobs (of which approaching two-thirds were full time).

Total Employment

- 4.28 Taken together, the survey data indicates that the 189 businesses created through RSI and still trading were supporting 231 FTEs, equivalent to 1.22 FTEs per business. This is broadly in line with the 1.13 metric derived from the previous research. However, it is worth noting that these data are sensitive to a small number of responses on indirect employment. For example, if one participant reporting 12 full-time indirect employees is excluded from the analysis the average employees per business reduces to 1.16, essentially the same as the earlier estimate.
- 4.29 The key message is that in terms of scale of magnitude of the (gross) employment effects of RSI, the evidence collected for this evaluation is consistent broadly with the previous evidence.

Turnover Generated

- 4.30 For those participants with trading firms at the point of the survey (n=189), data on turnover was sought covering, where relevant, achieved turnover generated in the 2013/14 and 2014/15 financial years, expected turnover in the (current) 2015/16 financial year, and forecast turnover for the 2016/17 financial year¹⁹.
- 4.31 The key findings on turnover for each year (prior to any adjustment for attribution, additionality and optimism bias) are set out in Table 4-10. By the current financial year, the firms started-up by RSI participants surveyed reported aggregate turnover of approximately £5.5m, with an average turnover of approaching £30,000. Aggregate forecast turnover for the next year was approximately £8m, with an average turnover of £43,000.

Table 4-10: Aggregate and average turnover from businesses trading at the survey (n=188)²⁰

	2013/14 FY	2014/15 FY	2015/16 FY	2016/17 FY
Aggregate turnover	1,008	2,367	5,545	8,019
Trading firms	74	167	188	188
Average turnover	13.6	14.2	29.5	42.7

Source: Participant Survey

- 4.32 The average current turnover by cross-tabs are set out in Table 4-11. It is evident that turnover does not vary by take-up of optional elements of RSI. However, the average stated

¹⁹ Where specific data were not able to be provided ranges were used, with the mid-point in the ranges used to estimate gross turnover. Where respondents stated ‘Don’t Know’ to banded turnover (in the relevant years) a median value for turnover in that year from across the survey cohort was used as a proxy (the number of respondents where the median value was used was as follows: 2013/14, 27; 2014/15, 54; 2015/16, 67; 2016/17, 88).

²⁰ Data from one firm has been removed as an outlier. This firm reported gross aggregate turnover over the four years of £2 million, nearly double the next largest participant. The data for this firm have been included in the final impact assessment set out in Section 6; however, it has not been included in the scaling-up of survey results to the population of participants as a whole.

turnover was higher for those participants that were in employment at the point of approaching RSI (that may be expected), and for those that did *not* have previous experience of starting-up a business. This latter finding is noteworthy: while it may reflect stronger performance among firms started by this group, it may also suggest that those individuals with previous experience are more realistic and/or better able to assess accurately likely turnover (leading to lower overall results).

Table 4-11: Average current turnover of trading businesses by cross-tabs

Cross-tab	Group	Av. turnover (£k)
Experience of start-up	No previous experience of start-up (n=146)	31.4
	Previous experience of start-up (n=42)	22.8
Attendance at workshop	Attended workshop (n=94)	28.2
	Did not attend workshop (n=86)	32.2
Hours of one-to-one support	Under 3 hours (n=88)	26.4
	Over 3 hours (n=70)	33.4
Employment status	Employed (n=84)	40.2
	Unemployed (n=91)	16.9

Source: Participant Survey Note: data excludes other/don't know

Other Outcomes

4.33 Five further points are made regarding outcomes of RSI:

- Business survival:** as noted, 189 of the 208 businesses started-up by the survey cohort were still trading at the time of the survey, indicating overall a 91% survival rate at this point. The survival rate for those firms started-up in 2013/14 was 89%, in line with the average 1-year business survival rate across Northern Ireland of 90%. This is an encouraging sign; however, it remains yet too early to provide a robust assessment of the survival rates of firms supported by RSI.
- Referrals to other Invest NI supports:** one of the objectives of RSI was to provide a flow of new clients to the Invest NI client bank, with a target established for 50 each year. Monitoring data provided to the evaluators indicate that this target was met in the first two years, with 112 referrals as potential clients to Invest NI delivered by April 2015, of which 35 have subsequently received investment from other Invest NI supports, worth in total some c.£580k, with an average per firm of £16.5k (the maximum value was c.£70k, with 4 firms securing investment from Invest NI of over £40k accounting for 41% of the total). The total investment costs for these projects was c.£3m. The most common intervention providing support (on 20 occasions) was the Growth Acceleration Programme, with a range of other supports including the Technical Development Incentive, Export Start, and Propel. Consultations with Invest NI suggest this is a significant achievement for RSI, and the first time that an intervention such as RSI has delivered successfully on providing a volume of potential client firms. Consultations with Invest NI Client Executives identified the value of RSI as a potential source of clients, although in many cases they were regarded as '*not ready*' to be client firms (with export potential an important factor here) and required

further development (as evidenced by just 35 of the 112 referrals securing other Invest NI support).

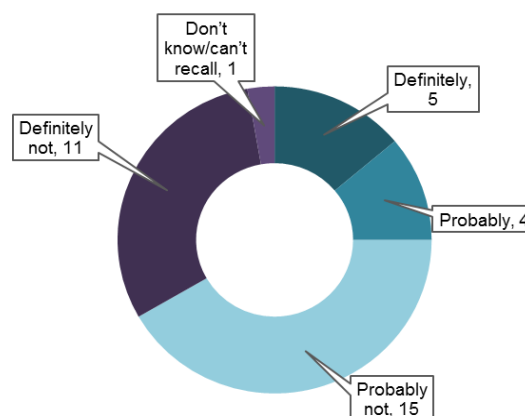
- It is important that contact is maintained with the 'other' 77 as they develop and become (potentially) 'ready' to received Invest NI supports in the next few years. Ensuring that this feedstock of potential demand for Invest NI supports is maintained post-October 2015 with any equivalent future interventions will also be important.
- Note that RSI has also played a significant role in providing sign-ups for the nibusinessinfo website; consultations with Invest NI indicate that RSI was responsible for a high proportion of all sign-ups to the site over the evaluation period.
- **Accessing finance:** the participant survey provides evidence of RSI signposting to, and facilitating the securing of, external finance to start and develop a business. In practice, the business plan has not generally been used to secure finance (at least at this stage), with self-finance being the most common method of financing start-up for participants (with own savings used by 71% of those that had started-up a business), with modest use of other external sources of finance.

This said, of the survey participants that had secured other forms of start-up finance (n=66), over half (55%) reported they had been sign-posted to this finance by RSI. Further, of this sign-posted group (n=36), a majority (n=26) stated they would 'definitely' or 'probably' not have secured this finance without RSI, as opposite.²¹

Whilst the scale of signposting is modest (with the 26 participants indicating RSI helped secure finance representing 12.5% of all those who started-up a business, and 9% of the survey sample), in individual cases this is likely to have been very important. Scaling-up this to the population provides an indicative total of approximately 750 individuals helped by RSI to secure finance to start-up a business²².

- **Generating demand for enterprise interventions:** RSI also provided a source of demand for other business support interventions, notably the Start-Up Loans programme (with consultations indicating that RSI leads have formed significant proportion of all Start-Up Loans applications and awards in Northern Ireland), and

Figure 4-2: response to ' Overall, do you think you would have secured this finance without support from RSI (n=36)



Source: Participant Survey

²¹ This included all forms of funding including public and private sector, The most common sources of funding identified were bank loans, and public sector grants; this will include grants from Invest NI and potentially grants through the Jobs Fund.

²² Derived by applying 9% of the survey maple to the total number of Business Plan Approvals (i.e. 8,299 * 9%)

enterprise development and wider business support programmes operated at a local level by Councils. Invest NI Client Executives noted that RSI participants referred to them are regularly signposted to Councils to provide further support as a first step to becoming potentially a client managed firm.

- **Constructive challenge to business viability:** Business Advisors were asked to identify wider outcomes of RSI, including individuals that did not start a business. The key theme was the role that RSI plays in assessing the validity of business ideas, and through constructive challenge ensuring that businesses which have little chance of survival are halted. Whilst this may not initially appear as a positive outcome, this may be preventing individuals from investing additional time and resources in ideas or concepts that do not have commercial potential.

Summary Conclusions

- By March 2015, RSI had led to the development of approximately 8,300 business plans (gross), with at least 1,000 business plans approved in each of the programme's five delivery regions. The intervention was well on course to meet its overall delivery target.
- In terms of Personal Development Outcomes, the findings are broadly positive: over a third of respondents agreed strongly that RSI improved their business skills and knowledge, and a similar proportion that it improved their business confidence. Effects on personal confidence and the establishment of links/networks with others were more modest.
- Where participants attended a workshop, and/or where participants received over three hours of one-to-one financial and business planning support, the self-reported effects on Personal Development Outcomes were higher.
- The business start-up rate across the 300 participants with an approved BPA was 69%. For those participants that had not started-up at the time of the survey, over half stated that they still intended to start-up in the future, most commonly in the next six months.
- The 189 businesses created through RSI (and still trading) supported 231 FTEs, equivalent to 1.22 FTEs per business. This is in line with the 1.13 FTE metric derived from the previous research.
- In the current financial year, firms started by RSI participants in the evaluation's survey reported aggregate turnover of c. £5.5m; equivalent to an average turnover per reporting firm of c. £30,000. Forecast turnover for next year was c. £8m, with an average turnover of c. £43,000. Average stated turnover was higher for those participants that were in employment at the point of approaching RSI, and those did *not* have previous experience of starting-up a business, the latter probably reflecting more realistic forecasts based on experience.

Recommendations

- R6. Contact should be maintained with all those individuals/firms referred on as part of RSI, including those that have yet to receive support. Referral routes to Invest NI supports should be retained in successor interventions.
- R7. Sign-up to nibusinessinfo should be retained in any successor interventions given the important role RSI has played in driving sign-ups to the site.
- R8. Invest NI should consider rolling-out the integration of nibusinessinfo 'customer journey' to other relevant business support interventions as practiced through RSI.

5. Assessment of Attribution and Additionality

- 5.1 With the *gross* outputs and outcomes established, it is now necessary to consider the attribution and additionality of RSI, and so inform a subsequent assessment of *net* impacts and Value for Money.

Attribution

- 5.2 Attribution refers to the extent to which other business support activity may have led to the delivery of outputs and outcomes claimed by an intervention. In the case of RSI this means, for example, that as well as receiving support from RSI to develop a business plan a participant also received non-financial mentoring/advice from other sources before, alongside, or after RSI. In these cases, it may have been that this other support, not RSI, was causal (in full or part) on start-up and business growth.²³
- 5.3 Classically, attribution is identified by gathering data on the scale of investment provided by all relevant publicly-funded business support interventions, with the proportion of outputs/outcomes ascribed to each intervention being based on their share of expenditure inputs e.g. if RSI equated to 50% of the public expenditure provided, it could claim 50% of the gross outputs/outcomes. However, given the range of potential interventions adjacent and related to RSI (both within Invest NI, and delivered by other organisations) this was not viable for this evaluation. To provide evidence on attribution, the evaluators have therefore used self-reported data from the participant survey on the nature of other supports (both from public sector sources and others), and its relationship with, and importance relative to, RSI.

Receipt of other supports

- 5.4 The majority of participants surveyed stated that they did *not* receive any other support to help them to start-up/develop the business for which a business plan was developed through RSI: 78% did not receive other support, 20% did (with 2% uncertain). As such, the overall attribution of RSI to the outputs and outcomes identified is, based on these self-reported data, high.
- 5.5 For those participants that *did* receive other supports (n=61), these came from a wide range of sources including accountants/Business Advisors/banks, Job Centre, informal networks (family/friends) and, importantly from the taxpayer's perspective, a number of public programme/organisations including Invest NI, Enterprise NI, and Councils. These supports were received most commonly after RSI (in 31 cases), but also regularly alongside RSI (in 23 cases).

Importance of other supports

- 5.6 The key question that follows is whether these other supports were more, or less, causal than RSI in the start-up/development of the business. For those individuals that received other

²³ Note that attribution covers non-financial support only, it does not include start-up finance, with finance issues discussed separately in the report (see Para 4.33 above).

supports and had started-up their business by the time of the survey (n=48)²⁴, 21 stated that this other support had ‘About the same importance’ as RSI in the start-up of the business; 19 that this other support was ‘More important’ than RSI in the start-up of the business; and seven that this other support was ‘Less important’ than RSI in the start-up of the business.

- 5.7 Taken together with the wider data, the evidence therefore suggest that while most participants did not receive other support (and, therefore, the attribution of RSI overall to the outputs/outcomes identified was high), where other support was received RSI’s attribution was more modest.
- 5.8 One further point is important. While the findings are not significant statistically, the survey data suggest that the start-up rate for participants that received other supports may be higher than those not doing so. Specifically, 79% of participants receiving other supports started a business (in aggregate 48 of the 61), compared to 67% starting-up among those that did not received other supports (157 of 233). This is not unexpected, with more support and advice potentially leading to ‘better’ outcomes for participants. However, it does emphasise the potential benefits of ensuring that RSI (or any future similar intervention) has in place appropriate processes to sign-post on participants to other sources of relevant advice and support. The data are summarised in the table below.

Table 5-1: Start-up rate and other support

	Number	Proportion
<i>Participants receiving other support (n=61)</i>		
Started-up	48	79%
Not started-up	13	21%
<i>Participants not receiving other support (n=233)</i>		
Started-up	157	67%
Not started-up	76	33%

Source: Participant Survey and SQW analysis Note: Six participants did not know if they received other support

Quantifying attribution

- 5.9 Quantifying attribution is challenging. As noted above it, was not viable to collect data on expenditures made by other support regimes, be these cash or in kind. However, to provide an indication of the potential effects of attribution, for those participants that started-up and had reported the receipt of other supports, the gross outcome data on turnover and employment in started-up business provided by each relevant participant have been adjusted as follows:

- Other support more important than RSI: RSI = 25% causality on outcomes
- Other support about the same importance/don’t know: RSI = 50% causality on outcomes
- Other support less important than RSI: RSI = 75% causality on outcomes

²⁴ Note one respondent did not know how important the other support was relative to RSI

- 5.10 The gross data on turnover and employment, adjusting for attribution using these metrics, are set out in Table 5-2. Accounting for attribution, the turnover generated by surveyed participants created through RSI reduces by around 10%, and by 12% for employment.

Table 5-2: Total and attributable turnover and employment from surveyed participants

	Total (£k)	Attributable (£k)	Attributable as % total
Past turnover	3,375	3,022	90%
Current turnover	5,545	4,876	88%
Future turnover	8,019	7,231	90%
Total turnover	16,939	15,130	89%
Employment	231	203	88%

Source: Participant Survey and SQW analysis

- 5.11 These post-attribution data should be treated as ‘best estimates’, given the varied way in which other supports will influence start-up, and the need to apply broad metrics for levels of attribution. Further, it is worth noting that the attribution adjustment takes into account all forms of non-financial other support, including from informal networks and the private sector. This wider support does not claim routinely outputs, however, it is important to account for all those wider factors that have contributed to business start-up and development in addition to RSI. The data presented below on impact cover both the ‘total’ and estimated ‘attributable’ effects of RSI.

Additionality

Purpose and Approach

- 5.12 Evidencing the additionality of an intervention, to move from ‘gross to net’ outputs/outcomes, is core to robust evaluation. Within the timing/budget for this study, the approach is based on self-reported data from surveyed participants. Two perspectives on additionality are presented:

- **Output Additionality**, focused on whether the business plan developed through RSI would have been developed without the intervention
- **Outcome Additionality**, focused on whether the businesses that subsequently started, and the turnover and employment that it generated, would have been developed without the intervention.

- 5.13 These two measures of additionality are related. To prevent any double-counting of deadweight effects, the overall impact assessment is based on the outcome additionality findings, where the ‘gross’ outcome data presented in Section 4 are converted to ‘net’ based on the outcome additionality evidence, drawn from the participant survey.

Output additionality

- 5.14 Evidence on output additionality is available for all 300 surveyed participants with a Business Plan Approval through RSI. As shown in Table 5-3 approaching two-thirds of survey respondents stated they would not have produced a business plan without RSI (split broadly

evenly between ‘definitely not’ and ‘probably not’). The survey indicates that full output deadweight is evident for around one-in-ten business (that is the 11% that would ‘definitely’ have produced a business plan without RSI).

Table 5-3: Response to ‘Do you think you would have produced a business plan if you had not received RSI support?’

Response	Proportion (n=300)
Definitely not	29%
Probably not	34%
Probably	23%
Definitely	11%
Don't know/can't recall	3%

Source: Participant Survey

- 5.15 For those participants that identified the business plan would have been developed without RSI (Definitely or Probably, n=104), RSI led to improvements in quality of the business plan developed (for 63% of this group), and enabled the business plan to be produced sooner (59%), although the scale of timing effects were modest, most commonly up to six months.
- 5.16 Based on these survey data, it is possible to estimate the number of ‘net additional’ business plans developed by RSI, the number of ‘better’ business plans’, and the number of ‘quicker’ business plans (note the latter two groups are not mutually exclusive) over the evaluation period. These data are summarised in Table 5-4. The data suggest around 3,800 net additional business plans were developed through RSI, with a further around 1,500 ‘better’ business plans, and around 1,400 ‘quicker’ business plans.

Table 5-4: Indicative assessment of net outputs

	Proportion of survey cohort (n=300)	Scaled-up to BPA population (n=8299)	Notes
Net additional plans	46%	3,804	For participants that responded they would ‘definitely not’ have developed a business plan, a factor of 1 was applied (assumed to represent a full net business plan). For participants that responded they would ‘probably not’ have developed a business plan, a factor of 0.5 was applied, assumed to represent half of a net business plan. Taken together, 29% + 34%*0.5 = 46%.
Better plans	18%	1,494	The number of participants that identified their business plan would have been lower quality without RSI (n=66) minus those participants that identified the business plan would have been better quality without RSI (n=12), divided by the survey sample of 300
Quicker plans	17%	1,383	The number of participants that identified their business plan would have been completed later without RSI (n=61), minus those participants that identified the business plan would have been completed earlier without RSI (n=11) – therefore accounting for the potential delays as a result of RSI and providing the total number where the

Proportion of survey cohort (n=300)	Scaled-up to BPA population (n=8299)	Notes
		business plan was accelerates – divided by the survey sample of 300

Source: SQW based on participant survey and RSI monitoring data

- 5.17 Taken together, the survey evidence suggest that around half of the business plans developed by RSI were additional (i.e. 46% of participants responded they would ‘definitely not’ have developed a business plan without RSI). Arguably this suggests a need to assess rigorously at the outset the need for support from RSI. This is not easy to do: for example, output additionality was consistent across those participants who had/had not previously started a business, and by employment status, and there is likely to be a high degree of optimism bias at play in participants’ responses – reality invariably proves harder in practice than in thought. Further, the evidence does point to additionality in terms of the timing and quality of business plan: in the absence of RSI, business plans would have been delayed, and for many the quality would have been lower.
- 5.18 However, it may be appropriate for any future RSI-like intervention to contact a representative sample of those individuals that approached the programme, but did not progress to BPA stage, to understand more fully the level of additionality in the business plan process. If the findings of this evaluation are borne out (i.e. that many did go on to write a business plan in any case without RSI), then a more rigorous initial assessment may be appropriate subsequently to drive-down deadweight in the core business plan output.

Outcome additionality

- 5.19 Outcome additionality tests whether the businesses started-up by participants of RSI would have occurred in any case without RSI (deadweight), and whether the outcomes for participants may have occurred at the expense of other firms not involved in RSI (displacement effects)²⁵. As such, outcome additionality is relevant only for those participants that started a business (n=208).
- 5.20 The findings on self-reported additionality are set out below. To begin with, the frequencies of outcome additionality reported from the survey (covering deadweight) are presented. The discussion then moves on to work through additionality ratios for each survey respondent, with these firm-level net outcome data used subsequently in the next Section to scale-up to the participant population as a whole.

