

Evaluation of the BEDP WNF
Worklessness and Enterprise
Programme:

Outcome 2 Final Report

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Carlisle

Suite 7 (Second Floor)
Carlyle's Court
1 St Mary's Gate
Carlisle CA3 8RY
t: 01228 545 722
m: 07501 725 114
e: stephen@dcresearch.co.uk

Leicester

1 Hewett Close
Great Glen
Leicester
LE8 9DW
t: 0116 259 2390
m: 07501 725115
e: jon@dcresearch.co.uk

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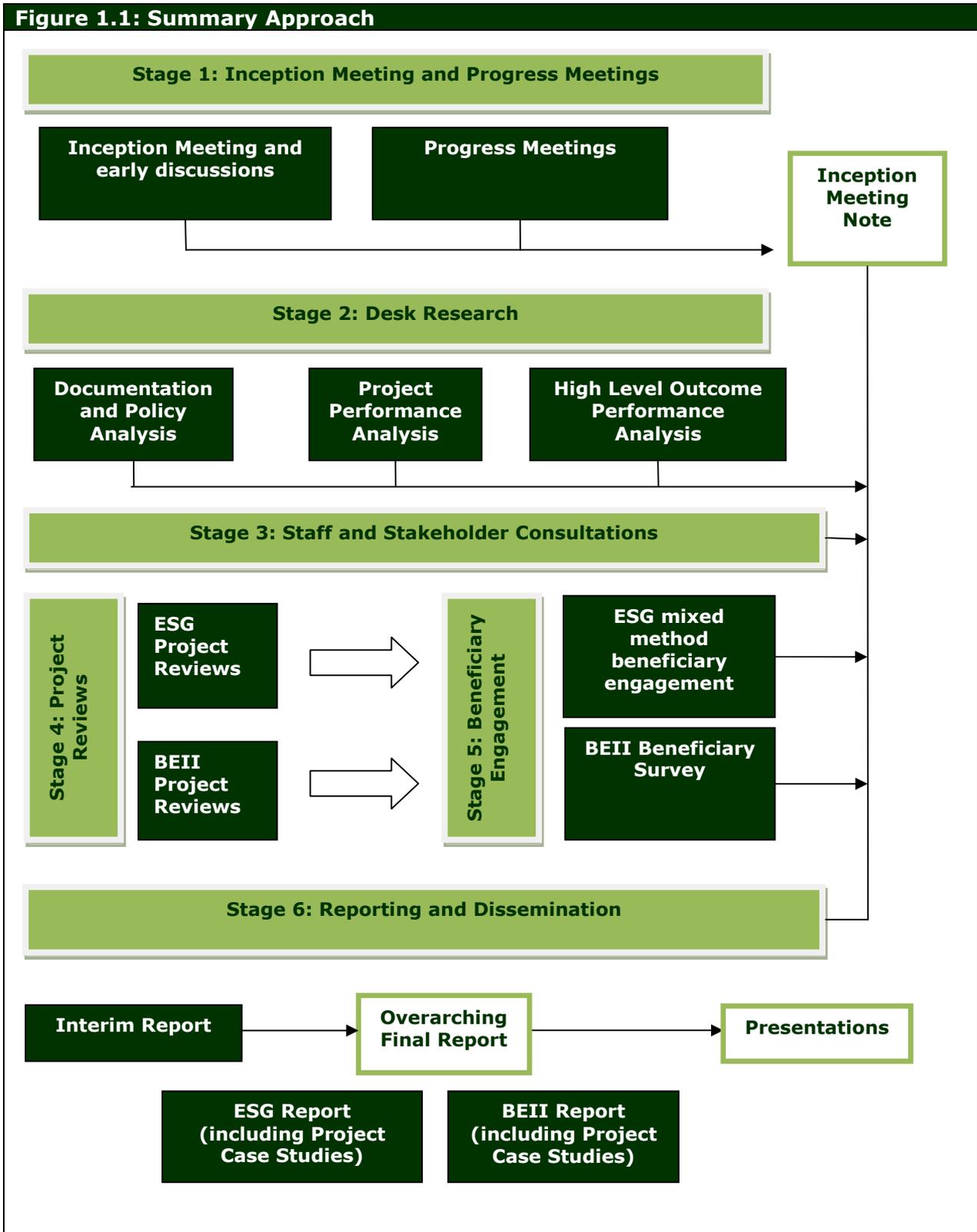
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1. INTRODUCTION

- 1.1 Birmingham City Council (BCC) appointed DC Research and Focus Consultants in January 2011 to evaluate the Birmingham Economic Development Partnership (BEDP) element of the Working Neighbourhoods Fund (WNF).
- 1.2 The evaluation will provide an independent assessment of the strategic development, delivery and impact of the WNF Programme delivered through BEDP, as well as providing recommendations about delivery of such activity going forward. It covers those interventions managed through the Employment Strategy Group (ESG), and the Business, Enterprise Innovation and Inward Investment Group (BEII) under BEDP, with the overall aim of the evaluation being to:
- Establish the effectiveness of the WNF BEDP programme, by looking at its impact, achievements and the value it has added.
 - Identify what worked well, what was innovative, and what didn't work well in relation to employment and enterprise support to inform the design and delivery of future interventions.
 - Compare actual achievements against targets and provide comparative information for WNF delivery in other Core Cities and/or other programmes.
- 1.3 The Birmingham Local Area Agreement and the WNF Programme was delivered through a series of Outcomes. This report focuses on Outcome 2 of the BEDP Worklessness Programme, as managed by the Business, Enterprise and Inward Investment (BEII) sub group. It is accompanied by an Outcome 4 report on the ESG Sub Group, and an overarching report that summarised key programme level findings.
- 1.4 The remainder of this report is structured as follows:
- **Section 2** briefly summarises the strategic and policy context for the Outcome 2 element of the WNF Programme, and sets out the rationale for WNF intervention.
 - **Section 3** introduces programme governance and management arrangements for the BEII element of the BEDP WNF Programme, and highlights key programme level issues and impacts.
 - **Section 4** sets out findings from a review of selected projects that make up the Outcome 2 element of the programme. The primary source of evidence comes from the project reviews and project manager consultations sampled as part of the approach to this study. This evidence is supplemented by drawing from secondary evidence taken from a numbers of separate project evaluations commissioned either by BCC, or by the projects themselves.
 - **Section 5** details the performance of the Outcome 2 element of the BEDP WNF Programme, setting out financial and output performance against targets
 - **Section 6** analyses the high level outcome position of the programme in terms of Outcome 2 of the Local Area Agreement.
 - Finally, **Section 7** summarises the key findings and conclusions for Outcome 2, sets out a series of recommendations for future programmes, and summarises examples of succession and forward strategy.

Summary of Evaluation Approach

1.5 Figure 1.1 summarises the approach used for the entire evaluation.



- 1.6 Table 1.1 sets out an agreed approach to the review of projects devised as a result of a series of scoping discussions with BCC. The table highlights the review status of the Strategic Outcome 2 projects, which was designed to ensure that appropriate project review resource was allocated to NESP/CESP activity for the Outcome 4 element of the evaluation.

Table 1.1: BEII Project Reviews			
	Detailed Review and Beneficiary Engagement	Project Manager Consultation	Secondary Review of evaluation evidence
BEII	<ul style="list-style-type: none"> ▪ Entrepreneurs for the Future ▪ Enterprise Through Coaching ▪ Graduate Enterprise Employment 	<ul style="list-style-type: none"> ▪ Data Gathering ▪ Investment Birmingham ▪ Finditinbirmingham ▪ Art and Arrow loan funding 	<ul style="list-style-type: none"> ▪ Stimulating Innovation ▪ Local Communities, Higher Skills ▪ Demand for Business Support ▪ Retail Development Programme ▪ Business Rates Hardship Fund
Source: DC Research based on consultation with BCC, 2011			

- 1.7 The Study Team is most grateful to the consultees who engaged with this evaluation, to beneficiaries who shared their experiences, and to staff in the Development Directorate at BCC who provided advice and guidance and responded to a range of queries and requests for data and clarification.

2. CONTEXT AND RATIONALE FOR INTERVENTION

This section briefly summarises the strategic and policy context for the Working Neighbourhoods Fund in Birmingham, the Outcome 2 element of the WNF Programme, and sets out the rationale for WNF intervention.

Worklessness in Birmingham

- 2.1 A very high level of worklessness exists in the city, and has done for many years. Over 120,000 Birmingham residents are in receipt of a workless benefit, accounting for 18.5% of the working age population - 50% above the national average, and the second highest rate of all the core cities. Within the city worklessness tends to be concentrated in the inner city and some deprived outer city areas.
- 2.2 Birmingham is highly committed to tackling worklessness and improving quality of life outcomes for all citizens, particularly those living in the most deprived areas. The WNF allocation in Birmingham is routed through the BeBirmingham Strategic Partnership, with Birmingham City Council (BCC) acting as fund holder of Area Based Grant and as the accountable body.
- 2.3 At the Programme level, the context for the use of the Fund is the Sustainable Community Strategy (SCS) which sets out the overarching long-term vision for Birmingham 2026, with the Local Area Agreement (LAA) setting out 19 key local priorities for 2008/11 aimed towards delivering the first steps of the SCS.

Working Neighbourhoods Fund and Area Based Grants

- 2.4 In 2007, as part of a concerted drive to get people off welfare and into work, the Government established the WNF. The fund replaced the Department for Communities and Local Government's (DCLG) Neighbourhood Renewal Fund and incorporated the Department for Work and Pension's (DWP) Deprived Areas Fund to create a single fund.
- 2.5 DCLG pledged £450 million nationally for the fund for 2008/09, and more than £500 million in both 2009/10 and 2010/11. In June 2010, the coalition Government cut the DCLG contribution by £50 million to £458 million. The WNF provides resources to local authorities to tackle worklessness and low levels of skills and enterprise in their most deprived areas. It aims to provide the basis for a new approach, recognising the need to tackle worklessness on a community-wide basis, including those claiming Jobseeker's Allowance and those on Incapacity Benefit.
- 2.6 A total of £114 million WNF was originally allocated to the city from 2008-2011 to help tackle worklessness and low levels of skills and enterprise in areas of high deprivation. This was, in turn, allocated to a number of themed activity areas, delivered through strategic thematic boards.
- 2.7 It is important to note that WNF was allocated as part of Area Based Grant (ABG) arrangements. Area Based Grant was a general grant allocated directly to local authorities as additional revenue funding to areas. It is allocated according to specific policy criteria rather than general formulae. Local authorities are free to use all of this non-ringfenced funding as they see fit to support the delivery of local, regional and national priorities in their areas.

- 2.8 The focus of the BEDP Programme, and the majority of resources, was aimed at directly addressing worklessness. The programme also has a focus on addressing barriers to employment and tackling problems in disadvantaged neighbourhoods. Approximately half of this resource (originally £57 million, reduced to £45 million as a result of the funding reallocations and cuts to Area Based Grant in the summer of 2010) was specifically targeted on worklessness via the BEDP Worklessness and Enterprise Programme.
- 2.9 The BEDP allocation is then managed by the following Sub Groups:
- Employment Strategy Group (ESG).
 - Business, Enterprise, Innovation and Inward Investment Sub Group (BEII), which is the focus of this report.

Business Enterprise Innovation and Inward Investment Sub Group

- 2.10 The majority of the BEDP WNF money was managed through the Employment Strategy Group (ESG) and was aimed at tackling worklessness in the city. The remainder was managed through the **Business Enterprise Innovation and Inward Investment Sub Group** (BEII), and was aimed at increasing the city's economic output and productivity, as well as mitigating against the impacts of the recession on the business community, and it is this element that is covered in this report.
- 2.11 The Business Enterprise Innovation & Inward Investment Sub Group brings together a wide range of the key local and regional partners, including Business Link, to understand and address the city's enterprise and innovation needs. It aims to invest partnership resources, including WNF, to provide additional, targeted support to strengthen the city's business base and encourage greater innovation in the public, private and voluntary/community sectors as well as to add value to the mainstream provision. This is delivered through the LAA's Succeed Economically Theme Outcome 2 delivery plan and investment is made in the context of the Business Link delivery model.
- 2.12 In order to make the most effective use of WNF, the following approaches were followed in Outcome 2:
- Projects were developed strategically to improve economic growth and prosperity in the City (£5.7 million).
 - A package of programmes were also developed to help businesses and residents cope with the impact of the recession (the Recession Package), particularly by improving businesses access to finance through the provision of loans to small and medium sized enterprises (SMEs); redundancy support; support for the Future Jobs Fund and help for SMEs with the payment of business rates (£5.3 million).

Regional Growth Fund and Local Enterprise Partnerships

- 2.13 At the end of the Outcome 2 element of the BEDP WNF Programme, stakeholders are looking continue key elements through Regional Growth Fund applications, and also using the experiences and learning from BEII activity to influence the development of the Local Enterprise Partnership.
- 2.14 The Regional Growth Fund and Local Enterprise Partnerships aim to stimulate private sector development and will potentially assist with Birmingham's future economic growth following the completion of the Working Neighbourhoods Fund.

The Regional Growth Fund aims to support projects and programmes with significant potential to create long term private sector growth and to support areas currently dependent on the public sector to move towards sustainable private sector development. In the first round of bidding, the West Midlands region submitted 72 bids, totalling £459 million, with £152 million of this being submitted by bids from the Greater Birmingham and Solihull Local Enterprise Partnership.

- 2.15 In April 2011 it was announced that the West Midlands was successful with five of these submissions - Alstom Grid UK; Birmingham Chamber of Commerce (on behalf of Birmingham City Council); Bosch Thermotechnology; Jaguar Land Rover and Prince's Regeneration Trust. The Department for Business, Innovation and Skills estimates that the successful submissions will create 6,193 direct jobs and 34,669 indirect jobs.
- 2.16 Local Enterprise Partnerships (LEPs) are similarly designed to support private sector development through the promotion of joint working between local authorities and local businesses. The Greater Birmingham and Solihull LEP is led by business leaders aims to play a central role in determining local economic priorities and in stimulating economic growth. The successful LEP proposal was underpinned by a desire to:
- Increase economic output (GVA) in the area by £8.25 billion by 2020.
 - Create 100,000 private sector jobs by 2020.
 - Stimulate growth in the business stock and business profitability.
 - Boost indigenous and inward investment.
 - Become global leaders in key sectors, including: automotive assembly; low carbon R&D, business and professional services; financial services; clinical trials; creative and digital sectors.
 - Increase the proportion of adults with appropriate qualifications to meet employment needs.¹

Summary of key points

The portion of BEDP's WNF allocation that was managed through the **Business Enterprise Innovation & Inward Investment** group was targeted at increasing the city's economic output and productivity as well as mitigating against the impact of the recession on the business community.

The formation of the **Business Enterprise Innovation & Inward Investment** Sub Group brought together a wide range of the key local and regional partners to understand and address the city's enterprise and innovation needs. It aimed to invest resources, (including WNF), to provide additional, targeted support to strengthen the city's business base and encourage greater innovation in the public, private and voluntary/community sectors as well as to add value to the mainstream provision.

In order to make the most effective use of WNF, the following approaches were followed:

- Projects were developed strategically to improve economic growth and prosperity in the City.
- A package of programmes were also developed to help businesses and residents cope with the impact of the recession (the Recession Package), providing loans and help with business rates to SMEs, redundancy support and supporting the Future Jobs Fund.

¹ <http://www.solihull.gov.uk/news/23375.htm>

Moving forward, if the potential for such growth through the interventions can be successfully realised, **Outcome 2 activity funded by the WNF programme will be strongly supported in the future through the LEP and RGF bidding.** Encouraging new employment, innovation, business growth and skills in Birmingham will significantly assist with developing the economy towards private sector sustainable development. Supporting such expansion and enterprise will also help to diversify the local economy, a key aspect of Outcome 2's priorities.

3. PROGRAMME DEVELOPMENT, GOVERNANCE AND MANAGEMENT

This section sets out the programme governance and management arrangements for the BEII element of the BEDP WNF Programme, and highlights key programme level issues, impacts and lessons.

3.1 The original WNF 2008 – 2011 Worklessness Programme to be delivered through Birmingham Economic Development Partnership amounted to £57 million and was originally targeted at Outcome 4 of the LAA. However, to support business and enterprise in the city and help cope with the impact of the recession, £11 million WNF was subsequently allocated to target Outcome 2 of the LAA - this included £5.7 million from the Outcome 4 budget (that was reduced accordingly) and an additional £5.3 million from BeBirmingham.

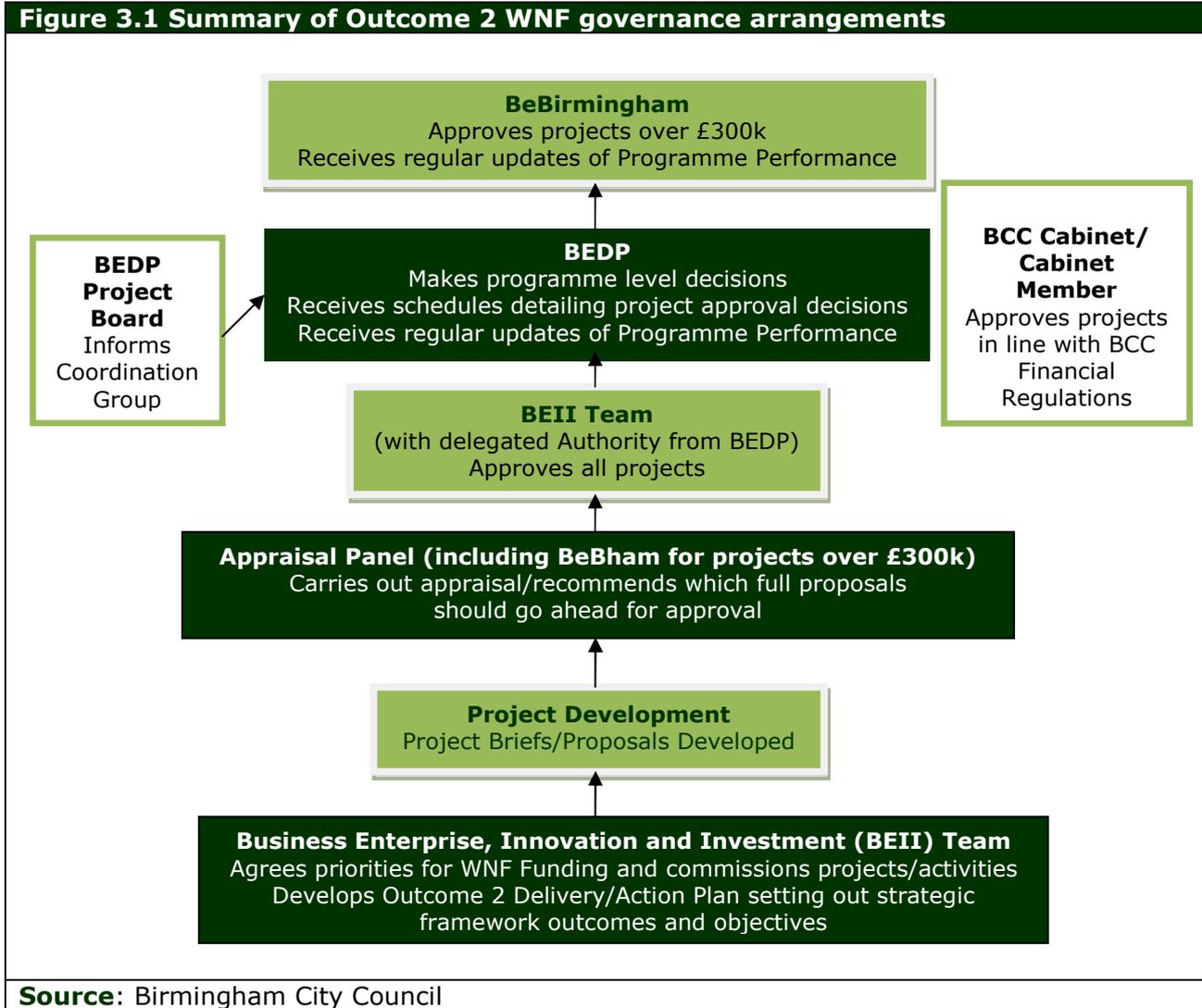
Governance and management processes

3.2 **Be Birmingham** (the Local Strategic Partnership for Birmingham) is responsible for ensuring effective delivery of Birmingham's Local Area Agreement and the City's Area Based Grant, including the Working Neighbourhoods Fund. This responsibility was vested in its Executive Board, comprising representatives of Birmingham's key thematic partnerships and organisations.

3.3 Be Birmingham's role in appraisal and approval of WNF projects developed during the early period of the programme. The final position included appraisal (as part of an appraisal panel) and approval (through the Chair and Director) of projects above £300k.

3.4 The **Birmingham Economic Development Partnership** (BEDP) is the thematic partnership responsible for the management of the Outcome 2, Outcome 4 and Recession Package elements of WNF. It carried out this responsibility through a Coordination Group. Whilst this Group retained overall management and decision making responsibility for the programme, it delegated the responsibility for development and approval of projects to the Core Management Team of the Employment Sub Group (including BCC, Job Centre Plus and LSC (now SFA)) and the BEII Sub Group. In the later part of the programme, a BEDP Project Board was also established to help inform decisions taken by the Coordination Group.

3.5 Birmingham City Council, as recipient of the ABG, is the accountable body for this funding. Therefore processes and governance arrangements for the delivery of WNF needed to comply with both Be Birmingham and BCC requirements. The flowchart below summarises the WNF Outcome 2 governance arrangements



3.6 The LAA Delivery Plan (specifically Outcome 2) provided the framework for the BEII element of the WNF Programme.

Business, Enterprise and Inward Investment Sub Group

3.7 Outcome 2 activity in the WNF BEDP Programme was secured as a result of discussions, at a senior level, around the need for a ‘demand side’ element of the programme. This resulted in 10% of the Outcome 4 WNF allocation being allocated to business, enterprise, innovation and investment related activity.

3.8 BEII was established in the early stages of the WNF, bringing together key stakeholders at a senior level, who quickly got involved in the project development process for Outcome 2. Many of the stakeholder relationships were well established, but BEII was the first time that they had come together as a group. The BEII sub group was able to bring together key partners to develop, coordinate and respond to BEII.

3.9 A key principle underpinning the approach to BEII was not to reinvent delivery mechanisms, and establish new organisations unless there was a clear gap in provision. Essentially BEII projects added volume and capacity to existing delivery.

- 3.10 As a result of this, the Outcome 2 and recession projects have tended to add delivery capacity to established delivery organisations, and have focused on specific themes and target groups, which many stakeholders agree has served to maximise delivery impact. As such, BEII has only supported investment in delivery infrastructure where there were gaps.
- 3.11 The process that led to the development of the BEII Outcome 2 projects suffered a delay of around 12 months, due in part to the process being opened up to a wide range of applicants (resulting in over 70 proposals for projects covering a range of thematic and geographic areas). Whilst the reasons for this are well understood amongst stakeholders, a number commented that many of the project ideas that finally emerged were similar in approach and scope to those discussed at the outset by a small group of partners. Nevertheless, it was this process that resulted in the BEII Sub Group being developed.
- These delays were due to the decision making processes of BeBirmingham and BCC.
- 3.12 Some consultees felt that whilst they were happy with the spread of activity under Outcome 2, the programme might be narrow in focus as a result of the pragmatic approach to project development and delivery approach. As a result, it is possible that BEII missed out on good ideas. However, given the circumstances and time constraints involved, a more open and inclusive process may have led to further delivery delays.
- 3.13 A number of the Outcome 2 projects benefited from a thoughtful and research informed approach to development, guided by the BEII Sub Group, which identified the right gaps in provision and enabled appropriate risks to be taken. This approach was supported by activity commissioned by the Data Gathering Project.

Reductions in funding

- 3.14 A key challenge for the governance of the programme overall, and for BEII, concerned the reductions to the Programme.
- 3.15 During 2009 concern had arisen over the delayed start and limited performance of the Worklessness WNF programme as a whole. This resulted in negative press coverage and a decision by Be Birmingham to reduce the worklessness WNF allocation by £11.562 million.
- 3.16 To support this reduction, £7 million of savings were identified from the Worklessness programme, funded from slippage, loss of reserve projects and cuts to underperforming projects. This left the Worklessness programme with a £4.5 million (10%) over-programming contingency.
- 3.17 In July 2010, as a result of the cut to Birmingham's ABG, BEDP had its allocation reduced by a further £3.7 million (£3.553 million from its Worklessness programme and £147,000 from the Recovery Taskforce allocation). However, the need to also reduce over-programming, meant that in reality savings of £4.956 million were required. This through a range of reductions, including £870,000 from Outcome 2 and the Task Force programmes, with the full list of affected projects as follows²:
- Stimulating Innovation.

² Report to BEDP, 28th July 2010.

- Local Communities, Higher Skills.
 - Stimulating Demand for Business Support.
 - Stimulating Enterprise through Coaching.
 - Data Gathering and Impact Evaluation.
 - Graduates Enterprise Employment.
- 3.18 It is clear that funding cuts to projects were difficult to deliver for all involved. There was a lack of overall transparency to partners and deliverers as to who made the cuts in the programme, and for what reason. There is a perception that this process was a *fait accompli*, and it was not well received by BEDP.
- 3.19 This means that the funding of the programme was fluid across its lifetime. A report which summarises the various cuts made to the programme was made to BEDP in September 2010.
- 3.20 Finally, it should be noted that a number of stakeholders and deliverers highlighted a widely reported perception that the cuts to the WNF programme were used to subsidise other Birmingham City Council mainstream services. However, this issue falls outside the scope of the BEDP WNF evaluation and remains a matter for Birmingham City Council and its partners.

Key governance and programme management findings

- 3.21 Throughout its lifetime the BEDP WNF Programme has been subject to political scrutiny, both at the City wide and at the constituency level. The main issues were around the late start to the programme, and pressures to deliver in the time available. Given the time it took to progress from commissioning to delivery (with many contracts not being agreed until the second quarter of the 2009/10 financial year), the absence of a 'year zero' in the structure of WNF at a national level (despite successive evaluations of other area based grant programmes highlighting the need for this), and the scale of resources to spend, a level of scrutiny over and above what might normally have occurred was inevitable.
- 3.22 Nevertheless, the programme has benefited from a reasonable level of partnership stability over the duration of the programme, with most partners on BEDP and on the BEII Sub Group staying constant, along with a consistency in the political make-up of the programme.
- 3.23 Most strategic and delivery stakeholders agree that there was a programme management disconnect between BeBirmingham (the Local Strategic Partnership that sits above BEDP) and BCC leading up to WNF, and in its first year of delivery. The LSP wanted to lead the programme on the basis that WNF would fund the delivery of the Local Area Agreement, creating some tension with other key stakeholders, as well as issues concerning approval and appraisal processes, rigid profiling and monitoring approaches, driven in part by a desire for programme processes to be more robust than those used for the Neighbourhood Renewal Fund (NRF).
- 3.24 The programme management systems and procedures put in place at the start of the programme by BeBirmingham were seen not to add any significant value to those that had been established and well tested by BCC for previous programmes. There was a sense amongst a number of stakeholders that delivery mechanisms were reinvented despite them already existing. At the outset of the programme, the disconnect in governance arrangements between BeBirmingham and BCC left many stakeholders with an impression of a lack of clarity around

governance structures, and that there were constant “shifting sands” that were being dealt with.

- 3.25 Furthermore, whilst BeBirmingham was the lead body for WNF, stakeholders were unsure of the level of autonomy that the organisation actually had. They were also critical about not having a dedicated WNF team at the outset of the programme. However, once the team was established, stakeholders recognise that they have been a strong team and praised the work that they have delivered.
- 3.26 Stakeholders were critical of both the processes and the length of time involved developing and approving the WNF programme, projects and contracts, and suggest that this is the root cause for the delays suffered in terms of delivery. A number of consultees also felt that the BCC Development Team did not have the capacity to manage the scale of applications, approvals and appraisals in the first year of the programme.
- 3.27 However, since the middle of 2009, many of the issues raised by stakeholders have been resolved, and there has been a considerable focus on effective delivery, supported by a well regarded Development Team at BCC.
- 3.28 Some consultees noted that that the BEII projects are much more visible to many BEDP partners than the NESP/CESP activity, or even the ESG thematic/strategic projects. This reflects, in part, perceptions about process complexity that has been associated with Outcome 4 activity throughout the lifetime of the WNF Programme. More generally, BEDP partners tend to lack a general understanding of NESP/CESP activity, and have little sense of locality flavour (in terms of addressing specific priorities). As a result this can serve to create a low sense of added value from the NESP/CESP element of the programme from more senior stakeholders.
- 3.29 Whilst this is a valid finding, it requires a degree of moderation. Those projects with a job creation and business focus (such as Outcome 2) tend to often be more tangible and more prominent to partners at the BEDP level, whereas intensive worklessness intervention for hard to access and hard to help target groups can often have a lower profile at the strategic level. This is not a criticism of BEDP, but an observation that the economic growth focus of the partnership is likely to naturally be more receptive to Outcome 2 projects.
- 3.30 It is worth noting however, that some recession package projects were less aware of the role of BEII, and in one case even its existence. Whilst this might be a consequence of direct delivery relationships between specific projects and BCC, it does highlight potential awareness and communication issues between strategic stakeholders and funded projects.

Summary of key findings

BEII was allocated £11 million of the original £57 million budget to target Outcome 2 of the LAA. The **approach taken by BEII was not to reinvent delivery mechanisms or establish new organisations unless there was a clear gap in provision.** The process of developing the final Outcome 2 projects suffered a delay of around 12 months. Consultees felt that this may be in part the result of the pragmatic approach taken (which they also felt narrowed the focus of the programme) and the high number of applications received.

Consultees reported **a number of programme level concerns and challenges which impacted on Outcome 2 activity**, including programme delays and cuts in funding. Nevertheless, Outcome 2 has maintained a strong focus on delivery.

At the end of the programme, a number of BEII **stakeholders have argued that the programme would have benefited from a more equal balance of Outcome 2 and Outcome 4 activity**. In part, this view is retrospectively informed by the current macroeconomic reality, with there being fewer vacancies in the City compared to the point at which the WNF programme was originally developed. This needs to be considered in the light of government expectations for WNF, prior to and during its early stages, and also by the reality that during this time period Outcome 2 initiatives could also look to ERDF and Single Pot funding, whereas there were few funding sources, aside from WNF, available to support the delivery of Outcome 4. Nevertheless, a number of BEII stakeholders felt that they could have delivered more activity had BEDP asked them to do so.

WNF was not especially well aligned with other programme funding available in Birmingham during its lifetime. However, it would not be correct to assume that this was a result of programme inflexibility, as other funding streams did not align either in terms of geography (such as ERDF) or timescale (such as Regeneration Zones and New Deal for Communities Programmes in Aston and King's Norton). Despite this, there are some examples of ERDF being aligned with Outcome 2 activity, and ERDF is also being used as a source of succession funding.

Whilst there are only a few instances of ERDF match funding being used with Outcome 2 projects, **WNF was able to step in to alleviate delays in ERDF funding becoming available, and in turn ERDF has enabled Outcome 2 projects to access succession funding**. It should be noted that in the main, match funding issues tended to be due to the constraints of other funding mechanisms (such as ERDF) rather than specific issues with WNF.

Finally, some consultees noted that that the BEII projects tended to be more visible to many BEDP partners than much of the Outcome 4 activity. This reflects, in part, perceptions about process complexity that has been associated with Outcome 4 activity throughout the lifetime of the WNF Programme and due to the fact that intensive worklessness interventions for hard to access and hard to help target groups can often have a lower profile at the strategic level. This is not a criticism of BEDP, but an observation that the economic growth-focus of the partnership is likely to naturally be more receptive to Outcome 2 projects.

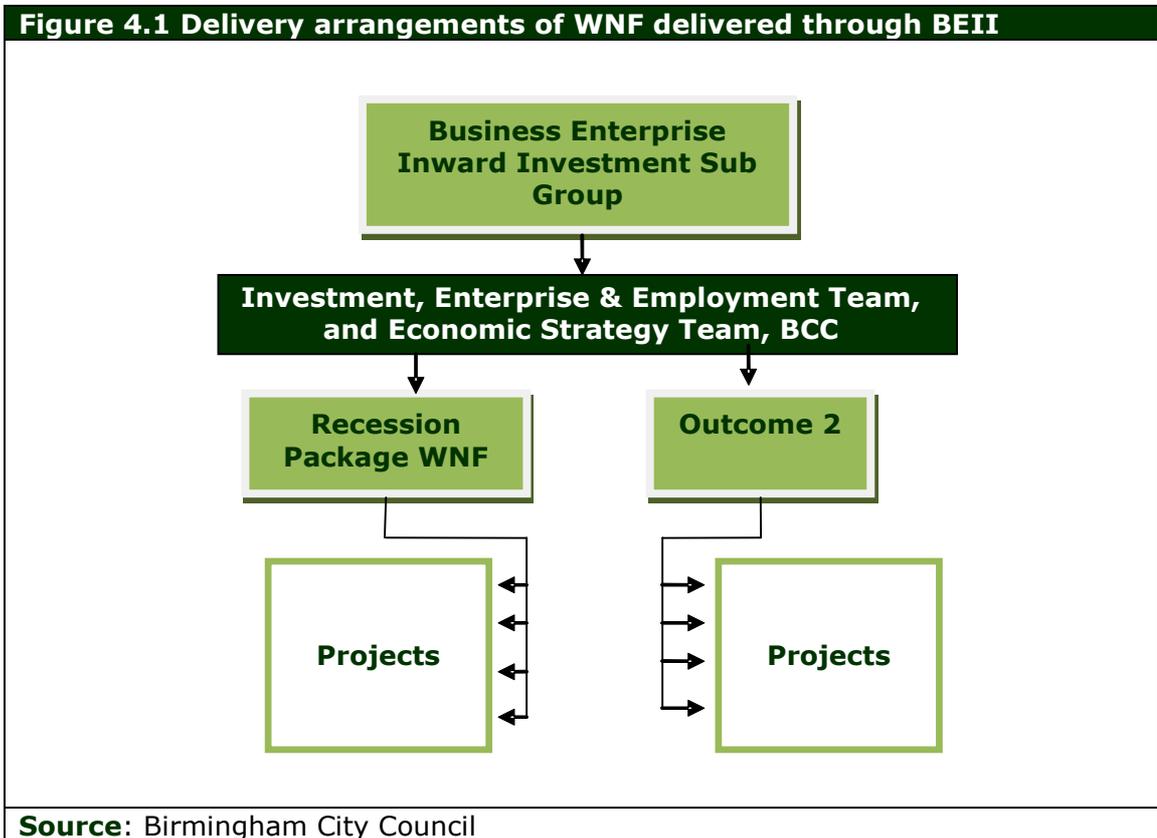
4. DELIVERY APPROACHES AND PROJECT PERSPECTIVES/IMPACTS

Section 4 sets out findings from a review of selected projects that make up the Outcome 2 element of the programme. The primary source of evidence comes from the project reviews and project manager consultations sampled as part of the approach to this study. This evidence is supplemented by drawing from secondary evidence taken from a number of separate project evaluations commissioned either by BCC, or by the projects themselves.

Detailed projects reviews of a sample of BEII and recession package projects will be set out in annexes of the final version of this report.

4.1 Outcome 2 delivery activity consists of a range of projects developed strategically to improve economic growth and prosperity in the City, and a package of programmes developed to help businesses and residents cope with the impact of the recession (the Recession Package), particularly by improving businesses access to finance through the provision of loans.

4.2 Figure 4.1 sets out the BEII delivery mechanism for WNF activity:



Business, Enterprise and Inward Investment Projects

4.3 Table 4.1 summarises projects contained under the BEII element of Outcome 2.

Table 4.1: Summary of BEII Outcome 2 Projects	
Project Name	Project Description
BEII01 Entrepreneurs of the Future Centre	Aston Science Park will establish an "Entrepreneurs of the Future Centre", a dedicated fully supported unit within Faraday Wharf, providing all necessary mentoring, support services and infrastructure, including ICT requirements to promote the establishment of new high-tech ventures with high growth potential.
BEII03 Graduate Enterprise Employment	The programme is designed to address a number of regional priorities but in particular it is designed to increase the number of new business start ups and supporting the retention of graduates in the region. This is a multi strand approach centred which will focus on five main activities: incubation space, Graduates into employment, Graduates into New business starts/self employment, Graduates into job placements and Business support to graduate led businesses. These activities will be delivered through the three main universities: Birmingham, BCU and Aston.
BEII04 Stimulating demand	The programme will provide a comprehensive package of support for the development, survival, consolidation and growth of businesses within all AWM clusters in the Birmingham area. The aim of the programme is to stimulate enterprise, develop new market opportunities, encourage investment, foster survival/consolidation, create new jobs, safeguard existing jobs and facilitate growth. Key elements of programme: business feasibility; business space; high growth support and business advisor support.
BEII05 Stimulating enterprise through coaching	Enterprise Coaches (both employed and sub-contracted), will work within deprived and under-represented communities to target and find people who have the potential to start their own business. To do this, coaches will explore the motivation, resources, attitudes and ideas of the people with whom they work. The project will, furthermore, equip those individuals who are identified as having the potential for self employment with the confidence and skills required to access mainstream business support, or other suitable progression routes that exist within the City into economic activity.
BEII06 Stimulating innovation	Stimulating Innovation focuses on two distinct activities to support Birmingham based businesses to undertake profitable change through innovation: employment of "Innovation Brokers", reaching out to a greater number of businesses to stimulate interest in innovation for businesses; and providing enhanced support to a greater number of Birmingham based businesses than would be able to access support through the innovation advisory service.
BEII10 Local Communities, Higher Skills ³	Broadly the anticipated resource would be split between the 3 proposed activities to encourage: an additional 100 Graduate Advantage places for HE in FE graduates, minimum of 200 participants gaining Level 4 and higher accredited modules delivered in the workplace leading towards a Foundation Degree, Honours Degree or recognised HE qualification and 200 additional subsidised employer places on the Director Development Programme, leading to an accredited Level 4.
BEII11 Data and Information/Impact Evaluation	Research, data gathering and impact evaluation. Supporting assessment and future delivery of Outcome 2 activity.
Source: Birmingham City Council	

4.4 **Entrepreneurs for the Future (E4F)** aim to encourage the development of new high-tech businesses to promote employment growth and improve the levels of high-earners within Birmingham. E4F has contributed to Outcome 2 through supporting the development of a number of innovative, high-value, high technology SME's within Birmingham.

4.5 By supporting a range of businesses within the 'incubation' centre at Birmingham Science Park Aston, E4F has raised the profile of the area in being a place in which high technology businesses can locate. In working with universities in the city, new businesses have already been able to recruit and form contacts with

³ The budget figures for this project were revised

new local graduates, helping to retain local knowledge, with consultees feeling that this potential could expand as businesses grow. There are particularly strong synergies with the Birmingham Skills for Enterprise and Employability Network (BSEEN) project at both the delivery and beneficiary level, with both projects benefiting significantly from co-location. A number of BSEEN beneficiaries see E4F as a logical next step in their enterprise development.

- 4.6 Stakeholders regard the project as being successful in promoting new employment and business opportunities, and would not have been viable without WNF support. E4F has been successful in raising the profile of Birmingham as an area in which innovative businesses can start up and locate and it has enhanced the entrepreneurial offer in Birmingham City Centre. Being able to offer personalised support, specific advice and time to the new businesses was felt to be a key contributor to the ongoing success of those who had located in the E4F centre and a continuation of funding was seen as key to maintaining future success.
- 4.7 In common with many WNF projects, project deliverers expressed some frustration over the delays to the start of the project, and ultimately the timeframe in which the targets were to be met. Deliverers felt that it typically took 12 to 18 months to develop a business to the point at which is trading and increasing employment.
- 4.8 Concerns were also raised by deliverers as to the applicability of targets including creating full time permanent jobs in a sector where people will often work self employed, part time or as an intern. Nevertheless, it was felt that as the businesses grew, there would be greater success in the medium to long term as companies would expand and be able to take on local employees and retain Birmingham graduates within their companies. In addition, it was felt that their interns would have enough experience to either be taken on full time within their companies or to seek employment successfully elsewhere.
- 4.9 Beneficiaries were very positive about the impact of the project. For example, **Business A** suggested that without the individually tailored support and offer of business funding they would not have been successful in starting their businesses nor in securing contacts and future funding sources. Help included business intelligence, product development and testing, contacts and access to finance. **Business B** also suggested that the pace in which they had expanded and would be in a position to take on staff had been significantly increased by the support provided through the mentors.
- 4.10 Overall, E4F is viewed as a positive intervention amongst both stakeholders and beneficiaries. The unique support offered to high-tech start up companies has not only assisted with the development of 23 new companies and supported a further 47, but it has also sped up the process in which they are able to access funding and be in a position to take on additional staff. Beneficiary firms felt that E4F had been essential in their establishment and in providing contacts for future work and funding.
- 4.11 New companies supported by E4F have created 30 jobs (as of December 2010) within Aston and Yardley. Whilst not all employees may live in these areas, the fact that new companies have located here could lead to an increase in job potential for local people as the companies expand. Again, consultees felt that this number is likely to increase in the medium to long term as beneficiaries seemed keen to remain within Birmingham City Centre.

- 4.12 Stakeholders did note concerns about the need to achieve specific short term targets, particularly given the typical characteristics of both working with entrepreneurs and the technology sector (i.e. many self employed/part time/internships rather than full time jobs). Stakeholders felt that by dedicating more time to fewer companies, greater success could be achieved and the companies could be more likely to remain in the Birmingham area and consequently take on a greater number of local residents/graduates as they expanded. They felt that good practice had emerged from individually mentoring companies to give them the specific support they needed and that if this work were continue, successes would also continue.
- 4.13 The forward strategy for E4F is to internationalise its' concepts and expand funding opportunities. The project would need continued funding to carry on and is seeking new sources of funding from the RGF and ERDF (for which the project has recently had approval for two years funding). Potential future strategies also include a promotion of the idea of a "science park without walls" where companies can communicate electronically and reduce the need and cost for building development and maintenance.
- 4.14 **Graduate Enterprise Employment**, commonly known to most stakeholders as BSEEN (Birmingham Skills for Enterprise and Employability Network) aims to assist graduates in setting up new businesses in order to improve graduate retention, increase employment and raise the skill level in the workforce. BSEEN is part funded by the WNF, with further funding coming from partnered Universities- Aston University, Birmingham City University and the University of Birmingham.
- 4.15 BSEEN has 3 levels, with Level 1 offering up to 90 successful graduates free incubator space for 6 months within one of the HEI's, providing equipment and IT facilities as well as training, a personal mentor, a financial grant of up to £3000 and access to the project team for advice and guidance. Level 2 was expected to reach 200 graduates through an enterprise club, offering more in-depth entrepreneurship support, master-classes and networking opportunities. Finally, Level 3 aimed to reach 500 participants through informal sessions (such drop ins, clinics etc) and formal events (such as workshops and lectures) surrounding skills training and advice in order to raise awareness, develop skills and promote new and joint working between the universities. Some of these targets were revised following cuts that were made to the programme.
- 4.16 Delivery stakeholders reported that the contracting process took time, in part due to tripartite delivery arrangements, and intellectual property (IP) and liability issues. The delays in receiving funding and the lack of clarity in what was required for the monitoring processes were also reported. These issues delayed the start of the programme and potentially the number of participants that could be reached.
- 4.17 In terms of impact, BSEEN has met its targets surrounding number of graduates and businesses supported up to December 2010, and it has also contributed to Outcome 2 by encouraging graduate retention, creating new business start ups and increasing innovation and enterprise in the City. While no new businesses appear to have been created in terms of output indicators, final results for the project for the final quarter of 2010/11 is expected to highlight many of the businesses developed as a result of the project (for example the recent celebration⁴ event showcased over 90 businesses from the three universities).

⁴ <http://futureofgraduateentrepreneurship.eventbrite.com/>

- 4.18 Beneficiaries from Level 1 (incubator units) felt that their businesses would not have been a success without the support of the programme. The three Universities involved found Level 3 activity to be very successful, and there is consensus that much more was achieved by working in partnership than would have possible working alone. At least one University is embedding BSEEN as a mainstream approach, and is funding the next cohort.
- 4.19 Many BEII stakeholders have highlighted that the collaborative approach taken to BSEEN by Aston, Birmingham and Birmingham City Universities represents a strong positive outcome for WNF. Aston University in particular has noted the influence that BSEEN has had on the University in terms of the role and importance of Graduate Entrepreneurship. Beyond March 2011, Aston will be funding a further cohort of graduates, and project deliverers and stakeholders have highlighted the influence that the project has had on changing opinions and perceptions.
- 4.20 In early March 2011 BSEEN hosted a showcase event entitled 'The Future of Graduate Entrepreneurship & the Contribution of BSEEN' at the Council House in Birmingham. This event showcased a selection of businesses and highlighted the influence of this project, and E4F in raising the profile of entrepreneurship in Birmingham.
- 4.21 Beneficiaries are positive about the impacts of BSEEN on their development:
- **Business C** highlighted that BSEEN had provided support and advice needed to develop and secure a patent for their product. The mentoring support was viewed as being very helpful, as were networking and a number of seminars. Business A highlighted that they looked at starting a business as an employment alternative and even commented that: *"I have been more enriched by 6 months at BSEEN than my degree and masters combined. Without BSEEN we would have been floundering in our bedrooms"*.
 - **Business D** was unsuccessful in applying to BSEEN first time round, but was encouraged to attend some seminars and reapply. The initial rejection was very useful in developing a sense of focus, as well as a motivation to prove BSEEN wrong! Business B is now keen to progress onto the E4F project as their service is at the prototype stage, and would benefit from E4F's innovation expertise to access markets.
- 4.22 Some of the participants also wished for a more flexible approach to the level of grants and time available in incubator space, with some businesses needing more support than others. A succession project was included as part of a Round 1 RGF bid.
- 4.23 **Stimulating Demand for Mainstream Business Support**, delivered by **consisted** of four project strands all aimed at businesses in Birmingham:
- Business Development Grants (BDG) (offering financial assistance to Birmingham businesses).
 - Engagement, diagnostic and business planning support (designed to underpin the BDG project strand).
 - High Growth (mentoring and business development support for potential high growth businesses).
 - Web 2.0 Presence (promoting the use of social media tools by businesses).

- 4.24 The Birmingham City Council's Business Development and Innovation team and Business Link West Midlands delivered the first two strands, with strand 3 being delivered by Birmingham City Council, Deloitte LLP (hereafter called Deloitte) and the Academy for Chief Executives, and strand 4 by Digital Birmingham.
- 4.25 According to a recent project evaluation⁵ (which focussed on the first three of these strands), the Stimulating Demand project was built on tried and tested models of support, which contributed to its successful delivery. The project was well managed, and engaged in regular communication with the delivery partners who were involved in all aspects of the project.
- 4.26 The BDG project strand exceeded its targets for the number of business supported. The High Growth project strand achieved its target of supporting 90 businesses, with many of them receiving in excess of the targeted 15 hours of support, with some receiving 50-60 hours over the lifetime of the project.
- 4.27 Beneficiary evidence allowed the evaluation to calculate the impact of the BDG and High Growth strands in terms of additional GVA and employment:
- In terms of BDG, accounting for persistence effects, i.e. the long term impacts of the support, generated total additional GVA of £5.15m. Almost 170 jobs were safeguarded and over 160 jobs created as a result of the support received from the BDG project.
 - The High Growth strand, also accounting for persistence effects, generated total additional GVA of £5.15m total additional GVA of around £2.25m. Almost 60 jobs were safeguarded and 75 jobs created as a result of the support from the High Growth project.
- 4.28 A number of other impacts of the Stimulating Demand project were evidenced in the evaluation. These included improved business strategies, safeguarding businesses against the recession, the accelerated growth of businesses and the increased likelihood of future uptake of business support.
- 4.29 Despite suffering from some resource issues (ranging from personnel changes in Business Link to significant budget cuts) the project evaluation found that Stimulating Demdna performed well and achieved its targets of engaging and supporting a wide range of businesses. The BDG element had a particularly great impact in terms of additional GVA generated, however the High Growth project was expected to also generate additional GVA but on a more long term basis. