

# NORTHUMBERLAND ENTERPRISE FUND: FINAL EVALUATION

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### **The Northumberland Information Network is a partnership between:**

Northumberland Strategic Partnership, Northumberland County Council, Northumberland Community Safety, CDRPs, Northumberland DAAT and Northumberland Early Years & Childcare Service.



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## EXECUTIVE SUMMARY

### Achievements:

- Total number of awards made 1,493 (Figure 7)
- Total number of jobs created, Full time Equivalents, 2,284 (Figure 22)
- Positive feedback received from recipients of an award on planning process, 80% (Figure 3)
- Positive feedback received from recipients of an award on service from BLAC and NCC, 97% (Figure 2)
- 25.6% of awards were Tiers 2 and 3 (Figure 10)
- Percentage of applications claiming an award, 84.6% (Figure 7)
- 40.2% of applicants were female (Figure 14)
- 25% of applicants were over 50 (Figure 15)
- Business survival rates have risen since the introduction of NEF (Figure 16)

### What went well:

- **Business planning process:** it cannot be overstated how important this was to both the clients and the scheme.
- **The administration system:** the whole system ran smoothly and efficiently from start to finish.
- **Flexibility of the scheme:** the wide range of applicants and businesses helped by the scheme.
- **The size of the grant:** just enough to encourage people to use the business planning process and advice, while being enough to fund modest capital expenditure.
- **The loans part of the scheme:** proved effective at increasing the average number of employees per business start.

### What went not so well:

- **Promotion of the scheme:** In spite of extensive publicity through local media, organisation websites and leaflets, most applicants had already got as far as contacting Business Link before they heard of NEF.
- **Monitoring NEF business survival rates:** No effective system in place for such a key indicator.

### A wider remit could include:

- **Part-time clients:** there are many people who for one reason or another may not be able to run a business full time.
- **In-depth analysis of business survival and business advice and support for 12 months following grant award:** some business types may be more at risk than others, identifying which would help target support.
- **Rigorous service level agreements between all parties:** to ensure that roles and responsibilities are fully understood and applied consistently, e.g. supplying management information between organisations.
- **Access to training:** a strategic approach to the provision of training for self-employment and running a business.
- **Supporting additional employment:** this is different to self-employment or sole trading and requires different financial support.
- **Small business accommodation:** there is a shortage of good quality accommodation for small businesses, especially those that will stay small.

**Supporting rural businesses:** 62% of NEF new businesses were in rural wards, rural areas have problems with losing young people and having a growing older population.



## 1.0 INTRODUCTION

The Northumberland Enterprise Fund (NEF) was set up in 2004 to help support and encourage new businesses in Northumberland. There was a general view amongst the strategic partners (Northumberland County Council (NCC), Northumberland Strategic Partnership (NSP), OneNortheast etc) that Northumberland needed to develop its enterprise culture and that there were not as many new business start ups as there could be. However, those that did were generally surviving at a higher rate than both the North East and England (Fig.1).

**Fig. 1: VAT Registered Business Survival Rates (one year)**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
<b>Alnwick with Berwick upon Tweed*</b>	89	89	96	93
<b>Blyth Valley with Wansbeck*</b>	89	91	94	91
<b>Castle Morpeth</b>	94	94	97	94
<b>Tynedale</b>	90	92	92	92
<b>Northumberland</b>	<b>96</b>	<b>96</b>	<b>94</b>	<b>93</b>
<b>North East</b>	90	92	93	93
<b>England</b>	91	92	93	92

Source: DTI Small business service, February 2007

\*As given

There were certain areas in Northumberland that were significantly underachieving with regard to the number and quality of new businesses, and these had also the county's highest levels of unemployment and deprivation.

A number of strategies were developed to help address these problems: some feeding into higher level regional economic development strategies and some localised at district level. The proposal for NEF was put together by NCC, and the majority of the funding was to come from the NSP Single Programme. The Single Programme provided £927,925 and ERDF £424,769, plus operational expenses. NEF was to provide potential new businesses with a combination of grants and/or loans to enable essential equipment to be purchased, and to encourage the

employment of staff. The money repaid from loans would be recycled back into the grant awards and thus be self-funding. NCC would be responsible for the day to day administering of the fund. The two main objectives of the fund were therefore:

1. To improve the quality of new business start-ups in the county and thereby increasing their prospects of survival and growth; and increasing the average levels of employment per new business start.
2. To contribute to the overall promotion of the development of an entrepreneurial culture in Northumberland.

The first objective, improving the quality of new business start ups was to be achieved by providing a defined amount of support to new businesses. Business Link was identified as the most appropriate organisation to provide support to new businesses applying for NEF funding for the following reasons:

- They had an advice centre in every district.
- They had well trained and experienced business advisors.
- They were able to provide follow up support.

It was thus decided to insist that applications for NEF grants and loans was dependent upon the applicant going through Business Link and agreeing to a time period of support both before and after the application process. Exceptions to this would be few, and only if they came through other similar organisations such as the Northern Pine Tree Trust, the Prince's Trust, in-bizz, Bizz Fizz etc.

Two outputs were given as measures against the objectives:

- An increase in the average number of employees per business start from 1.53 to 1.7 thereby leading to 191 additional new jobs created.
- An increase in survival rates of new businesses of 5% thereby leading to 86 jobs safeguarded.

Promotion of the scheme would mainly be through Business Link, websites, adverts and articles in the local press, as well as being promoted in job centres and other business advice centres.

Control and monitoring of the scheme would be through an 'application monitoring system' administered by NCC staff, which would keep records of all applications and details of grants and loans both offered and awarded. This system would also produce management information reports on a regular and ad hoc basis. Feedback would also be sought from applicants to the Fund, both successful and unsuccessful, asking for comments, and these forms would be analysed monthly.

Detailed measures of success were identified in the Application for Single Programme Funding document:

- Increase in survival rates of new business starts – target more than 5% increase in survival rates (at 52 and 78 weeks) versus those prior to the operation of the Fund by the end of the Project period.
- Increase in the average number of employees per new business – target to increase this from current 1.53 to 1.7 by the end of the Project period.
- Take up of the Fund (number of grants and loans awarded) – target 80% plus of budget figures = 1,980 plus awards made over lifetime of the Project.
- Average value of loans awarded – target more than averages forecast of £2,133.
- Processing time for decisions on completed applications – target average less than target of 10 working days of receipt of completed applications.
- % of completed applications receiving awards – target to improve this % by 10% between the first and last year of the operation of the Fund.

- % of loan defaults – target to be lower than the budget forecast of 25%.

The NEF was to award both grants and loans: the loans were dependent upon the potential number of staff which a new business expected to be employed in the first year of operation, and would be approx £2,000 per person. This would also entitle the applicant to apply for a grant of up to £1,000. Grant-only awards of up to £1,000 could also be applied for.

In April 2006 the scheme changed to grants only, of a maximum grant of £1,000. At this time also, the scheme began to monitor and target certain types of client, and categorised these by 3 Tiers:

**Tier 1:** Applicants who do not fall under Tier 2 or Tier 3; the maximum grant offer is 50% of eligible capital costs up to a maximum of £750, which was later increased to £1,000; and the grant is payable in one instalment on the provision of valid receipts. These applicants include those who economically inactive, but who are not in receipt of benefits, e.g. spouses, students, retired.

**Tier 2:** Applicants in receipt of JobSeeker's Allowance or another working age benefit (Incapacity Benefit, income Support, Carer's Allowance) the maximum grant is 100% of eligible capital expenditure up to a value of £1,000. Up to £500 is payable once the offer letter has been submitted and the balance of up to £500 is payable on the presentation of valid receipts for eligible expenditure.

**Tier 3:** Applicants on the self employment option of New Deal are eligible when they start trial trading. £500 at the start of their trial trading period, and provide receipts for eligible expenditure within one month. They could get another £500 for additional receipts and coming off benefits, on the production of a successful progress report from Business Link.

The scheme therefore expected to increase the number of new business start ups belonging to the most under represented groups.

The second objective, to contribute to the overall promotion of the development of an entrepreneurial culture in Northumberland, is not a quantitative one as such, and therefore cannot be measured directly from its own outputs. It could be assessed as having made this contribution, though, if it achieved a certain amount of success in its other objectives, and if the supporting/partnering organisations had a positive view of its success.

An interim review evaluation of NEF was carried out in April 2007, and its findings were published as the report 'Northumberland enterprise fund: Assessing the impact of the Scheme, Working paper no 54, Northumberland InfoNet'. It was a very positive document and the findings are summarised in more detail in the main body of this report.

At the end of March 2008 the Fund will close, due to a change in strategic direction at regional level, and as yet we are not aware of any replacement schemes. This Final Evaluation therefore seeks:

- To examine the achievements of the NEF for the whole period of operation March 2004 – March 2008 (the first applications were received in March 2004).
- To assess its impact based on the objectives agreed at its inception.
- To present a range of data, both qualitative and quantitative to illustrate the extent of its achievements (or not).

Finally, a major purpose of this evaluation is to identify any 'lessons to be learned', offering those responsible for any future projects, like NEF, additional insights into possible pitfalls and potential best practices.



## 2.0 METHODOLOGY

In order to assess the all round impact of the scheme, the following data collection methods were used:

1. An analysis of the data contained on the NEF database, using data for the whole period of the scheme where possible. Due to both the scheme changing from a grant and loans scheme to a grant only scheme in April 2006, certain data items are not available for the whole scheme, including the Tier of the applicant; however, this is made clear in the presentation of the data analysis.
2. Written interviews with major stakeholders. These include members of Northumberland Strategic Partnership (NSP), Business Link, Northumberland County Council (NCC) and the administrators of key organisations such as The Prince's Trust and The Northern Pine Tree Trust.
3. Telephone interviews with grant applicants, both past and present, including those who did not receive awards.
4. Analysis of data from client satisfaction feedback forms which are issued to all recipients after receiving their awards.
5. Analysis of client comments from client satisfaction feedback forms as above.
6. Analysis of Business Link data on business survival rates and other county level business data (business survival rates cannot be identified at NEF level on a whole scheme basis).
7. In-depth research was done on grant recipients of the NEF less than a year ago and therefore some of the key points of this research have been extracted to use in this evaluation.

All of the above have been drawn together in the evaluation to present as complete a picture as possible of the performance of the scheme. The only area which may be incomplete is in the investigation into those who did not receive funding from the scheme. For example, those who didn't make it through the initial application process, those who didn't apply in the first place etc, but it was not actually practical to identify them and would probably constitute a completely separate study.

## **3.0 EVALUATION**

The majority of the evaluation will be carried out against the main objectives of the scheme using the range of information and data gathered to assess its overall performance.

### **3.1 Objective 1 (Start ups and employment)**

**The Project seeks to achieve the following outcome of a) improving the quality of business start ups in the county, and thereby b) increasing their prospects of survival and growth and c) increasing the average levels of employment per new business start.**

#### **a) Improving the quality of business start-ups in the county**

In order to ensure that new businesses were thoroughly prepared for economic activity, a system was put in place to enable them to get the best advice and support possible. The main conditions of the scheme were that applications had to come through Business Link, that applicants had to attend both pre- application counselling sessions, and that applicants had to submit a fully costed business plan, see Appendix A for full list of grant specific conditions. This last condition was something that made it different to just attending Business Link Centres for advice and counselling. This was also, in essence, the reason for the whole grant scheme – to give an incentive to new business owners to make thorough preparation for their businesses. This ensured that all businesses offered a grant had been through this rigorous process. As an additional review of a business proposal, the NEF administrators also appraised the application and requested further information from the applicant where it was considered necessary.

Data to confirm this has been extracted from the NEF database: details of the reasons for applications not being offered a grant have been put in Figure 2. This shows that over a third (36%) of those who were rejected failed to supply enough information in order to satisfy the administrators of the scheme, and that of the others, many proved ineligible due to being either part time, already in business or an ineligible business (38%). This is evidence of the rigour of the application process.

**Fig. 2: Applications Rejected, whole scheme**

Source: NEF database

Reason application rejected	No	%
Insufficient information and applicant fails to respond to prompts	25	36.2
Business either already exists or applicant is already self-employed in same business	12	17.4
Business Part-time	11	15.9
Application withdrawn	11	15.9
Outside Northumberland	4	5.8
Business not proceeding	3	4.3
Ineligible business e.g. religion, transport	3	4.3
<b>Total</b>	<b>69</b>	<b>100.0</b>

Other evidence to support the quality of the application process is feedback from the grant recipients themselves. Around 60% of those awarded a grant returned the feedback forms, answering a number of questions about their experience of the scheme. The results are summarised in Figure 3, with full details at Appendix B. This aspect of the scheme was very important to its success: if the process had been too difficult for the majority of applicants to succeed, then neither new businesses nor the business advisors would have considered it worthwhile.

**Fig. 3: Summary of client feedback**

Question	Positive (%)	Negative (%)
2. How would you rate the service you received from Business Link	98.0	1.3
3. How satisfied were you with the way your application was handled by NCC?	98.6	0.4
4. How would you rate the ease of the application process?	94.8	3.1
5. How easy was it to meet the requirements of the NEF?	96.1	3.4

Source: NEF

The number of applications in total was 1,805, ( of which 96% were approved) and the number awarded a grant was 1,495: about 83%. The 1,805 also includes those clients who have not yet claimed but have a deadline of the end of March 2008.

These figures indicate a good quality support process, with those who got through the advice and preparation stage of their application standing a good chance of receiving an award.

In the 2007 evaluation of the scheme, recipients of the grants were asked about what they thought of the business planning process:

**Fig. 4: What the grant recipients thought about the planning process**

Source: NEF Evaluation 2007

<b>Agree/strongly agree with statement</b>	<b>(%)</b>
Formal business planning was useful	82
Assistance from Business Link was crucial during the set up phase	78
Business planning had a positive impact on the performance of my business	74
Business planning was bureaucratic and involved too much paperwork	15
I will continue to seek advice from Business Link and the wider business support network	84

The evidence in Figure 4 strongly suggests that the majority of recipients thought that the planning process was a very useful one, giving support to the validity of that process.

There are, however, a number of applicants who successfully completed the application process, were offered a grant, and yet did not claim it. These numbered 214. Of those sampled (54), 30% had a live business, 33% hadn't responded to contacting and the rest were doing something else (job, IB etc). Telephone interviews of those who had a live business were carried out, with the aim of discovering 1) why they hadn't claimed their grant and 2) what they thought of the scheme in spite of this. A summary of the responses is at Figure 5, with further details of the interviews in Appendix C.

**Fig. 5: Summary of telephone interviews with clients who were offered, but did not claim a grant.**

Question	Response
<b>Qu.4 Why did you not claim the grant?</b>	One client had already purchased all necessary equipment before they were offered the grant – they didn't find out about the scheme early enough. Others said the process took too long and they borrowed the money from family and friends instead. One said that they had to open a personal business account and this would have cost them £50 - £100 per month in fees – they didn't consider this worth it for £750.
<b>Qu.5 Was the preparation useful?</b>	All of the clients thought that the preparation was very useful, and that the help and advice they got was very good. Most clients thought that the service was very good. One thought there was too much paperwork.

Source: Client interviews

In the 2007 report Business Link advisors expressed their opinion that the grant provided an incentive to new start up businesses to make proper preparation, plans and business plans, which, as a mandatory part of the application process, ensured that this was done. With access to just the advice and not the grant scheme, advisors said that there was no way of insisting that proper preparations were made. Indeed, many of the applicants themselves when interviewed admitted that the amount of the grant may not actually have had a huge amount of influence on the success or not of their business, but that the process they went through did (Fig. 6).

**Fig. 6: Recipients of NEF grant**

Statement	%
Agree/agree strongly that formal business planning was useful	82.0
Agree/agree strongly that NEF allowed me to buy equipment I otherwise would not have bought	34.7

Source: NEF Evaluation 2007

The evidence in Figures 5 and 6 strongly suggests that the process of applying for a grant was at least as important to the applicants as receiving the award, as even those who were offered an award but didn't claim it were very positive and enthusiastic about the effectiveness of the process in focusing their preparations.

## **Administration**

Another aspect of the process of ensuring that applicants are fully prepared to start their business and that they get (or not) their grants in good time, is an effective administration. The NEF was administered by a small team in NCC and performed within a framework of targets and procedures.

Target 1: Processing time for decisions on completed applications – target average less than target of 10 working days of receipt of completed applications;

Achievement: April 2006 – Feb 2008 Average time to offer a grant following receipt of application = 5.6 days; this, however, includes those clients whose application required further information: about 10%. Further to this, 90.5% completed within 10 working days.

Target 2: Percentage of completed applications receiving awards – target to improve this % by 10% between the first and last year of the operation of the Fund.

Achievement: the problem with measuring this objective is that the client has three months in which to claim an award once offered. Therefore there are up to a hundred claims outstanding at the end of the financial years carried on into the next one – a rolling process. However, the data available shows a consistency of processing across the time scale. There were reminder systems in place, and if a client chose not to claim an award it could have been for a number of reasons most of which were outside the control of the administration team. Details of those clients were given earlier in this document.

Target 3: Percentage of loan defaults – target to be lower than the budget forecast of 25%.

Achievement: loan defaults in total amounted to 13.05%.

## Promotion

It was hoped that hearing of the scheme would encourage people to choose to start up a business or become self-employed. However, client feedback forms suggest that almost 80% heard about the scheme through Business Link, when they had already made up their mind to start a business. See Appendix B.

**Fig. 7: Applications received and awards claimed**

	2004/5	2005/6	2006/7	2007/8*	Total
Applications received	420	398	533	413	1,764
Grants awarded/claimed	279	333	441	440	1,493
Percent of applications claimed	66.4	83.7	82.7	106.5	84.6

Source: NEF database

\*Up until end Nov 2007 as clients applying after this date were still within their deadline of three months at the time of analysing the data.

Figure 7 shows the success rate of the scheme from application received to award claimed. The database shows that overall, about 100 applications never get to the stage of being offered an award – either the clients fail to respond to requests for further information, or they are disqualified on other grounds (Fig. 2). Others fail to claim the award once offered, for reasons given above.

## Take up from under represented client groups and deprived areas and groups

From April 2006 applications were monitored according to Tier type: Tier 3 being New Deal, Tier 2 others on benefits, Tier 1 the rest. Figures 8 and 9 show an analysis of the scheme according to tier.

**Fig. 8: Grants offered whole period (2004 – Feb 2008)**

BLAC	1	2	3	Total tiers	£	None*	total	£
Alnwick	109	6	3	118	89,935	179	297	268,233
Berwick upon Tweed	75	15	0	90	69,482	86	176	150,950
Blyth Valley	88	52	12	152	125,062	191	343	313,234
Hexham	174	29	10	213	174,038	154	367	323,404
Morpeth	121	22	13	156	129,628	97	253	224,645
Wansbeck	120	56	29	205	175,479	70	275	242,018
<b>Total</b>	<b>687</b>	<b>180</b>	<b>67</b>	<b>934</b>		<b>777</b>	<b>1711</b>	
<b>Total £</b>	<b>542,592</b>	<b>161,532</b>	<b>60,250</b>		<b>763,624</b>			<b>1,522,485</b>

\*Those clients offered a grant before April 2006

There have been a whole range of businesses from Tier 3 applicants launched through NEF, one example is Fern Wood, age 32, who received a grant from NEF to help her establish a business producing works of art made from silk, called Wormcraft. She now exhibits across Northumberland, the North East and World wide. In an extract from her website she says this:

*“Since launching 'Wormcraft', in August 2006, I have been lucky to have met many great people who have helped with promotion, including the Aurora Project and The Artworks Galleries. The press have been helpful and I am happy to know that my work is hanging upon walls from Canada to New Zealand.”*

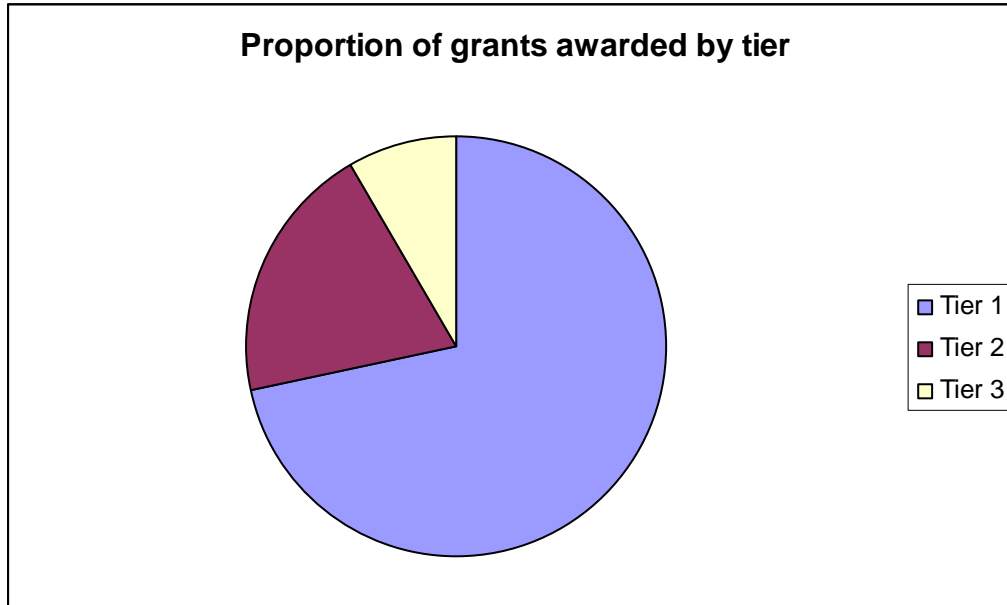
**Fig. 9: Percentage of grants offered by tier**

BLAC	1	2	3	Total
Alnwick	92.4	5.1	2.5	100
Berwick upon Tweed	83.3	16.7	0.0	100
Blyth Valley	57.9	34.2	7.9	100
Hexham	81.7	13.6	4.7	100
Morpeth	77.6	14.1	8.3	100
Wansbeck	58.5	27.3	14.1	100
<b>Total % by tier</b>	<b>73.6</b>	<b>19.3</b>	<b>7.2</b>	<b>100</b>

Source: NEF database

From figure 9 it can be seen that over a quarter of those offered/awarded a grant were from tiers 2 or 3, that is, those falling into the target groups. Blyth Valley and Wansbeck appeared to be the most successful at attracting these groups; both in terms of numbers and percentages, but as these areas also have the highest proportion of their populations falling into these categories (Fig.10)

**Fig. 10: Grants awarded by Tier**



Source: NEF database

An example of an innovative business owned by a Tier 2 applicant and supported by a NEF grant is 'Tel Und Gina's German Sausage Hut'. On Blyth Valley Market's promotional website they are described as:

*"This unusual food stall is a huge hit with all the locals, the authentic German Hut is a must see, Tel and Gina even play German music for you to listen to as you enjoy your food."*

**Fig. 11: Grants awarded by industry sector and Tier, Percentage**

<b>Industry</b>	<b>Tier 3</b>	<b>Tier 2</b>	<b>All</b>
Agriculture, Forestry and Fishing	0.0	1.3	1.0
Careers/Employment/Training	0.0	0.6	3.0
Cars/Vehicles	9.4	4.5	4.2
Chemicals, Pharmaceuticals and Non-Metallic Materials	1.6	0.0	0.7
Communications	1.6	1.9	1.2
<b>Construction/Repair/Maintenance</b>	<b>37.5</b>	<b>40.3</b>	<b>20.3</b>
Consultancy	0.0	1.9	5.4
Education/Care	1.6	3.9	2.6
Electronics	0.0	0.6	0.2
Engineering and Metal	0.0	1.3	0.9
Food and Drink	1.6	3.9	8.5
<b>Health and Beauty</b>	<b>17.2</b>	<b>9.7</b>	<b>9.7</b>
Leisure	3.1	4.5	5.0
Professional	0.0	1.3	4.9
Retail Distribution	7.8	5.2	7.6
<b>Services/Miscellaneous</b>	<b>15.6</b>	<b>16.9</b>	<b>17.0</b>
Textile Goods	1.6	0.0	0.9
Tourism	0.0	1.3	5.2
Wholesale Distribution	0.0	0.0	0.3
Wood Products and Miscellaneous	1.6	0.6	1.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: NEF database

From the breakdown in Figure 11, it can be seen that by far the largest sector here is the Construction/repair/maintenance category, and on further investigation it appears that most of these businesses are plastering, plumbing, building maintenance or gardening. The next highest category is health and beauty, generally a female led business, and mostly hairdressing, nail technician or beauty therapist. This could quite possibly reflect the range of courses on offer in the local colleges, rather than a local demand for such services, which may not be sufficient to support these businesses in the future.

The Services/miscellaneous contains a significant number of photographers (about 25), as well as animal services (horses, sheep, dogs) and many art and craft businesses.

As the NEF scheme had 62% of its applications from rural areas, it is not unsurprising that many of these are to do with dry stone walling, sheep, horses or other animal services.

One such evidently successful business is Equine dentist and Bach flower remedy practitioner Kevin Hallett, who received a grant from NEF nearly two years ago. On his website Kevin says:

*“My aim is to provide you with a highly professional equine dental service and holistic horse care (Bach Flower Remedies) that will improve the life, performance and condition of you, your horses and other pets. I am based in the North of England but I have clients in the US, Canada and Germany. At home in the UK I have clients as far north as Banff in Scotland and as far south as Helston in Cornwall, so travelling to come and see you and your horses will never be a problem.”*

### **Location of Applications**

Figure 12 shows the locations across Northumberland of the location of applicants' proposed businesses. There were a few that are not included where their business would have been located outside Northumberland, and about 40 whose postcode details were not viable. As mentioned above, this illustrates the large number of rural businesses within the scheme.

Figure 13 shows the number of awards given to tiers 2 and 3 across the county. There is a thinner spread across the rural areas, with Berwick upon Tweed having the least number outside the main town.

Fig. 12: Location of businesses by application

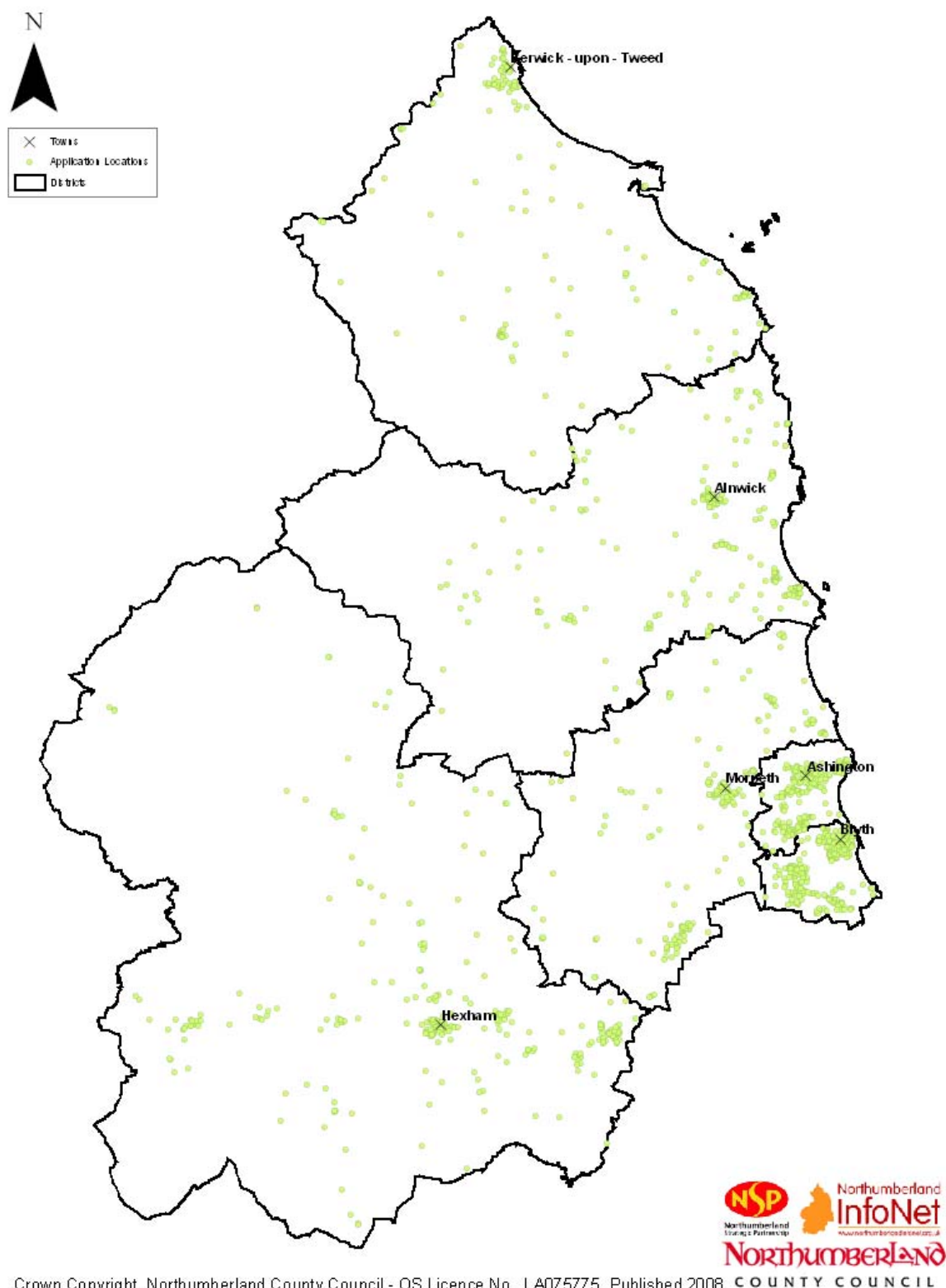
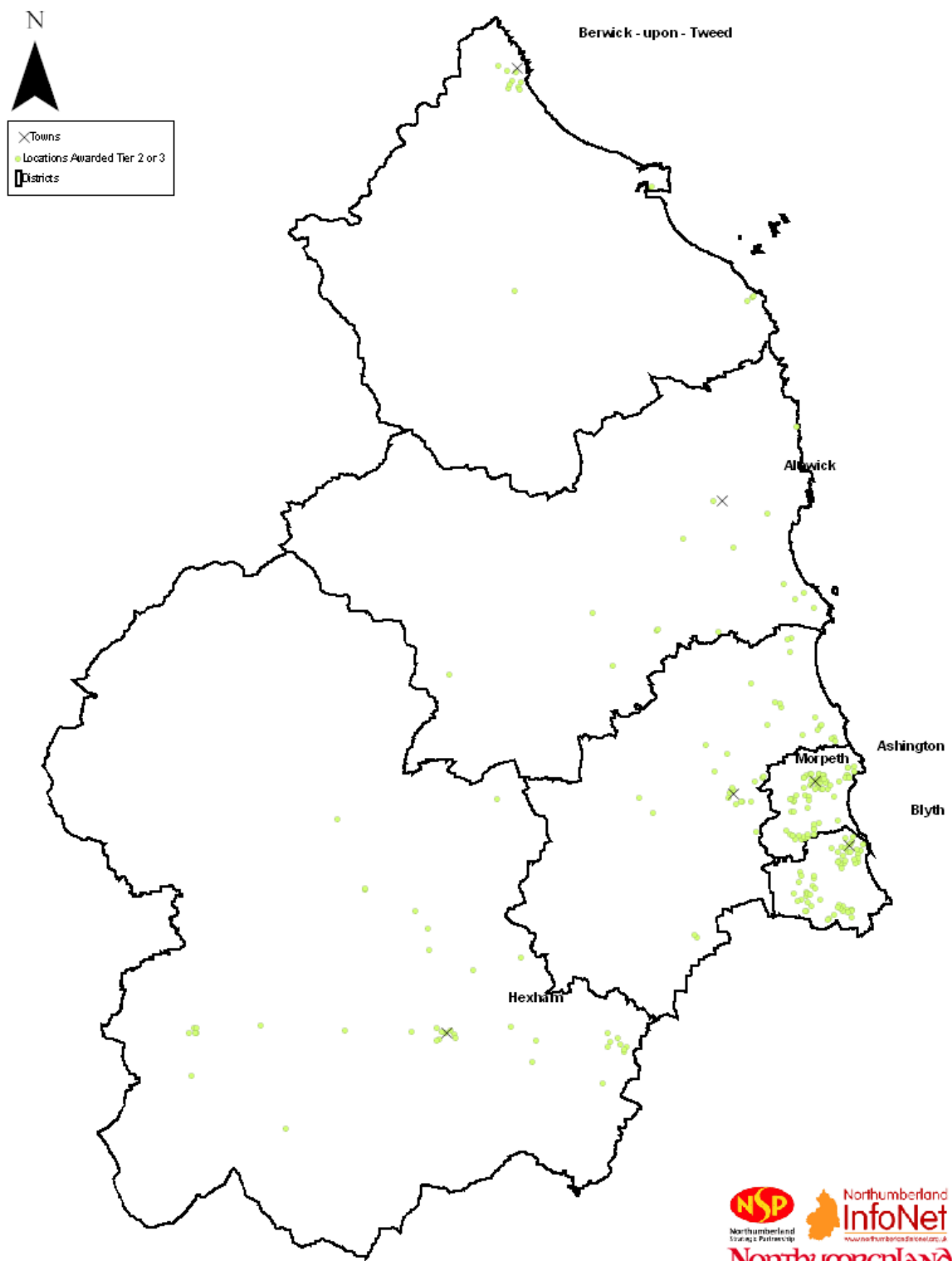


Fig.13: Grant awards by tiers 2 and 3

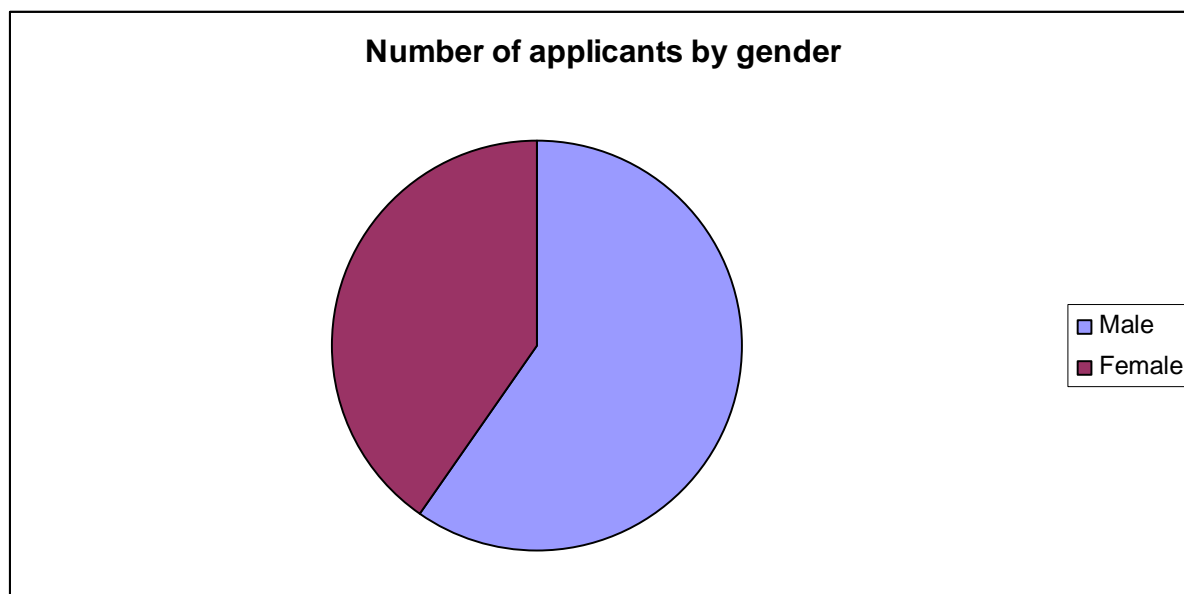


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## Gender Breakdown

A male/female analysis of the applicants of the scheme shows the following results:

**Fig. 14: Applicants by gender, whole scheme**



Source: NEF database

Numbers include those applying as joint applicants, e.g. husband and wife

The percentage split is 59.8% male and 40.2% female, which is very encouraging. There were 731 female led businesses, almost half of those awarded (1,493).

## Age breakdown

Figure 15 is a chart showing the spread of the age of the applicants at 31<sup>st</sup> March 2008. It was not possible to make an analysis using date of application, but the chart still gives a good idea of the spread.

There are currently 10 applicants over 70, of whom 8 have businesses known to still be in existence; these range from a sculptor and painter, a bakery, an author and a husband and wife team producing natural products for the home. The over 50s age group is well represented, too, with over 25% falling into this category. For example, Winston Barnett, age 72, is an artist who applied for a grant from NEF to use a barn near his home as a place to exhibit (and sell) his work. He was awarded £1,000. This piece about him is taken from a much larger article in *The Journal*, in June 2007:

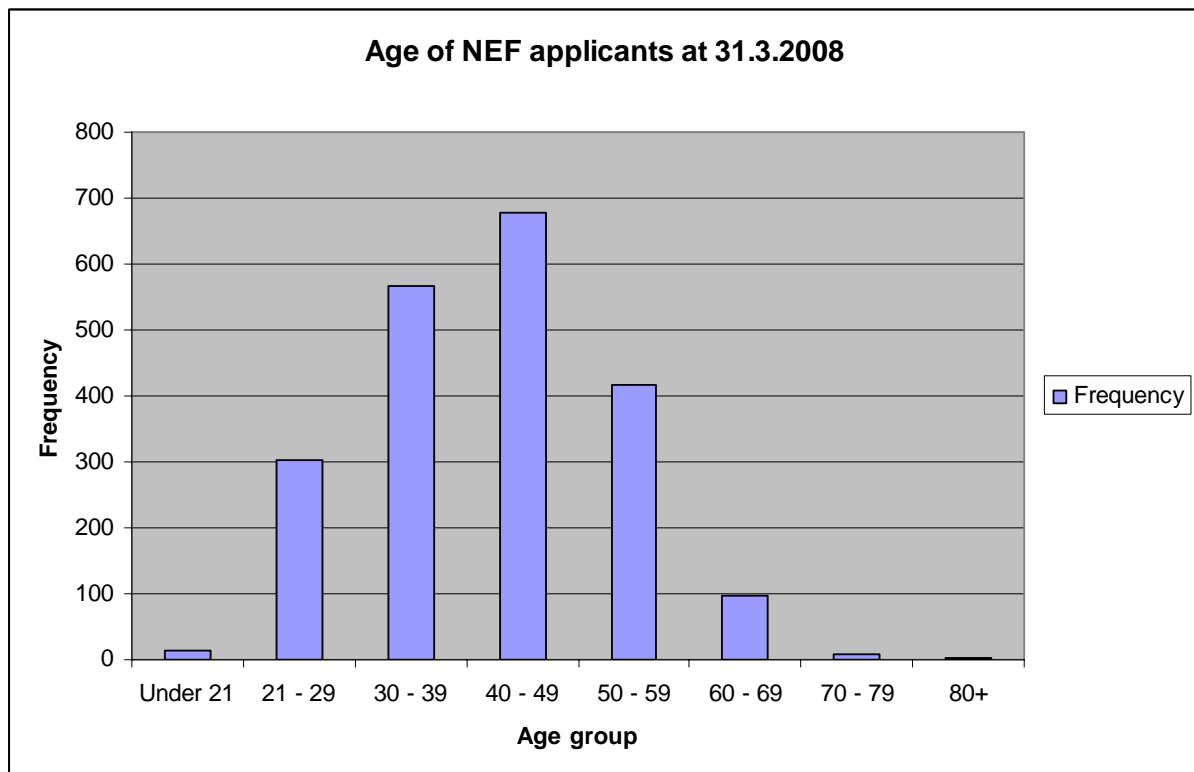
*“As well as the sculptural pieces and what might be called industrial assemblages, he paints pictures. A series of portraits (oils on paper) honours the miners - who, he says, never received medals for their vital war work - and the steelworkers; distinguished by the blue glasses they wore to protect their eyes.*

*These pictures, under the general heading The Dignity of Labour, will be shown at the Lamplight Arts Centre, Stanley, from July 2-28 in Winston's first solo exhibition in the region.*

*You can see Winston Barnett's art as part of The Art Tour 07. “*

This is a business he began after retiring, and is a great example of how older people in the NEF scheme have used a wide range of skills and experience to achieve so much.

**Fig.15: Age of NEF Applicants**



Source: NEF database

The under 21 category is artificially depleted due to the technical difficulties, but those under 30 account for 15% of the applicants. One such younger applicant, Jamie Williams, age 19 when he made the application, applied for and received a

grant for £1,000 to set up a children's football coaching business. An extract from his website reads:

*“Soccer Active started from scratch in the summer of 2007 with the help of a modest starter business grant from Northumberland County Council. In a short space of time Jamie has developed a fast-growing customer base and a quickly-established track record of successful and popular activities which in the first four months has seen every one of Soccer Active's 18 courses fully subscribed.”*

Jamie now employs four other coaches (also young people) and is another great example of how young people can set up and be successful in business with a subject they are passionate about.

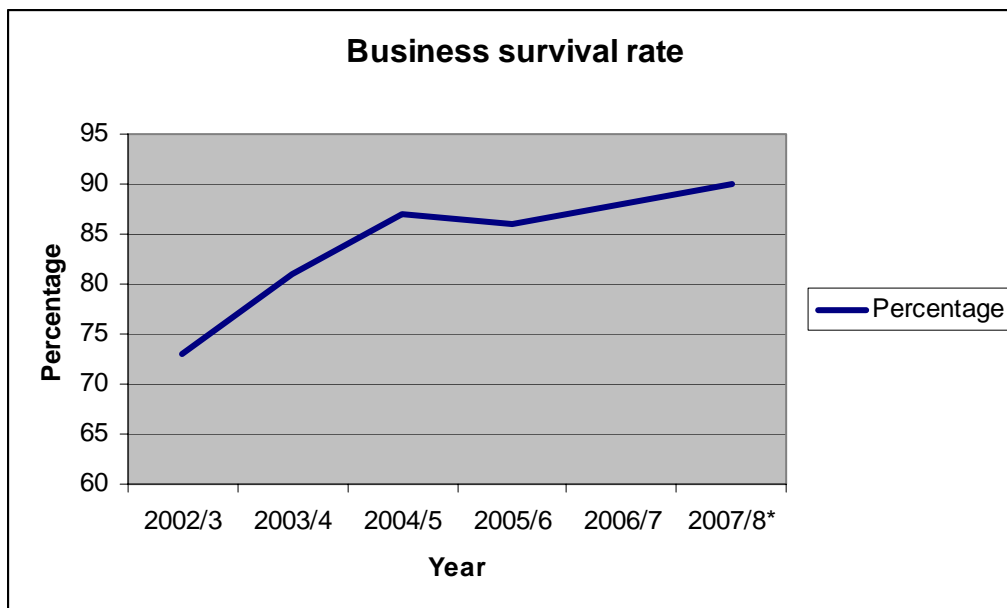
**b) Increasing the prospects of survival and growth**

The evidence used to assess this part of the objective comes from data such as business survival rates, both NEF recipients and county wide businesses; data from 2007 evaluation and telephone interviews with clients from across the whole period of the scheme.

**Business survival rates**

Although Northumberland has a lower rate of business start ups than the national average, it actually has a higher survival rate than both the North East and England. This may indicate good preparation by those who start up their own businesses and access to good quality business support and advice such as the Business Link centres around the county.

**Fig. 16: Business Link 12 month survival rates**



\*Not a complete year

Source: Business Link

The figures clearly show a rise in survival rates year on year, and with about 80% of Business Link customers applying for a NEF, it could be inferred that the NEF had a significant impact on these figures.

**Fig. 17: Business survival rates NEF**

	2004 (Feb-Dec)		2005 (Jan-Dec)	
	Business Starts	12-month business survival %	Business starts	12-month business survival %
<b>Alnwick</b>	61	95	79	92
<b>Berwick upon Tweed</b>	16	94	45	82
<b>Blyth Valley</b>	51	84	73	93
<b>Hexham</b>	36	100	90	96
<b>Morpeth</b>	21	86	29	90
<b>Wansbeck</b>	15	100	26	96
<b>Total</b>	<b>200</b>	<b>93</b>	<b>342</b>	<b>92</b>

Source: NEF and Business Link

Note: no information could be obtained from the Business Advice Centres to update this information.

As it can be seen in Figure 17, the survival rates for NEF businesses were consistently high, and as high or higher than the county rate, the regional rate and the national rate (Figure 1). This clearly demonstrated the quality of the business start ups supported by NEF and Business Link.

‘An increase in survival rates of new businesses of 5%.’

It was quite difficult for NCC admin staff to obtain accurate survival rate information from Business Link, as they had no systems in place to identify separately NEF assisted businesses. However, the Business Advice Centres as they are now, have refused to supply NCC with an updated version of the data that had been received from them in the past, stating Data Protection and Ownership as the reason for this.

### c) Increasing the average levels of employment by new business start.

When the NEF started, part of the scheme included loans of £2,000 per additional employee up to a maximum of £10,000. This part of the scheme ran until December 2006, when OneNortheast withdrew funding from all sub-regional loan schemes, and it carried on as a grant only scheme. An analysis of the loans scheme shows that it was quite successful in encouraging the employment of additional staff:

Significantly, when the loan scheme ceased the average number of employees fell from 1.58 in 2004/5 to 1.38 in 2007/8; the percentage of applicants who were sole traders correspondingly rose from 59% to 74% (Fig. 18)

This did not meet the objective therefore of 'an increase in the average number of employees per business start from 1.53 to 1.7'.

**Fig. 18: Number of employees supported by NEF**

	2004/5	2005/6	2006/7	2007/8
<b>Total employees (inc sole traders)</b>	663	630	683	629
<b>Total extra employees</b>	244	231	152	174
<b>Total applications</b>	420	398	533	455
<b>Average no employees</b>	<b>1.58</b>	<b>1.58</b>	<b>1.28</b>	<b>1.38</b>
<b>Total extra actual full time employees</b>	158	168	98	115
<b>No of sole traders</b>	248	243	401	338
<b>% of applications from sole traders</b>	59.0	61.1	75.2	74.3

Source: NEF database

There were 224 applications for loans in the whole period, received between 10/3/2004 and 16/11/2005. Of these, 202 were offered loans of up to £10,000 and of these, 168 took up the offers (Fig. 19).

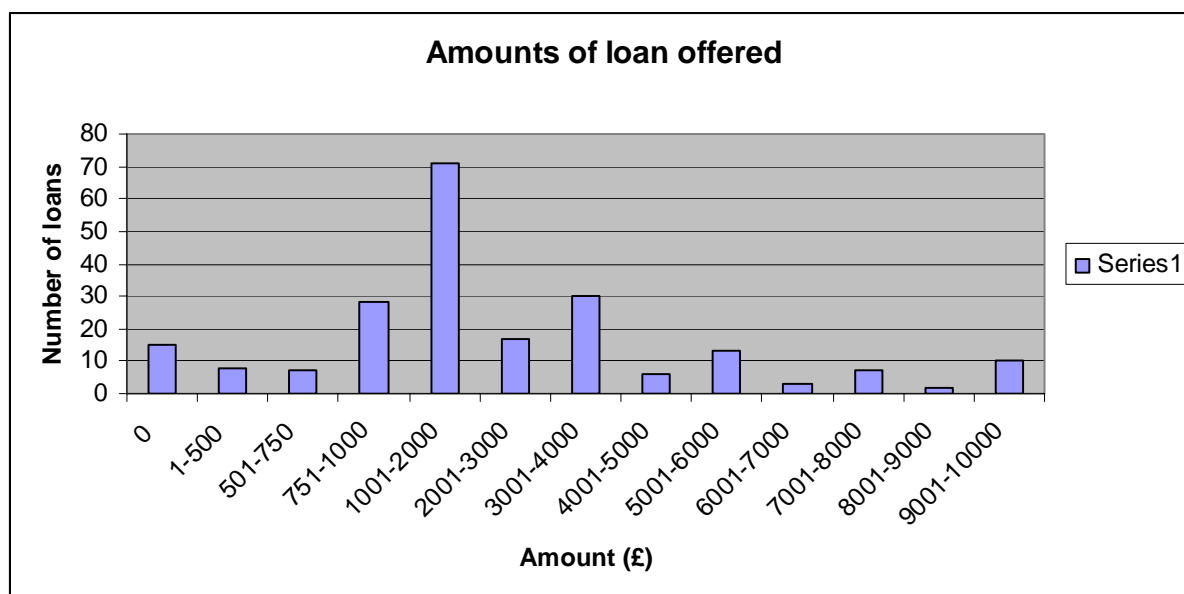
**Fig. 19: Number, amount and percentage of loans**

	No	%
Offers	202	90.2
Claimed	168	75.0
Total Applications	224	100.0
Total offered	£641,899.36	88.0
Total claimed	£499,104.78	68.6
Total applied for	£727,477.39	100.0
Average loan offered	£3,177.72	
Average loan claimed	£2,970.86	
Average loan applied for	£3,247.67	

Source: NEF database

The majority of the loans were for £2,000 suggesting the employment of one additional employee. However, the next most frequent amount was £4,000 – an additional two employees. (Fig. 20)

**Fig. 20: Amounts of loan offered**



Source: NEF database

Target: Average value of loans awarded – target more than averages forecast of £2,133;

Achievement: the loan scheme, while it operated was successful in that it achieved an average of £2,971.

**Fig. 21: Jobs supported by NEF whole scheme**

<b>1,493 new businesses</b>			
<b>BLAC</b>	<b>Full time</b>	<b>Part time</b>	<b>FTE</b>
Alnwick	343	112.5	382.2
Blyth	362	108.0	408.0
Berwick upon Tweed	202	44.0	226.3
Hexham	452	132.0	503.6
Morpeth	294	68.5	327.5
Wansbeck	289	41.5	309.1
<b>Total</b>	<b>1,942</b>	<b>506.5</b>	<b>2,156.7</b>

Source: NEF database

An analysis of the whole scheme shows that overall, 2156.7 full time equivalent jobs were created, for 1,493 new businesses, with an average of 1.45 employees per business start. (Figure 21). The average grant per Full Time Equivalent was £554.

**Fig. 22: Jobs supported by NEF by industry sector**

Industry sector	FTE	No. awards	Av. No. employees
Agriculture, Forestry and Fishing	25.7	19	1.35
<b>Careers/Employment/Training</b>	<b>262.0</b>	<b>149</b>	<b>1.76</b>
Cars/Vehicles	47.8	40	1.20
<b>Chemicals, Pharmaceuticals and Non-Metallic Materials</b>	<b>24.5</b>	<b>10</b>	<b>2.45</b>
Communications	45.3	36	1.26
Construction/Repair/Maintenance	384.9	314	1.23
Consultancy	41.1	37	1.11
Education/Care	126.5	96	1.32
Electronics	14.3	12	1.19
Engineering and Metal	36.8	25	1.47
<b>Food and Drink</b>	<b>230.8</b>	<b>102</b>	<b>2.26</b>
Health and Beauty	133.6	107	1.25
Leisure	69.4	43	1.41
Professional	35.1	30	1.17
Retail Distribution	226.7	146	1.55
Services/Miscellaneous	187.5	146	1.28
Textile Goods	21.3	18	1.18
Tourism	212.7	140	1.52
Wholesale Distribution	3.0	2	1.50
Wood Products and Miscellaneous	29.0	21	1.38
<b>Total</b>	<b>2283.6</b>	<b>1493</b>	<b>1.45</b>

Source: NEF database

The three sectors employing the highest average number of employees were not the sectors with the most businesses. The sectors were Chemicals, Food and Drink and Careers/Employment/training. The Chemicals sector was quite diverse, with the pharmacy and the manufacture of bio diesel being the largest employing businesses; Food and Drink employing businesses are mostly cafes and restaurants; and Careers/Employment/training businesses employing additional staff include providers of workplace training and financial services (Fig.22).

The three sectors employing the least number of staff were Professional, Consultancy and Textiles. Professional included bookkeeping and accounting; Consultancy in a range of subjects; and Textiles, hand made crafts.

### **3.2 Objective 2: Developing an entrepreneurial culture and adding value at a strategic level**

A range of views and opinions were sought from both key stakeholders and representatives of participating organisations, as well as recipients of the NEF scheme. All were extremely positive about the effectiveness of the scheme, and the contribution it has made to new businesses, and therefore the entrepreneurial culture of Northumberland.

#### **What do you think were the most important aims of the NEF?**

The general consensus of the strategic partners was that the NEF was there to encourage people to firstly go into business, and secondly, to ensure that they were better prepared and equipped to do so, thereby increasing their chances of surviving. Ultimately to improve the county's business survival rates.

Business Link saw the way that the system was set up as aiming to encourage, by way of a grant, more start up businesses to access a range of business services and preparation, in order to make their businesses more sustainable.

One of the feeder organisations felt that it was trying to encourage people of all ages to go into self employment, and particularly to start their businesses in Northumberland, making the area become more enterprising.

#### **To what extent do you think it achieved those aims?**

Opinions ranged from '100%' to 'better than expected', as well as comments on the increase in survival rates and the system being 'slick, streamlined, easy to understand and efficiently administered'.

Business Link said that the project was very good at encouraging clients "who would not normally have asked for support to come forward and access the funding .....and the business advice, support and networking groups".

A feeder organisation said that NEF achieved their aims “to a large extent” and indeed “every young person who came to us for help was then referred to the NEF programme for further financial assistance”.

**In what ways do you think that NEF was particularly successful?**

Lots of praise for the way NEF was administered and the quality of the business planning process. There was a particular mention of the success of achieving applications from target groups, particularly Tier 2, and that the grants were very effective at helping these groups access funds to buy equipment where they may not otherwise have had the resources to do so.

**Are there any aspects of NEF that could have been done better, and what are they?**

A suggestion to improve the take up of Tier 3 applicants 'closer liaison with Job Centres..... and an action plan to increase uptake among New Deal participants.

A more specific working agreement with Business Link to follow up (NEF) business starts afterwards may have been helpful.

Business Link thought that there were no improvements required as both they and NEF sought constant feedback to constantly evaluate and improve the service.

One feeder organisation suggested that the fact that some people had to go out and spend £500 to get £500 could sometimes cause problems as most didn't have that kind of cash available, “although it didn't actually cause too many problems in the end as they borrowed from us in advance of our loan!”.

**If the scheme had continued, are there any ways in which you would have liked to develop its remit?**

There were a number of comments suggesting that a wider remit for the loans and grants assisting with bigger capital spend could be useful to some clients. There were also suggestions that as the scheme progressed, established businesses could mentor new ones.

Business Link suggested that clients that were excluded from the scheme were those that had already bought or did not need capital equipment. Vehicles being excluded were also something that could be revisited.\*

A feeder organisation thought there was a balance to be struck between encouraging a client to save to match the grant and recognising that this may be a barrier to the scheme.

Another feeder organisation thought that at a strategic level, the scheme should have gone to an organisation or organisations already skilled and experienced in administering from the voluntary or private community. Part of the funding could have been given directly to these groups to administer.

**Was the scheme particularly relevant to your clients (Business Link and feeder organisations)?**

One Feeder organisation said that 'Every client that I dealt with was looking to go into self employment in the Northumberland area – therefore extremely relevant.' Business Link thought that it was relevant to 80% of their client base.

**Did your clients find it easy to be accepted for a grant? (BL etc)**

There was a general consensus (apart from one interviewee) that there were 'clear guidelines' and a 'quick turnaround'.

One feeder organisation felt that their clients found the scheme confusing and the criteria unclear and they were put off applying.

\*From April 2006 commercial vehicles were included

**Were there any, and if so what were the barriers to the scheme for your clients?**

One feeder organisation explained that for some clients who weren't using NEF, but were using other business counselling services still had to repeat the process because they could only access NEF through Business Link. There was general consensus again with the comments that some clients suffered financial hardship caused by having to spend 50% for the capital costs.

**Are there any, and if so what are, the lessons learned from this scheme?**

The strategic partners suggested ensuring a balance between risk and flexibility: "when you are dealing with entrepreneurs/business start-ups one size definitely doesn't fit all".

Business Link thought it had been important that "NEF have great working relationships with all partners, were fully aware of funded projects across Northumberland and strived to compliment them, e.g. Kick-start. With this relationship, clients who would normally go to all funding streams 'to see what they could get' were closely managed, therefore access to funding was fairly distributed to all clients who applied."

One feeder organisation said "without NEF – grant funding in Northumberland is very scarce!" Another feeder organisation thought that it was confusing and difficult for regional organisations to understand the different schemes on offer to their clients depending on where they lived/worked, there was no consistency.

**Feedback from Business Advisors**

When interviewed for the 2007 NEF evaluation the business advisors agreed that 'the absence of a discretionary grant for clients would affect their own performance and the achievements of their respective organisations; and would also reduce the number of businesses engaged in the broader services offered by the business support network.' NEF was described as an 'excellent model', particularly with regard to the formal business planning and local delivery.

Recent interviews with Business Advice Centre managers elicited the following comments: one manager thought that although the initial publicity was good, there was no continued publicity, so that most of his clients had not heard of the NEF. He thought that the NEF adapted over time and responded to feedback about the application process and was very user friendly. Another Business Advice Centre manager said that NEF would be a 'big miss', and that NEF admin team had been 'very very helpful'. The fact that it assisted with capital funding was very important and that it was relatively easy to access. With Kick-start not available either, a suggestion for any future scheme was to enable access to training.

### **Feedback from Clients**

All of the telephone interviews done for this report, and all of the qualitative feedback contained on the client feedback forms has been extremely positive. Clients have commented on the detailed planning process and how the grant ensured that they were thoroughly well prepared, to a greater extent than they would have done without it. Even those who chose not to take up an the offer of a grant were very enthusiastic about the scheme, as they too had benefited from its support, and would definitely recommend it.

One lady, who runs a successful b&b, who received a grant nearly three years ago, said that the support and advice she got were 'invaluable' and was happy to say that she had since expanded her business and moved to a larger property.

## 4.0 CONCLUSIONS

### Achievements

NEF achieved many of its aims and objectives, both on a quantitative and strategic level. Data throughout this report show how successful it was at attracting and supporting new businesses from all ages and backgrounds, and that the scheme had a wider impact on the county's business community in terms of raising the quality and sustainability of new businesses.

- Total number of awards made 1,493 (Figure 7)
- Total amount of money offered £1,522,485 (Figure 8)
- Total number of jobs created, Full time Equivalents, 2,284 (Figure 22)
- Positive feedback received from recipients of an award on planning process, 82% (Figure 4)
- Positive feedback received from recipients of an award on service from BLAC and NCC, 98% (Figure 3)
- Average time taken for application to receive an award, target less than 10 working days, 5.6 days, page 19
- 25.6% of awards were from Tiers 2 and 3 (Figure 10)
- Percentage of applications claiming an award, 84.6% (Figure 7)
- 40.2% of applicants were female (Figure 14)
- About 25% of applicants were over 50 (Figure 15)
- Business Link's business survival rates have risen since the introduction of NEF (Figure 16)

All of the above show that the scheme has been an efficiently run, very productive one, which has been accessible to wide range of business start-ups, both in terms of the clients' circumstances and the industry of their choice. Businesses have ranged from good quality self employed trades such as plumbers, builders and hairdressers, to more adventurous and unusual ones such as a web site for actors, colonic irrigation and a horse dentist! In particular, when viewed from all angles, it is apparent that the one thing that enabled these businesses to be so effective was the advice and support given to the applicants by both the Business Link advisors and

the NCC administration team, and it is clear from both client and staff feedback that this was key in setting good foundations for the businesses. This is indeed reflected in the rising business survival rates year on year since the introduction of NEF.

## Lessons Learned

The lessons learned fall into two parts: the things which worked well or not so well for NEF, and things that could be considered by a future scheme which might be looking at a wider remit.

### 1.a) What went well

- **Business planning process:** it cannot be overstated how important this was to both the clients and the scheme; the clients were much better prepared, and the scheme was justified in offering grants.
- **The administration system:** the whole system ran smoothly and efficiently from start to finish, was easy for the applicants to understand what was expected of them, and yet was rigorous enough to stand up to analysis.
- **Flexibility of the scheme:** the wide range of applicants and businesses helped by the scheme demonstrates its flexibility and ability to respond to local needs.
- **The size of the grant:** just enough to encourage people to use the business planning process and advice, while being enough to fund modest capital expenditure.
- **The loans part of the scheme:** although a small part of the scheme it proved quite effective at increasing the average number of employees per business start.

### 1.b) What went not so well

. **Promotion of the scheme:** In spite of extensive publicity through local media, organisation websites and leaflets, most applicants had already got as far as contacting Business Link before they heard of NEF

- **Monitoring NEF business survival rates:** it would have been extremely helpful if an effective system for this had been established prior to the start of the scheme; this could either have been through the BLAC system recording a NEF assisted indicator, or, with additional funding, with NEF contacting businesses directly throughout the year from a system prompt.

## 2. Looking to the future

Suggestions for making the scheme more strategic and even more inclusive:

- **Part-time clients:** there are many people who for one reason or another may not be able to run a business full time: this may include mothers of young children, people on benefits, retired people wanting to supplement their pensions but not wanting the stress of full –time commitments, students, those with caring responsibilities, those with a part-time job; if the longer view is taken, establishing a successful part time business could give these people the incentive to take it full time when their circumstances improved, or to employ someone else to cope with additional workloads.
- **In-depth analysis of business survival and business advice and support for 12 months following grant award:** some business types may be more at risk than others, identifying which would help target support.
- **Rigorous service level agreements between all parties:** to ensure that roles and responsibilities are fully understood and applied consistently, e.g. supplying management information between organisations.
- **Access to training:** as noted by a Business Advice Centre Manager, it would be of great benefit to many new businesses to access appropriate training, whereas this is no longer consistently available: perhaps this could tie in with the previous recommendation.
- **A separate scheme to support additional employment:** to encourage businesses start ups consisting of more than the sole trader. The loans part of the NEF did attract businesses starting up with additional employees, but was a little incongruous with the rest of the grant scheme. These businesses were obviously not attracted by the modest amount offered by the scheme when the loans part was abandoned, and indeed, some advised that neighbouring Tyneside and Scotland were offering substantially more (£10,000).

- **A strategic approach to small business accommodation:** A previous report done by Northumberland InfoNet researched the provision of small business accommodation county-wide and found that there was a significant shortage. Wansbeck and Blyth Valley have an 'incubation' unit for start up businesses, but the occupants of these premises felt there was no where to go when it was time to move on. Many other small businesses across the county felt the same, and if it is in the economic interests of the county to promote new small businesses than this issue needs to be addressed.
- **Supporting rural businesses:** rural issues are to the fore at the moment, and attracting quite a lot of national funding; as 62% of NEF's client base were rural based businesses it is important that particular consideration is given to helping these businesses contribute in an effective way to sustaining the Northumberland rural economy; this means looking at the loss of young people from the countryside, who may well be a source of innovation and enterprise, and supporting older people establish rural businesses as the over 50s are the biggest growing sector of the rural population in Northumberland

There are many challenges facing the new business in Northumberland's economy, and NEF has been very successful in the last few years in providing them with a good foundation which has been reflected in the very high levels of the business survival rates. It established a very transparent and effective process for applicants to follow, with detailed advice and assistance within the planning process and with very little excluded activities compared to other schemes.

Those that benefited from an award, and even those who chose not to were extremely positive about the service they received from both the BLACs and the NCC administration team. The strategic partners, the feeder organisations and Business Link representatives were all very enthusiastic about the achievements of NEF, and the facts speak for themselves, as extracted from the NEF database. Minor hiccoughs along the way were monitoring the survival rates of NEF businesses, and promoting the scheme.

There are suggestions for a wider remit, for example including part time businesses, and for a more strategic view, perhaps getting more involved with schools and

colleges, and creating more accommodation suitable for small businesses. Rural areas too, could be considered under a more strategic approach.



## APPENDIX A

### ORIGINAL CONDITIONS OF GRANT WARD

1. Grants or loans will only be awarded to businesses that can demonstrate their viability. A Business Plan including cash flow forecast (showing the total funding requirement) must be submitted with the application.
2. Applications must provide evidence of their own financial contribution cash, other loans, overdraft facility etc.
3. The scheme can only support projects where there is at least two thirds private funding.
4. Support from the scheme cannot exceed the total CAPITAL COST of the project.
5. Applicants must undertake a training needs analysis and attend business workshops as recommended by the Business Advice Centre Network.
6. Applicants must make themselves available for post start-up business counselling sessions as required.
7. All other applications for grants or other public funding in respect of this project must be declared.
8. Offers remain valid for 3 months and must be accepted in writing.
9. Payment is made in arrears and is subject to receipt of evidenced expenditure.
10. The grant or loan cannot be used to lever in any other grant for the same expenditure.

NOTE: some of these conditions were revised as the scheme progressed.

**APPENDIX B****Post award questionnaire Q.1: how did you initially hear about the NEF? (%)**

	<b>Total to end 2006</b>	<b>Total 2007</b>	<b>Grand Total</b>
<b>Through meeting with Business Link</b>	80.7	76.1	79.7
<b>Local Press Advertising Feature</b>	0.9	1.0	1.0
<b>Local Press Advert</b>	1.2	2.0	1.4
<b>Word of Mouth</b>	12.3	14.9	12.8
<b>Advertising Leaflet</b>	0.7	0.0	0.5
<b>Other</b>	3.4	6.0	3.9
	100.0	100.0	100.0

**Post award questionnaire Q.2: How would you rate the service you received from Business Link? (%)**

	<b>Total to end 2006</b>	<b>Total 2007</b>	<b>Grand Total</b>
<b>Very Good</b>	70.2	68.2	69.7
<b>Good</b>	21.9	24.9	22.5
<b>OK</b>	6.3	4.0	5.8
<b>Poor</b>	0.8	1.5	1.0
<b>Very Poor</b>	0.1	1.0	0.3
	100.0	100.0	100.0

**Post award questionnaire Q.3: How satisfied were you with the way your application was handled by NCC? (%)**

	<b>Total to end 2006</b>	<b>Total 2007</b>	<b>Grand Total</b>
<b>Very Satisfied</b>	85.4	89.1	86.2
<b>Satisfied</b>	10.9	10.4	10.8
<b>Neither Satisfied nor dissatisfied</b>	1.9	0.5	1.6
<b>Dissatisfied</b>	0.4	0.0	0.3
<b>Very dissatisfied</b>	0.1	0.0	0.1
	100.0	100.0	100.0

**Post award questionnaire Q.4: how would you rate the ease of the application process? (%)**

	<b>Total to end 2006</b>	<b>Total 2007</b>	<b>Grand Total</b>
<b>Very easy</b>	31.7	32.8	32.0
<b>Easy</b>	34.4	36.3	34.8
<b>OK</b>	28.2	27.4	28.0
<b>Hard</b>	2.7	3.0	2.8
<b>Very Hard</b>	0.3	0.5	0.3
	100.0	100.0	100.0

**Post award questionnaire Q.5: How easy was it to meet the requirements of the NEF? (%)**

	<b>Total to end 2006</b>	<b>Total 2007</b>	<b>Grand Total</b>
<b>Very easy</b>	26.5	31.3	27.5
<b>Easy</b>	39.1	38.3	39.0
<b>OK</b>	30.4	26.9	29.6
<b>Hard</b>	3.2	3.5	3.3
<b>Very Hard</b>	0.1	0.0	0.1
	100.0	100.0	100.0

## **APPENDIX C**

**Sample of interviews with clients with live businesses, who were offered, but did not claim an award.**

**Questions for those who didn't take up grant:**

- **Why not?**
- **Was the preparation useful?**
- **Would you recommend the scheme?**
- **What would you suggest for improvements?**
- **Why did you apply in the first place?**
- **Is business still live?**
- **Are you employing anyone else?**

**Interviewee 1 – A093**

**Why not?**

Because had already bought all equipment needed before found out about NEF – didn't want to buy anything extra just for the sake of it

**Was the preparation useful?**

Yes, had two meetings with Business Link to ensure I had covered everything.

**Would you recommend the scheme?**

Yes, definitely

**What would you suggest for improvements?**

None, it's fine

**Why did you apply in the first place?**

Because business Link suggested it.

**Is business still live?**

Yes

**Are you employing anyone else?**

Still sole trader

**Interviewee 2 – B0014**

**Why not?**

Because it took too long and we didn't need it by the time we got it. We borrowed from friends when we needed resources and the business took off very quickly.

**Was the preparation useful?**

Very pleased with advice and help from Business Link

**Would you recommend the scheme?**

Yes

**What would you suggest for improvements?**

The grants were too small, Newcastle was offering us £10,000 but we wanted to be in Berwick. We will be expanding soon, taking on staff and opening two more businesses.

**Why did you apply in the first place?**

A friend recommended both Business Link and the scheme

**Is business still live?**

Yes, see above.

**Are you employing anyone else?**

Will be, see above.

**Interviewee 3 – B0123**

**Why not?**

Because the process took too long. I borrowed off family to get business started. Business link advisor was not organised – there was no action plan in place at the end of any meeting, I thought I should have had a list of things to do, all I got after every meeting, a week later, was a feedback request form – when I really wanted to get on with starting my business!

**Was the preparation useful?**

Some of it was.

**Would you recommend the scheme?**

Not on my experience, but a year later a colleague was very happy with the service.

**What would you suggest for improvements?**

For Business Link to be more organised and prepared, most of my help and advice came from my colleagues and my accountant.

**Why did you apply in the first place?**

Went to Business Link for help and advice and was directed to the scheme.

**Is business still live?**

Yes

**Are you employing anyone else?**

No.

**Client no 4 – M10244**

**Why not?**

Because they wanted me to open a personal business account – this would have cost me £50 - £100 in fees per month and with (business) start up costs it wasn't worth it for £750, especially as I don't expect to become VAT registered for a couple of years

**Was the preparation useful?**

Yes, it was very good

**Would you recommend the scheme?**

Definitely

**What would you suggest for improvements?**

Make the grant bigger!

**Why did you apply in the first place?**

Heard about it through a friend (not the amount) and went to Business Link

**Is business still live?**

Yes

**Are you employing anyone else?**

No

## **APPENDIX D**

### **A SELECTION OF QUALITATIVE INFORMATION GIVEN BY GRANT RECIPIENTS ON THEIR FEEDBACK QUESTIONNAIRES**

#### **Client W1900**

For future candidates I would like to make you and the candidates aware of; lets say 'band wagon' businesses when obtaining estimates, their opinion seems to be 'Oh well, you're not paying for the work so we will come up with a silly figure because you get a grant.' What they don't realise is they're not only being unscrupulous but undoing all the hard work, and everything that Business Link stand for, 'biting the hand which probably initially fed them.'

Not all I might add.

For me the experience has been 'from inspiration to realisation'. Thank you for your support.

#### **Client BL2257**

There was much made earlier this year (2007) about the joining of the three Business Links in the North East and I went to one meeting where 'the' new Business Link director stated 'No matter where you are in the NE you will get the same levels of funding and support.' This isn't the case in reality though – if I'd set up business in Whitley Bay, 5 miles away, I could have had £10k grant – funding support as opposed to the £1k in Northumberland.

I'm lucky that this wasn't the be all and end all for me going into this business, but I'm sure it will affect many others and, in places that border North Tyneside, for example, I can imagine some people choosing to start businesses there rather than Northumberland, as they can receive £9k more for the same start up phase, and that is a significant amount for many start ups.

Therefore, it could be limiting the grant, will have a long term negative effect on business start ups and therefore employment opportunities.

**Client M10916**

Any business applying for this grant must, presumably have started as receipts for the expenses incurred have to accompany the application form. The grant is, however, most gratefully received.

**Client H3073**

Perhaps this fund could be renewable annually – judged against jobs created and offering higher levels of support.



## The Northumberland Information Network

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