Frequencies

- 5.21 The main source of evidence of self-reported additionality was feedback from participants on whether the business would have been started without RSI. The overall findings on this core additionality issue are set out in Table 5-5.

²⁵ Leakage and substitution are not relevant for RSI.

Table 5-5: Outcome additionality: response to ‘In your view, without your involvement with RSI, which of the following would have happened?’ (n=208)²⁶

Response	Proportion
The business would not have been started at all	16%
The business would have started but at a later date	35%
The business would have started but on a smaller scale	7%
The business would have started but it would have been of lower quality	24%
The business would have started-up at the same time, scale and quality	23%
Don't know	4%

Source: Participant Survey

5.22 As indicated above, full self-reported deadweight was quite high, with 23% of survey respondents indicating that the business would have been started-up at the same time, scale and quality without RSI. By contrast, 16% of respondents reported full self-reported additionality.

5.23 As is typical with public sector interventions such as RSI (and consistent with the project additionality data above), a high proportion of respondents reported ‘partial’ additionality, notably in terms of timing and quality. Looking at these effects in more detail:

- **On timing:** of the participants identifying timing additionality (n=72), over two-thirds (67%) stated that the business would have been delayed by up to six months without RSI, with a further 21% identifying a delay of 7-12 months. These may be important acceleration effects for the individuals concerned (enabling them to access markets, and create employment opportunities, more quickly), but in the wider scheme the overall economic benefits of these timing effects (recognising the sorts of business concerned) is very modest.
- **On quality:** where quality additionality was identified (n=49), respondents were asked to provide a narrative description of how this additionality was realised. Common themes included that the start-up would have lacked relevant IT, financial and business knowledge without RSI, and that business disciplines and structures would have been less evident and embedded.

5.24 Taken together, these frequency data suggest that the outcome additionality of RSI is modest potentially, with a high level of self-reported deadweight, and limited benefits in terms of timing effects. This context is important in framing the quantitative messages set out below.

Respondent-level

5.25 Additionality ratios were calculated for each respondent to the participant survey. The step-by-step process for deriving the participant-level additionality ratios is set out in Annex C.

5.26 Two ratios were identified for each respondent: one ratio based on self-reported deadweight only (Ratio A), and one ratio including self-reported deadweight *and* displacement effects (Ratio B). Note that the allowance for displacement included in Ratio B has been derived using Invest NI’s preferred approach (agreed with DETI) – the approach to assessing deadweight is

²⁶ Multiple responses were allowed for timing, scale and quality additionality

discussed from 5.29 below. A sensitivity analysis using a revised set of assumptions of levels of displacement (but applying the same overall logic for clarity) is set out in Annex B for comparison purposes.

- 5.27 Consistent with the findings introduced above, respondent-level additionality values varied markedly from under 10% through to 100%, or full additionality. The average (mean) ratio across the survey cohort was 0.37 for Ratio A and 0.23 for Ratio B. The average ratios taking into account different characteristics and take-up of optimal elements of support are set out in Table 5-6.

Table 5-6: Additionality ratios by characteristics and take-up of support elements

Category	Ratio A (Self-reported deadweight only)	Ratio B (Self- reported deadweight and allowance for displacement)
Total (n=208)	0.37	0.23
No previous experience of start-up (n=156)	0.38	0.24
Previous experience of start-up (n=51)	0.32	0.18
Attended workshop (n=104)	0.41	0.25
Did not attend workshop (n=96)	0.31	0.21
Under 3 hours support (n=95)	0.36	0.20
Over 3 hours support (n=79)	0.43	0.29
Unemployed (n=102)	0.40	0.24
Employed (n=89)	0.33	0.21

Source: Participant Survey and SQW analysis

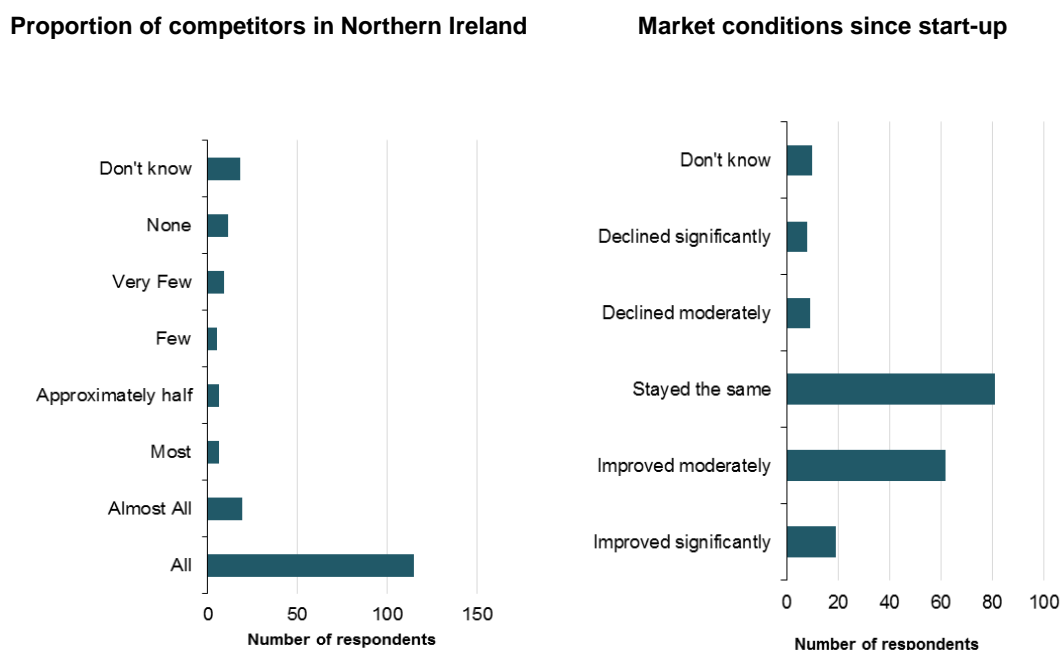
- 5.28 The findings are consistent across the cross-tabulations, with no significant differences. However, additionality does appear to be somewhat higher for those individuals that received more one-to-one support from RSI and attended a workshop. These respondent-level additionality ratios are used in the next Section to identify the overall impact and Value for Money of RSI.

Displacement

- 5.29 Displacement assesses the extent to which the benefits of an intervention among the target group takes away benefits from non-participants – in the case of RSI displacement would occur where the businesses created through RSI take market share away from existing non-participating business. For this evaluation, evidence on displacement is based on self-reported information from participants on the location of their competitors and participant perceptions of market conditions (using Invest NI's preferred approach).
- 5.30 Displacement is higher the more localised the markets and sectors in which businesses operate. As such, and recognising the nature of RSI-enabled starts discussed above, the potential for displacement to be high for RSI is significant.
- 5.31 Two survey questions were used to identify displacement: the proportion of competitors that firms compete with on a day to day basis in Northern Ireland, and perceptions of market

conditions. The findings from the survey are set out in Figure 5-1. It is notable that 115 of the 189 trading firms (61%) stated that all of their competitors were based in Northern Ireland, suggesting high displacement for RSI. However, this is offset to some extent by broadly positive feedback on market conditions, with most reporting that conditions had stayed the same or improved since they started-up.

Figure 5-1: Findings to inform the displacement analysis



Source: Participant Survey

5.32 Participant-level displacement values have been derived based on the relationship of each respondent to these two issues with the matrix provided by Invest NI, re-presented in Table 5-7. Where, for example, a survey respondent stated that all of the competitors were in Northern Ireland and their market had declined significantly since start-up, a displacement factor of 95% was applied (i.e. 5% non-displacement). By contrast, if the respondent stated that market conditions had improved (but with all competitors still in Northern Ireland), a displacement factor of 50% was used. The assumptions for all competitors in Northern Ireland are important for this analysis as the most common responses across the survey cohort were 'Stayed the same, and All in NI' (n=52), and Improved moderately and All in NI (n=37).

Table 5-7: Displacement Matrix, and associated factors

Market conditions since start-up	Proportion of competitors in Northern Ireland							
	All	Almost All	Most	Approx half	Few	Very Few	None	Don't know
Declined Significantly	95.0%	85.5%	67.0%	48.0%	29.0%	10.0%	0.0%	50.0%
Declined Moderately	72.5%	65.3%	51.1%	36.6%	22.1%	7.6%	0.0%	50.0%
Stayed the Same	50.0%	45.0%	35.3%	25.3%	15.3%	5.3%	0.0%	50.0%

Market conditions since start-up	Proportion of competitors in Northern Ireland							
	All	Almost All	Most	Approx half	Few	Very Few	None	Don't know
Improved Moderately	27.5%	24.8%	19.4%	13.9%	8.4%	2.9%	0.0%	50.0%
Improved Significantly	5.0%	4.5%	3.5%	2.5%	1.5%	0.5%	0.0%	50.0%
Don't know	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%

Source: Invest NI

- 5.33 Applying the matrix and its factors, the average non-displacement rate across the survey cohort was 64% i.e. displacement of 36%. This rate was consistent across the cross-tabulations.
- 5.34 A sensitivity analysis on the displacement values was also undertaken, using a more 'challenging' set of assumptions than those in the matrix at Table 5-7: for example, assuming 50% displacement for firms with all of their competitions in Northern Ireland but that identified that market conditions had improved significantly since start-up (for details see Annex B). Applying this more challenging set of displacement assumption, the average non-displacement rate across the survey cohort was 32% i.e. displacement of 68%.

Summary on Additionality

- 5.35 In summarising the additionality findings across both output and outcome categories, the following points are made:
- **Positively, the self-reported analysis suggests that RSI has delivered additionality.** Business plans have been developed, and business have been created that otherwise would not have been without RSI, with benefits both for the participant and the wider economy in Northern Ireland. This is a positive and encouraging finding, especially given the challenging economic and enterprise backdrop within which RSI was conceived and implemented.
 - **However, in headline terms, the level of additionality generated by RSI can be characterised as 'modest'**, and arguably has not presented as consistently and fully as would be generally expected from interventions using public monies. Notably, approximately a quarter of participants that started-up a business following support from RSI said they would have done this in any event (with no adverse effect). Whilst there is evidence of timing effects, these are generally modest, most commonly bringing forward outputs and outcomes by no more than a year.
 - **The effects of quality additionality are likely to be key to the long-term impacts of RSI.** Quality additionality was prominent for both output and outcome additionality, meaning (in headline terms) that RSI has made the business plans and businesses 'better' than they otherwise would have been. Whilst there may be short-term effects here (for example, helping to access finance and/or increase turnover), the longer-term effects may be business with better footings, greater clarity and definition on intended growth paths and, in the round, enhanced survival rates.

- **Related to this, the evaluation's evidence suggests that the additionality of RSI is most pronounced in terms of business plans relative to business start-ups.** Put another way, the key value-adding element of RSI is to ensure that more individuals starting-up across Northern Ireland have a business plan, or that they have a better business plan, rather than in creating new firms more broadly. This is consistent with the overall objectives of the intervention, and strengthens the case made in Section 2 to ensure that the emphasis of objectives and intents for any future RSI-like interventions should be to emphasise business capability (rather than direct business creation).

Summary Conclusions

- Over three-quarters of participants surveyed stated that they did not receive any other support to help them to start-up/develop the business for which a business plan was developed through RSI.
- Where other support was received, RSI's attribution was modest, with around half stating that this other support was 'more important' than RSI in the start-up of the business. Whilst the findings are not significant statistically, there is some evidence that the start-up rate for participants that received other support was higher than those that did not. Quantitatively, accounting for attribution means the overall turnover and employment generated by firms created through RSI reduces by around 10-12%.
- In terms of output additionality (i.e. business plan completion) approaching two-thirds of survey respondents stated they would not have produced a business plan without RSI. For participants that identified the business plan would have been developed, RSI led to improvements in quality, and enabled it to be produced sooner, for over half of the survey cohort, although the scale of timing effects were modest (commonly up to six months).
- Quantitatively, the analysis suggests that c.3,800 net additional business plans were developed through RSI, with a further c.1,500 'better' business plans, and c.1,400 'quicker' business plans.
- In terms of outcome additionality (i.e. businesses started), full self-reported deadweight was quite high, with approaching a quarter of survey respondents indicating that the business would have been started-up at the same time, scale and quality without RSI.
- Additionality ratios aggregated across the participant survey were 0.37 for self-reported deadweight (i.e. 37% additionality) and 0.23 for self-reported deadweight and displacement (i.e. 23% additionality), with displacement driven by the local markets (with local competitors) within which most RSI starts were operating.
- While the analysis suggests that RSI has delivered additionality, in headline terms the level of additionality can be characterised as 'modest'.
- The effects of quality additionality are likely to be key to the long-term impacts of RSI, and the additionality of RSI is more pronounced in terms of business

plans than in terms of business start-ups. The key value-add of RSI was ensuring that more individuals starting-up in Northern Ireland had a business plan (or a better one), not in creating directly new firms. This is consistent with the intervention's overall objective, and strengthens the case to emphasise objectives on business capability rather than business creation.

Recommendations

- R9. Future interventions should seek to contact a representative sample of individuals that engaged with the intervention but did not secure a business plan to provide evidence on output additionality at a sensible interim point in delivery (e.g. at interim evaluation stage) in order to inform whether a more rigorous initial assessment may be appropriate subsequently to drive-down deadweight in the core business plan output.
- R10. Invest NI should ensure that the issue of attribution to Invest NI support is factored-in fully to appraisal and investment decisions in enterprise interventions, reflecting the varied range of support offered to individuals looking to start-up a business.
- R11. Any future intervention should seek to drive-out non-additionality and ensure a tight focus on those that need support in the development of a business plan: the implementation of a capability framework (see R12 later) will contribute to this.

6. Impact and Value for Money

- 6.1 With the outputs, outcomes, attribution, and additionality of RSI established, this Section provides a resulting assessment on impact and Value for Money.

Impact Assessment – Broad Approach

- 6.2 The impact assessment set out below focuses on the quantitative net effects of RSI in terms of: net business start-ups, net employment, and net turnover, subsequently converted to net Gross Value Added (GVA). The wider effects of RSI – on confidence, skills, and access to finance assessed in the previous Section – are accounted for in the broader assessment of Value for Money towards the end of the Chapter.
- 6.3 The approach is based on scaling-up the findings from the participant survey to the participant population as a whole. The participant survey cohort is representative of the population in terms of location and employment status (see Annex A). So, this scaling-up approach can be undertaken with confidence that the survey results are representative of the wider population of individuals that secured a business plan through RSI.

Net business start-ups

- 6.4 Net business start-ups are estimated by applying the findings from the participant survey on the additionality of business start-up to the RSI population as a whole, including accounting for attribution and additionality. Note that for business created, the additionality data used are only ‘full’ additionality i.e. that the business would not have started-up without RSI²⁷. Displacement is also not considered here: the fact that a business has started-up through RSI does not directly mean another business closes (although its market share may reduce market share elsewhere, which again is captured in the derivation of turnover and GVA effects).
- 6.5 The data are presented below, including and excluding allowances for attribution. The analysis suggests that RSI led to between 878 and 941 business created (including and excluding attribution respectively), with a **mid-point of c. 910 net businesses created**.

Table 6-1: Net businesses created impact

	Businesses created – total	Businesses created – attributable
Survey data – gross	208	181
Survey data – net	34.0	31.8
Survey data - number of BPAs	300	300
Net business per BPA	0.113	0.106
BPAs	8,299	
Total businesses created impact	941	878

Source: Participant Survey and SQW analysis

²⁷ Whilst timing, quality and scale effects are important in business performance/survival, they do not alter whether the business would have been created. Timing, quality and scale are reflected in the net employment, turnover and GVA data

Net employment

- 6.6 The estimated net employment effects of RSI, taking into account additionality (using participant-level additionality ratios including displacement, applied to the gross direct and indirect employment numbers) and attribution, are set out in Table 6-2. The analysis suggests that the current net employment effects of RSI are between approximately 1,350 and 1,500 Full Time Equivalent jobs (FTEs), with **a mid-point of approximately 1,460 net FTEs created.**

Table 6-2: Net employment impact

	Employment created (FTEs)– total	Employment created (FTEs) – attributable
Survey data – gross	231	203
Survey data – net	56	49
Survey data - number of BPAs	300	300
Net business per BPA	0.19	0.16
BPAs		8,299
Total employment impact	1,558	1,364

Source: Participant Survey and SQW analysis

Net turnover and GVA

Turnover

- 6.7 The data on businesses started and employment created cover the impact of RSI to date. Turnover effects also include achieved turnover (based on turnover generated in the FY2013/14 and FY2014/15, where relevant), and also takes in estimates for turnover in the current financial year (FY2015/16) and the next financial year (FY2016/17). Note that the turnover data relate only to those participants that had started-up a business that was still trading by the time of the survey, it does not account for turnover generated by participants who may go on to start-up a business in the future.
- 6.8 To assess the net turnover impact of RSI, the gross turnover data have been converted to net by applying the participant-level additionality ratios including displacement. Three further adjustments have been made:
- **Optimism Bias:** this has been accounted for in turnover data for the current and next financial years, to reflect the uncertainty and potential for participants to over-estimate the potential performance of their business. A 10% factor has been applied for the data for the current financial year (i.e. 90% of the stated turnover is actually achieved), and a 20% has been applied to the data for the next financial year (i.e. 80% of the stated turnover is achieved)²⁸.

²⁸ Guidance on optimism bias is available mainly in the field of regeneration rather than enterprise support. Evidence from the RDAs in England with respect to outputs suggested optimism bias of around 20%; this has been used as the starting point for the next financial year, and reduced for the data for the current year

- **Business survival:** not all of the business trading at the point of the survey will still be trading by FY 2016/17. To account for this, the evaluators have utilised the latest data on two-year business survival rates for Northern Ireland as the most appropriate proxy for future survival rates (82%²⁹), with 82% of the turnover forecast for the next financial year (after accounting for optimism bias) therefore being included.
- **Discounting:** the turnover data for the next financial year (FY2016/17) have been discounted using the Treasury's Standard 3.5% discount rate.

6.9 The results of the analyses (including, and excluding, attribution) are set out below. The analysis suggests that the total turnover contribution of RSI activity in the evaluation period was between approximately £64m and £71.5m, with a mid-point of approximately £67.5m. Including the outlier who reported gross turnover of around £2m (and net of £1.2m) increases the mid-point value to approximately £69m.

Table 6-3: Net turnover impact (£k)

	Turnover – total	Turnover – attributable
Survey data – gross	14,780	13,196
Survey data – net	2,585	2,302
Survey data - number of BPAs	300	300
Net T/O per BPA	8.62	7.67
BPAs		8,299
Total T/O impact	71,518	63,693
Total T/O impact + outlier	72,693	64,869

Source: Participant Survey and SQW analysis

6.10 These data include forecast turnover for the next financial year only (FY2016/17). It is expected that many businesses will survive into future years, however, the survival rates are uncertain, and it is not possible to estimate with certainty the performance of firms over the long-term term. Further, the level of attribution to RSI will diminish over time as other factors shape increasingly business performance. As such, whilst the turnover data may underestimate the longer-term turnover effects of RSI-supported businesses, a robust longer-term assessment is not viable.

6.11 The data (excluding the outlier) for achieved (turnover generated in the FY2013/14 and FY2014/15) and expected (turnover expected for the current financial year FY2015/16 and the next financial year FY2016/17) are set out below. Around one-quarter of the estimated net turnover impact has been achieved, with around three quarters expected in this/next year.

Table 6-4: Achieved and expected net turnover impact

	Turnover – total (£k)	Turnover – attributable (£k)	Turnover - total %	Turnover - attributable %
Achieved	19,298	17,177	27%	27%
Expected	52,220	46,517	73%	73%

Source: Participant Survey and SQW analysis

²⁹ ONS, Business Demography, 2013

GVA

- 6.12 The GVA impact of RSI is based on the reported net turnover effects, adjusted for the conversion of turnover-to-GVA. The latest data from ONS indicate that GVA averaged 26% of turnover for sectors relevant to RSI businesses: 26% has therefore been used to convert the turnover data into GVA³⁰.
- 6.13 The findings of the analysis, again total and taking into account attribution, are set out in Table 6-5. The analysis indicates a **net GVA contribution of RSI (derived from business turnover), of between £17m and £19m, with a mid-point of £18m.**

Table 6-5: Net GVA impact

	GVA – total (£k)	GVA – attributable (£k)
Net turnover	72,693	64,869
GVA ratio		26%
Net GVA	18,997	16,952

Source: SQW analysis

- 6.14 The net GVA (excluding the outlier) by achieved and expected classes is set out in Table 6-6 below.

Table 6-6: Achieved and expected net GVA impact

	GVA – total (£k)	GVA – attributable (£k)
Achieved	5,043	4,489
Expected	13,646	12,156

Source: SQW analysis

Value for Money

- 6.15 Value for Money (VfM) is a key consideration for evaluation studies, because it establishes the relationship between the inputs made, and the economic returns secured. The evaluation's Terms of Reference required two forms of VfM assessment:
- An assessment of Economy, Efficiency, and Effectiveness. Respectively, these are (i) the extent to which project outcomes have been achieved for the minimum cost input (ii) the costs with which outputs/outcomes (gross and/or net) have been delivered (routinely presented as 'Cost per XX'), and (iii) the extent to which the objectives defined for the intervention at the outset have been realised in practice, and will be sustained in the future.
 - An overall assessment of Return on Investment (RoI), which compares the total inputs in financial terms to the quantified impacts generated.

³⁰ Annual Business Survey, UK Business Economy (Sections A-S) By Country And Region, 2008-2011, Release Date 25/07/2013. To derive the 26% value the ONS data was weighted by the proportion of RSI businesses with an average then taken across the sectors.

Reflective assessment of Economy, Efficiency, and Effectiveness

Economy

- 6.16 Economy assesses the extent to which project activity has been delivered at the minimum cost to the public purse. In considering the Economy of RSI over the evaluation period, three points are noted:
- Through a competitive tendering exercise, Invest NI secured delivery of RSI at an economical cost to the public purse, albeit using a well-established and pan-Northern Ireland delivery network that could leverage its existing contacts and expertise to deliver at volume.
 - The scale of the expenditure at around £4.4m seems reasonable for an intervention that has worked with and provided support to over 8,000 individuals across Northern Ireland.
 - The costs of marketing and programme management are quite high, together accounting for over a third (36%) of the cost of RSI. While effective marketing is important, and the scale of the intervention required substantial management time, there may have been scope to minimise costs here, particularly on marketing given the existing profile and recognition of the Go For It branding from the precursor intervention used to promote RSI given strong name-recognition. As discussed in more detail in the next sub-section, significant management time (and resource) was devoted to quality vouching by Invest NI and manual data input of information from Enterprise NI; with hindsight, a more economical approach may potentially have been possible.
- 6.17 Taken in the round and recognising the scale of the activity delivered, the level of inputs appears to have been reasonable. On this basis, **the Economy of RSI is judged as sound.**

Efficiency

- 6.18 Efficiency represents a cost with which net outputs and outcomes are being achieved. In the context of this evaluation, the key metric refers to the cost per net business created, and the cost per net job created (with the comparison of GVA to inputs covered in Return on Investment).
- 6.19 As set out above, completed projects generated an estimated 878 net businesses created and 1,364 net FTEs created (both using RSI-attributed data). This provides 'core per' metrics of £5,000 per net business created, and £3,200 per net job created.
- 6.20 These data are positive compared to benchmarks. Whilst there are no direct comparators for RSI (with most enterprise support programmes where evaluation evidence is available including some form of direct financial support, and limited robust impact evaluation evidence available), a range of benchmarks have been identified, with the key findings summarised in Table 6-7.

Table 6-7: Benchmarks for net output costs

Programme	Overview	Cost per business created	Cost per job created
Start Your Own Business Supports 2004/10 (Republic of Ireland) ³¹	Provision of direct financial and soft support to new and existing enterprises and promotion of entrepreneurship by City and County Enterprise Boards (CEBs) across the Republic of Ireland over 2004/10	-	£4,606
Enterprise START 1 Programme (Republic of Ireland) ³²	Provision of training and business advice to potential entrepreneurs to assist them in developing their business idea into a tangible business plan in the Republic of Ireland	£6,530	-
Start-Up Loans programme (UK wide) ³³	Provision of pre-application business support, a business loan, and mentoring to individuals seeking to start-up a business across the UK (data for support in the 2013/14 financial year only)		£4,050 (gross data)
Local Enterprise growth Initiative programme (England) ³⁴	Programme of a wide range of enterprise activity including support for new business start-ups across deprived communities in England	£7,000	-

Source: Various (see links below)

- 6.21 Overall, both in absolute terms, and relative to the benchmarks, the **evaluation concludes that the Efficiency of RSI is positive**. However, it should be noted that the business created ‘cost per’ data should be treated with some caution: as discussed above, the majority of businesses created by RSI participants remain single-employee ventures, with the clear risk of them operating as self-employment firms rather than businesses that grow to support more employees. The cost per business data are therefore indicative only.

Effectiveness

- 6.22 Effectiveness represents the extent to which the stated objectives of an intervention are being achieved through the outputs and outcomes that it is generating. As noted in Section 2, RSI had an overall objective (to ‘*increase participants’ capability to start and grow a business through their ability to develop a quality business plan*’) and a set of six more specific objectives, although in some cases these were not as SMART (and therefore not able to be tested formally) as they should have been.
- 6.23 The Table below sets out an assessment of the performance of RSI against these objectives at this stage. Overall, the findings are positive. That said, the employment (and to a lesser extent turnover) outcomes rely on the achievement of expected benefits that have not yet been realised, and will regularly require further investment by the participant. There is, therefore, clear uncertainty around these specific objectives being realised.

³¹ http://www.forfas.ie/media/17042014-Enterprise_Evaluation_of_Start-Ups_and_Entrepreneurship-Publication.pdf
Note: data on costs has been converted to Sterling using a 1.2 conversion ratio

³² [ibid](#) Note: data on costs has been converted to Sterling using a 1.2 conversion ratio, with the cost compared to the reported 44 firms created (see p58 of the report)

³³ <http://www.startuploans.co.uk/wp-content/uploads/2014/12/ANNUAL-IMPACT-REPORT-FY-2013-20141.pdf>

³⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6289/1794470.pdf

Table 6-8: Progress against targets for the 2012/15 programme period

Objective	Achieved	Comment on performance
To raise the overall number and quality of business starts pa in Northern Ireland	(✓)	RSI has led to the creation of additionality businesses, however it is not possible to attribute directly any changes in the business start-up rate to RSI, and no measure of 'quality' was identified.
To deliver an accessible programme that delivers on Invest NI's equality and diversity agenda (including NEETs individuals and individuals living in Neighbourhood Renewal Areas)	✓	RSI has delivered support to participants from across Northern Ireland, including from NRA and NEETs, with data collected on these issues in line with Invest NI policy
To provide a flow of new clients to the Invest NI client bank	✓	RSI has successfully provided over 100 leads for Invest NI, with 35 securing other supports. This is recognised as a major achievement for the RSI intervention by Invest NI
To effectively signpost all new business starts that do not have the (immediate) potential to become an Invest NI client to the 'existing business' support offerings available in the marketplace, and particularly those offered by the local councils	(✓)	Evidence from the survey of sign-posting, however, these data were not collected centrally, meaning it is not possible to be definitive on whether this happened in all cases, including to local councils.
To provide innovative advisory and training support to individuals/business at the start-up stage	✗	No evidence has been identified in the evaluation that the support offered to participants was particularly innovative in nature. However, no definition was identified at the outset to enable performance to be assessed explicitly.
To ensure the full integration of Invest NI's www.nibusinessinfo.co.uk online support into the programme offering.	✓	Sign-up to the site was a core element of the 'customer journey'. Consultations indicate this was not undertaken in all cases, however, the integration between the two interventions appears to have worked well, with RSI playing a key role as a source of sign-ups to www.nibusinessinfo.co.uk , with over 6,300 RSI participants signed up to the site over the October 2012-May 2015 period.

Source: SQW and Invest NI

6.24 More broadly, following points are made regarding Effectiveness:

- The programme has contributed directly, and clearly, to departmental and wider policy agendas, including the relevant Corporate Plans of DETI and Invest NI. RSI has also delivered directly against the targets established for the Jobs Fund through BPAs associated with NEETS and participants from NRA areas – with over 1,000 BPAs for NEETs and over 2,000 in NRAs.
- RSI has delivered personal development outcomes for participants, particularly for those who took-up the optional elements of the 'customer journey'. These business skills and confidence benefits may appear to be secondary compared to business plans and start-ups in quantitative terms, but for the longer-term they will be important in supporting business quality, growth, and survival.

6.25 Notwithstanding these positive and encouraging points, three caveats are provided:

- The evaluation suggests that there was scope for driving-up and designing-in greater additionality in delivery. Whilst displacement issues are tricky to address for an intervention focused on supporting start-ups (when the export potential may not be understood fully), and especially for a cohort in and around unemployment, the level of additionality before displacement is taken into account was around 40% with evidence that many individuals would have taken forward their business without RSI, albeit potentially without a business plan. If additionality had been higher, the net effects would have been greater, and potentially delivery would have been 'freed-up' to enable either a greater focus on capability development (see below), or further support to individuals where additionality would have been more pronounced.
- While there are some encouraging findings related to personal development outcomes (with over 80% of surveyed respondents indicating that RSI had improved their business skills and knowledge), the level of capability development does not appear as pronounced as the objectives of the intervention would imply, with most business plans written 'for' rather than 'by' participants, modest take-up in workshop activities, and consistent feedback from both advisors and participants that a broader range of practical business advice would have been helpful. Practically, 'participant capability' to start and grow a business was also not defined at the outset, so whether this has been achieved is open to question. Whilst RSI did deliver on its specific intent to deliver BPAs, its wider effectiveness may have been reduced as a result.
- Linked to the point above, the evaluation suggests that RSI should (and could through consistent sign-posting) have promoted the workshops element of the 'customer journey' more fully, providing participants with the ability to engage with others going through the same process. Indeed, there is evidence from other entrepreneurship programmes that the opportunity to meet and engage with other entrepreneurs can be a key element in supporting business growth³⁵.

6.26 As such, taken together, **the evaluation offers a 'conditioned positive' assessment regarding the Effectiveness of RSI.**

Return on Investment

6.27 Finally, in terms of Value for Money, is the consideration of Return on Investment (RoI). As set out above, the estimated GVA impact of RSI is estimated at between £17m to £19m, (including, and excluding, attribution). The GVA impact is compared to the total cost of delivering RSI over the evaluation period in Table 6-9, including for achieved only and achieved and expected GVA. The Return on Investment is positive, with between 3.9 and 4.3 of GVA impact generated for every £1 of investment by Invest NI including both achieved and expected GVA.

³⁵ For example see Section 3 of a report on the Goldman Sachs 10,000 Small Businesses programme here: www.goldmansachs.com/citizenship/10000-small-businesses/UK/news-and-events/10ksb-uk-progress-report-PDF.pdf

Table 6-9: Return on Investment (based on self-reported analysis)

Factor	Total	Attributable
Net GVA: achieved	5,043	4,489
Net GVA: achieved + expected (£k)	18,997	16,952
Cost (£k)	4,375	
Return on Investment: achieved	1.15	1.03
Return on Investment: achieved + expected (£k)	4.34	3.87

Source: SQW analysis

- 6.28 However, it is worth reflecting on the fact that around three-quarters of this GVA is expected rather than achieved, meaning the RoI remains at this point somewhat uncertain: as shown in the Table, the for achieved GVA only (total) is 1.15:1. However, given the early-stage nature of the firms supported this is as would be expected and the overall RoI metric including both achieved and expected GVA is the most appropriate measure of value for money. Further, the data are sensitive to displacement assumptions; a more intervention-specific set of estimates for RSI (reflecting the nature of the businesses created by the programme) on displacement reduces the RoI to around two to one, still positive, but more modest (see Annex B for more details).
- 6.29 Nevertheless, with a 'positive' Return on Investment value in both displacement cases, the Northern Ireland economy secured more benefit from RSI than the costs of its inputs. Given the nature of the intervention (where economic returns are uncertain, and the volume nature of its delivery), and the challenging enterprise context, this is an encouraging evaluation finding. That said, it is important to note that these data are dependent heavily on anticipated future turnover value – the full impact and Value for Money of RSI assisted individuals and their businesses will not be able to be evidenced fully for a number of years. The findings at this stage are therefore interim and subject to change, notably given that it is too soon to be clear on the survival dates of firms.

Forecasts to the end of the programme period

- 6.30 The Terms of Reference for the evaluation required an evaluation of the programme over the period October 2012 to March 2015, projecting forward to October 2015. The final BPA target for the end of the programme is 9,900, meaning a further 1,601 BPAs are expected to be delivered. The estimated net impacts of these BPAs are set out below in Table 6-10 applying, as a best estimate, the findings from the survey on net employment and turnover (converted to GVA) to this new cohort.

Table 6-10: Estimated impacts including BPAs to October 2015

	Total	Attributable
<i>BPAs to October 2015 (based on 1,601 BPAs)</i>		
Net businesses created	181	169
Net employment	301	263
Net turnover	13,797	12,287

	Total	Attributable
Net GVA	3,605	3,211
<i>Indicative programme total (based on 9,900 BPAs)</i>		
Net businesses created	1,122	1,048
Net employment	1,859	1,627
Net turnover	86,490	77,156
Net GVA	22,602	20,163

Source: SQW analysis

- 6.31 The data indicate a further £3.2-£3.6m in net GVA generated by businesses start-up following RSI support. Against a total projected cost of £5.12m, this provides an ROI including BPAs to the end of October of 4.4:1 for total net GVAm, and 3.9:1 for attributable net GVA.

Summary Conclusions

- Over the programme period to March 2015, the evaluation analysis suggests that RSI led to between 878-941 business created (including, and excluding, attribution respectively), with a mid-point of approximately 910 net businesses created; employment of between 1,350-1,500 FTE jobs, with a mid-point of 1,460 net employment created, and net GVA (derived from business turnover), of between £17m-£19m, with a mid-point of £18m (with a further estimated £3.2-£3.6m in net GVA from BPAs delivered to October 2015).
- For the scale of the activity delivered, the level of inputs appears to have been reasonable, and therefore the Economy of RSI is judged as essentially sound.
- The impact data suggest Efficiency 'cost per' metrics of £5,000 per net business created, and £3,200 per net job created. Both in absolute terms, and relative to the benchmarks, the evaluation concludes that the Efficiency of RSI is positive (although business created data should be treated with caution as most businesses are self-employment ventures with no other employees).
- Whilst there was scope for enhancing performance, including to drive-up and design-in additionality, overall the evaluation offers a conditioned positive assessment regarding the Effectiveness of RSI. Good progress has been made against the objectives set out for the intervention, and the RSI has contributed directly, and substantively, to departmental and wider policy agendas, including the relevant Corporate Plans of DETI and Invest NI., and Jobs Fund employment targets (through NEET and NRA support).
- The Return on Investment of RSI is positive, with between 3.9 and 4.3 of GVA impact generated for every £1 of investment made by Invest NI in the main case assessment over the evaluation period.

7. Process Perspectives

- 7.1 This penultimate Section sets out findings related to the process and delivery of RSI. The assessment draws on consultations with Invest NI, Enterprise NI, and participants.

Management and Delivery

- 7.2 Good governance, management, and operating structures and systems are important contributors to the effective delivery of any intervention. All of these are recognised in the evaluation in the successful operation of RSI. More specifically, four key 'positive' messages related to these elements from across the evaluation's research are as follows:

- **Governance and programme leadership processes appear to have been effective** through the work of the RSI Team and senior management oversight, ensuring delivery against the contract agreed with Enterprise NI for delivery of the intervention. Although there was no formally constituted board or equivalent governance mechanism established, consultations with Invest NI and Enterprise NI staff suggest that the reporting lines and roles and responsibilities for delivery were well articulated and operated effectively. Committed and capable personalities played an important role in making the programme work. Where risk and challenges were faced, for example early on in delivery related to both volume and quality of BPAs, effective action was taken to address issues.
- **The approach taken to risk management appears to be firm and largely proportionate.** Risk management measures include audits of operational delivery at LEAs by Enterprise NI (involving field based audits, desk based audits, and external audits), regular meetings between Invest NI and the Enterprise NI core management team, and Invest NI's own quality vouching process to ensure that quality of business plans (regarded as a key on-going risk to the intervention) was maintained and where necessary addressed. Risks to RSI were identified at the outset with mitigation measures identified in the programme casework.
- **The management of delivery of RSI by the central Enterprise NI team was regarded positively by Business Advisors.** Of the 42 Advisors that responded to the evaluation's online survey, 28 stated they were 'very satisfied' with the management of RSI by Enterprise Northern Ireland, and a further 12 'satisfied' (only one of the 42 was 'very dissatisfied'). Whilst some improvements were suggested regarding programme management, these were largely specific and individual; there was no consistent theme or message in terms of improvements that would justify a substantive change in the delivery model.
- **Consultations indicated that once RSI had addressed its initial slow start and quality issues, the operational relationship between Invest NI and Enterprise NI worked well,** with continuity in staff resource at both organisations, and regular meetings to discuss progress and address issues an important factor here.

7.3 These are positive and encouraging messages. Alongside these, are also ways in which ‘good’ performance could have become ‘great’. With continuous improvement in mind, and as a potential successor initiative beckons, four learning points (all related to strengthening performance management systems) are offered:

- There do appear to have been some potential gaps in the monitoring data collected by the intervention, notably on the characteristics of participants such as previous experience of enterprise and use of other business support at the point of initial contact. Given the scale of the intervention and issue associated with data collection (see the third bullet below) this was arguably legitimate for the evaluation period. However, going forward central collation of such data on all individuals engaged with RSI (even if they ‘drop out’ prior to a BPA) would be helpful both for monitoring purposes to inform programme targeting and any future evaluation work.
- In the context of the generally positive feedback on the management of RSI, it was noted by some Business Advisors that more introductory training should be offered to new Business Advisors, and that there was scope for further ongoing group training for existing Advisors, providing an opportunity to share best practice and experience (although note that Invest NI did deliver training to advisors at the request of Enterprise NI).
- As discussed in previous Section, no baselining was undertaken to assess the capabilities of participants at the outset, meaning that judging whether capability had been ‘enhanced’ through RSI is hard to prove. Simply put, without an objective assessment of capability to start and grow a business at the outset of the intervention, it is not possible to know how far participants have travelled through RSI support. There may be scope in a future intervention to seek to develop a framework for assessing the starting point and ‘distance travelled’ by participants in terms of their capability to start and run a business, with an initial assessment made at the first meeting, and at relevant milestones throughout the process. This would help to evidence formally the capability development effects of an RSI-type intervention.
- Consultations indicate that a significant amount of time and resource was associated with manual data entry/management of monitoring information, including transferring data from Enterprise NI systems to Invest NI systems (for example on details of BPAs). This is both inefficient and increases the potential for errors in data management. Any future RSI intervention should seek to ensure systems integration from the outset to reduce the need for manual data management

7.4 One final issue is worth noting, regarding the ‘quality vouching’ (i.e. reviewing and checking the quality of business plans) process. This element of programme management was very significant, with both Enterprise NI and Invest NI reviewing a high proportion of business plans produced: Enterprise NI was responsible for reviewing 10% of all business plans (undertaken by an external consultant), and Invest NI reviewed 20% of all business plans, with additional vouching undertaken should quality fall below a standard (with *all* business plans reviews for agencies where quality is found to be low³⁶). As such, over the evaluation

³⁶ Specifically, should an agency be ‘on watch’ as they have failed a previous vouch in the last 2 months, then the Invest NI Programme Manager reviews all plans from that agency to ensure that they do not fail the vouch a second time within a 3 month period

period thousands of business plans have been reviewed as part of the quality management process.

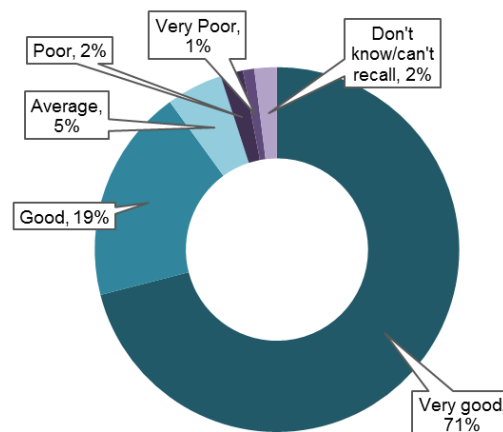
- 7.5 Ensuring quality of business plans (as the core output of RSI) was important. However, given the nature of the majority of the business established, the use of agreed templates for the business plan, early focus on improving quality (when the quality of plans was low and it was necessary to undertake reviews at a substantial level), and scale of the intervention, whether this level of quality vouching was necessary throughout the delivery period is open to question. Further, the vouching was undertaken after the business plan had been signed-off by the participant (meaning that the process did not directly lead to the improvement of the specific business plan reviewed, rather than seeking to drive wider quality improvement). The process was raised by a number of respondents to the Business Advisor survey as one where the RSI process could have been streamlined.
- 7.6 Importantly, while it may be reasonably assumed that improved quality of business plans may lead to 'better businesses', there is no evidence at this stage that this is the case, particularly given that plans were generally written 'for' rather than 'by' participants, with issues of understanding and ownership identified by participants (as discussed in Section 3).
- 7.7 There is no simple right and wrong here. The issue is about getting the right balance between ensuring quality with the time and resource available. However, in the view of the evaluators, the balance for RSI over the evaluation period was probably slightly too focused on ensuring the quality of the business plan 'output', when released resource here might have been better used in adding-value to the RSI 'process', for example through enabling further workshop activity and/or more time devoted to providing a broader business development support offer. Going forward, there is a case for those responsible for any successor intervention to consider formally a more proportionate quality vouching process.

Satisfaction with RSI support

- 7.8 The participant survey sought evidenced on levels of satisfaction with the RSI 'customer journey' and outputs. The findings were very positive. Progressing through the 'customer journey' in turn:
- The vast majority (82%) of participants attending a workshop agreed that it helped them develop their business (just 11% disagreed), with advice from the Workshop's Trainer regarded as the most valuable element of support available at the Workshop. This high level of satisfaction where the workshop was taken-up does emphasise the importance of this element of the customer journey, and the need for workshop to be promoted consistently and accessibility maintained

- Similarly, the vast majority (83%) of participants receiving one-to-one support agreed that it helped them development their business (again 11% disagreed). The knowledge and experience of the Business Advisors providing the one-to-one support was rated highly by the majority of participants, as per the figure opposite.
- Approaching nine-out of ten participants surveyed were satisfied with the quality of the business plan developed through RSI (61% very satisfied, and 25% satisfied), with just 7% of participants surveyed (in aggregate terms 19 of the 300) not satisfied. While there may be some response bias here, with participants most satisfied with their experience more likely to respond to the survey, this is a positive message.
- 90% of survey respondents stated that they would recommend RSI to a friend or family member thinking about starting a business (7% would not). This is an important (and positive) demonstration of the satisfaction of participants with the intervention.

Figure 7-1: response to: 'How would you rate the business knowledge and experience of the Business Advisor with whom you dealt? (n=252)



Source: Participant Survey

7.9 In terms of improvements to the RSI process, themes that emerged included (consistent with the feedback discussed in Section 3), the provision of follow-up guidance and support post-BPA completion (identified by around 20 of the participants surveyed), and the opportunity for more, or better, advertised workshops and networking opportunities. However, there were no consistent issues identified by the survey cohort regarding improvements; overall from a participant perspective the evaluation evidence indicates that the RSI process worked well.

Summary Conclusions

- The governance and management of RSI appears to have been effective, including a firm and largely proportionate approach to risk management, and (after some early concerns) a positive and constructive relationship between Enterprise NI and Invest NI. Committed and capable personnel were an important part of the RSI's success. The management of delivery of RSI by the central Enterprise NI team was also regarded positively by Business Advisors.
- There does appear to be scope for improving programme management and delivery, this including ensuring that characteristic information on all

individuals engaged with RSI is collected, potentially additional training for Business Advisors, the inclusion of a baseline of capability to enable accurate measurement of the programme's effects, and minimising the time and resource associated with data management and input. These are learning lessons that should inform future interventions.

- The 'quality vouching' process accounted for a significant management resource. In the view of the evaluators, the balance for RSI over the evaluation period as a whole was probably slightly too focused on ensuring the quality of business plan 'outputs', when released resource might have been better used in adding-value to the RSI 'process'. Going forward, there is a case for those responsible for any successor intervention to consider formally a more proportionate quality vouching process.
- The participant survey sought evidence on levels of satisfaction with the RSI 'customer journey' and outputs. In terms of improvements to the RSI process, themes that emerged included the provision of follow-up guidance and support post-BPA completion, and the opportunity for more, or better, advertised workshops and networking opportunities. However, from a participant perspective the evaluation evidence indicates that the RSI process worked well.

Recommendations

- R12. Partners should consider developing a framework/tool to enable an assessment of participant enterprise/business capability to be used to evidence the 'baseline' position and 'distance travelled' for all participants.
- R13. Any future intervention should seek to streamline the quality vouching process present for RSI, while maintaining an oversight of quality. A more targeted approach may be possible, reducing the significant burden on the managing authority.

8. Conclusions and Recommendations

- 8.1 This final Section sets out the conclusions and recommendations of the evaluation report. In doing so, the text provides a reminder of the headline findings related to RSI impact and delivery, and the resulting recommendations.

Conclusions

RSI impact

- 8.2 The evidence is that RSI has delivered important benefits for its target group, and is having a positive effect in terms of promoting enterprise and business creation across Northern Ireland, responding to a sound rationale for intervention. The evidence from participants is that more individuals have business plans, or better business plans, than they would have done without the intervention, and more businesses have been created as a result of the support: the data indicate that over two-thirds of participants with a business plan completed in 2012-14 through RSI have started-up, and most of the others still intend so to do.
- 8.3 There are also some encouraging signs in terms of RSI supporting positive personal development outcomes in terms of business confidence, and skills. RSI appears to have had less of an effect in promoting relationships and networks between individuals looking to start-up a business (which may be related to the delivery issues related to workshops discussed below).
- 8.4 Assessments of the impact and Value for Money of RSI are positive. The data suggest that RSI over the evaluation period (October 2012-March 2015) led to the creation of approximately 910 net businesses, contributed net employment of around 1,460 FTE jobs (direct and indirect), and generated a GVA (through the turnover of firms starting-up) of an estimated £18m, taking account of both achieved and expected turnover. Against input expenditure of approximately £4.4m, the Return on Investment (RoI) ratios are positive, suggesting reasonable Value for Money on Invest NI's investment, at around four to one. Including forecasts for the final seven months of delivery increases the GVA effect by around a further £3.5m, proving a total of approximately £20-22m (including and excluding an adjustment for attribution) for the whole programme.
- 8.5 However, the data are sensitive to displacement assumptions; a more intervention-specific set of estimates for RSI (reflecting the nature of the businesses created by the programme) on displacement reduces the RoI to around two to one, still positive, but more modest. Further, two-thirds of the turnover/GVA impact remain expected rather than achieved, this is to be expected with an intervention supporting start-up activity at this still early-stage, but it does mean that the impact of RSI at this stage remains somewhat uncertain.
- 8.6 Most of the businesses created by participants do not (yet) employ other staff, and they are generally focused on local markets, meaning the potential for displacement is high. However, given that around half of individuals were unemployed at the point they approached RSI, self-employment provides an important positive outcome for the intervention.

- 8.7 There is deadweight associated with RSI, through supporting individuals that would have written a business plan, and/or started-up a business in any case. Outcome additionality (including accounting for deadweight and displacement) is estimated at around one-quarter, meaning that three-quarters of the turnover and employment outcomes generated by RSI participants are non-additional. Whilst displacement is challenging to address for an intervention focused on supporting start-ups, the level of additionality *before* displacement is taken into account was around 40%, indicating there is scope to drive-down deadweight.
- 8.8 The analysis also suggests that additionality may be higher for those participants that received more one-to-one support from RSI, and for those that attended a workshop. Individuals attending a workshop were also more likely to report positive personal development outcomes than those that did not.
- 8.9 Two final points are important regarding the impact of RSI:
- At this stage, business survival rates of those firms which have started are in line broadly with the wider economy. However, it is too soon to be definitive on whether the business plan development process through RSI will lead over the longer-term to better business survival rates than would otherwise have occurred. This said, the signs are encouraging with the 'quality' additionality of RSI (resulting potentially in better business plans and better businesses) a consistent theme in the feedback from participants.
 - The evidence suggests that the additionality of RSI is more pronounced in terms of business plans (outputs) than it is in terms of business start-ups (outcomes). Put another way, the key value-adding element of RSI was ensuring that more individuals starting-up across Northern Ireland had a business plan, or a better one. This is consistent with the overall objectives of RSI, and strengthens the case to ensure the objectives and intent for any future similar interventions dwell on developing business capability in participants, rather than business creation directly.

RSI Delivery

- 8.10 The evidence from participants and Business Advisors is that the RSI 'customer journey' worked well; this alongside consistent tailoring of support to participant needs and requirements. Participants were satisfied generally with the business plan generated and the quality of the advice and support provided. Further, following a slow start, the overall delivery of RSI by Enterprise NI appears to have been effective, including working with Invest NI, and managing the network of delivery agencies across Northern Ireland.
- 8.11 The one-to-one financial and business planning support was the most important and effective element of the 'customer journey'. However, the optional workshops did not operate as effectively as hoped: take-up of workshops was lower than expected (perhaps around 35-40%). While memory decay needs to be factored for, the evidence suggest that not all participants were offered the chance to attend a workshop, as they should have been. A more consistent offer in terms of workshops – which provides the opportunity for valuable engagement between participants – should be important for any successor intervention

- 8.12 The RSI process was also characterised by business plans generally being written *for* rather than *by* participants. This was important in delivering against targets and ensuring that the volume of support was delivered. However, alongside the lower than expected take-up of workshops, it may have impacted on the ability of RSI to develop the capabilities of participants as fully as its objectives intended.
- 8.13 Indeed, while RSI delivered against its formal requirement in terms of support and advice, both participants and Advisors reported that a broader offer in terms of business advice (for example on practically ‘how to’ run a business over and above the support in this area provided through the RSI customer journey), and some form of aftercare support would have been helpful. The scope to include a wider capacity development offer and planned aftercare – budgets and wider resources permitting – should be considered for any successor intervention.
- 8.14 RSI operated effectively as part of the wider Invest NI offer, including through the integration of support via www.nibusinessinfo, and providing referrals to Invest Ni client-managed process. Whilst consultations suggest that not all firms were ready to be client-managed at the point of referral, around a third (of 100+) have subsequently been provided with support. RSI also aligned with DEL interventions and the pan-UK Start-Up Loans programme, providing an important source of demand for the latter.
- 8.15 RSI was an accessible service, with significant numbers of participants from across Northern Ireland’s NRA areas, and including young people who were NEET at the time of approaching the intervention. This was important in responding to the equity/distributional rationale, and responding to the strategic policy agenda.

Recommendations

- 8.16 Based on the findings of the evaluation, and within the context of the positive overall assessment of RSI, the following recommendations are made. The recommendations are presented serially in Table 8-1, as trailed throughout the main body of the report. The table identifies the ‘target group’ for the recommendation, be this Invest NI or those agencies responsible for taking forward an RSI-like successor.

Table 8-1: Recommendations

Recommendation	Responsible authority
R1. Any further RSI-like intervention should collect information on previous enterprise/self-employment experience at the outset of the ‘customer journey’. This information could be used to tailor potentially the nature of support needed, and inform strategic programme monitoring and delivery.	<ul style="list-style-type: none"> Agencies responsible for taking forward a successor intervention
R2. Any further RSI-like intervention should ensure that its objectives are SMART and focused on what can be attributed directly to the intervention; e.g. focused on developing the viability of business ideas, not the broader start-up rate (which the intervention cannot directly control or influence).	<ul style="list-style-type: none"> Agencies responsible for taking forward a successor intervention
R3. Any successor intervention should promote more fully, and consider making mandatory, the workshop events. This will be important in enabling the intervention to deliver broader capability development, and enabling participants to meet with and learn from others.	<ul style="list-style-type: none"> Agencies responsible for taking forward a successor intervention

Recommendation	Responsible authority
<p>R4. Any successor intervention should seek to enhance participant ownership and engagement in the business plan development process, to ensure that business plans are developed ‘with’, not ‘for’ participants.</p>	<ul style="list-style-type: none"> • Agencies responsible for taking forward a successor intervention
<p>R5. Any successor intervention should consider formally the option of including some form of broader business advice (potentially as part of a ‘next steps’ offer towards the end of the ‘customer journey’ to provide at least an overview of key business issues) and some form of aftercare/follow-up activity (avoiding duplication for participants that have moved on to other forms of business support).</p>	<ul style="list-style-type: none"> • Agencies responsible for taking forward a successor intervention
<p>R6. Contact should be maintained with all those individuals/firms referred on as part of RSI, including those that have yet to receive support. Referral routes to Invest NI supports should be retained in successor interventions.</p>	<ul style="list-style-type: none"> • Agencies responsible for taking forward a successor intervention and Invest NI
<p>R7. Sign-up to nibusinessinfo should be retained in any successor interventions given the important role RSI has played in driving sign-ups to the site.</p>	<ul style="list-style-type: none"> • Agencies responsible for taking forward a successor intervention and Invest NI
<p>R8. Invest NI should consider rolling-out the integration of nibusinessinfo ‘customer journey’ to other relevant business support interventions as practiced though RSI.</p>	<ul style="list-style-type: none"> • Invest NI
<p>R9. Future interventions should seek to contact a representative sample of individuals that engaged with the intervention but did not secure a business plan to provide evidence on output additionality at a sensible interim point in delivery (e.g. at interim evaluation stage) in order to inform whether a more rigorous initial assessment may be appropriate subsequently to drive-down deadweight in the core business plan output.</p>	<ul style="list-style-type: none"> • Agencies responsible for taking forward a successor intervention
<p>R10. Invest NI should ensure that the issue of attribution to Invest NI support is factored-in fully to appraisal and investment decisions in enterprise interventions, reflecting the varied range of support offered to individuals looking to start-up a business.</p>	<ul style="list-style-type: none"> • Invest NI
<p>R11. Any future intervention should seek to drive-out non-additionality and ensure a tight focus on those that need support in the development of a business plan: the implementation of a capability framework (see R12 later) will contribute to this.</p>	<ul style="list-style-type: none"> • Agencies responsible for taking forward a successor intervention
<p>R12. Partners should consider developing a framework/tool to enable an assessment of participant enterprise/business capability to be used to evidence the ‘baseline’ position and ‘distance travelled’ for all participants.</p>	<ul style="list-style-type: none"> • Agencies responsible for taking forward a successor intervention
<p>R13. Any future intervention should seek to streamline the quality vouching process present for RSI, while maintaining an oversight of quality. A more targeted approach may be possible, reducing the significant burden on the managing authority.</p>	<ul style="list-style-type: none"> • Agencies responsible for taking forward a successor intervention

Annex A: Survey and population characteristics

	Survey cohort (n=300)	Population (n=8297)
Region		
Eastern	27%	31%
North East	13%	12%
North West	17%	16%
Southern	21%	19%
Western	22%	22%
Employment status when approaching RSI		
Employed	38%	42%
Unemployed	53%	51%
Other	9%	7%

Annex B: Sensitivity on displacement ratios

Context

- B.1 As set out in the report, displacement analysis has been undertaken using an agreed method set out by DETI and Invest NI. However, we understand that the methodology was based on an evaluation of a programme focused on export promotion activity; the ratios used are arguably not relevant directly to RSI. To provide a sensitivity analysis, the ratio matrix has been revised by SQW to provide an alternative approach.

Revised displacement matrix

- B.2 The original and revised matrices are set out below. Note that the revisions are 'best estimates', and open to interpretation and discussion. However, for the purposes of the sensitivity analysis it was necessary to arrive at some broad assumptions on levels of displacement relevant to RSI.
- B.3 In headline terms, the displacement values are more 'challenging'. For example, the original matrix assumed just 5% displacement for firms with all of their competitors in Northern Ireland but that identified that market conditions had improved significantly since start-up – in our revised approach, this would equal 50% displacement (as despite the increasing market, all of competitors are based locally meaning displacement is likely to be high (particularly for firms operating in local service markets, as is common for firms started-up by RSI participants)).

Original

	All	Almost All	Most	Approx half	Few	Very Few	None	Don't know
Declined Significantly	95.0%	85.5%	67.0%	48.0%	29.0%	10.0%	0.0%	50.0%
Declined Moderately	72.5%	65.3%	51.1%	36.6%	22.1%	7.6%	0.0%	50.0%
Stayed the Same	50.0%	45.0%	35.3%	25.3%	15.3%	5.3%	0.0%	50.0%
Improved Moderately	27.5%	24.8%	19.4%	13.9%	8.4%	2.9%	0.0%	50.0%
Improved Significantly	5.0%	4.5%	3.5%	2.5%	1.5%	0.5%	0.0%	50.0%
Don't know	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%

Revised

	All	Almost All	Most	Approx half	Few	Very Few	None	Don't know
Declined Significantly	100%	90%	75%	50%	10%	5%	0%	50.0%
Declined Moderately	100%	90%	75%	50%	10%	5%	0%	50.0%
Stayed the Same	100%	90%	75%	50%	10%	5%	0%	50.0%
Improved Moderately	75%	70%	60%	25%	7.5%	2.5%	0%	50.0%
Improved Significantly	50%	55%	45%	20%	5%	0.5%	0%	50.0%
Don't know	50%	55%	45%	20%	5%	0.5%	0%	50.0%

Revised results

- 8.17 The analysis on net turnover, net GVA, and Return on Investment has been run with the revised displacement ratios. The results of this sensitivity analysis, compared to the 'main case' results are set out in the table below.

	Revised displacement assumptions	Main case displacement assumptions
Net turnover (£)	33.0	63.7
Net GVA (£)	8.6	16.6
Return on Investment	2.0	3.9

Annex C: Method for deriving participant-level additionality ratios

Step-by-step process for deriving participant-level additionality ratios based on the participant survey

Deadweight equals ...	<p>Respondent indicating that the business would not have been started at all without RSI Non-deadweight = 1 (stated value)</p> <p>OR</p> <p><u>Where scale additionality only</u> Non-deadweight = proportion of the turnover that would be evident without RSI: Less than 25% of current size = 0.875; 25-50% = 0.62; 51-75% = 0.37; 76-100% = 0.12; Don't know = 0.5</p> <p>OR</p> <p><u>Where timing additionality only</u> Non-deadweight = how much longer it would have taken to start-up the business: Up to 6 months = 0.1; 7 to 12 months = 0.2; Over 1 year to 2 years = 0.3; Over 2 years = 0.4; Don't know = 0.2; Refused = 0.2</p> <p>OR</p> <p><u>Where scale additionality and timing additionality</u> Non-deadweight = scale additionality as per above + timing additionality as per above If aggregate value = >1 (e.g. where scale at 0.875 and timing at 0.4) then assumed as fully additional and Non-deadweight = 1 (i.e. fully additional).</p> <p>OR</p> <p><u>Non-additionality</u> Respondent indicating the business would have started-up at the same time, scale and quality Non-deadweight = 0</p> <p>Note that quality additionality is not included in the quantitative assessment – in cases where only quality additionality was identified, non-deadweight = 1</p>
Displacement equals ...	Proportion of competitors in Northern Ireland by change in market condition (as per matrix set out in the main report)
Gross to net calculation for each firm ...	<p>Make gross to net adjustment:</p> $N = G * A * D$ <p>Where N= net outputs, G= gross outputs, A= proportion of non-deadweight, D= proportion of non-displacement</p>

Source: SQW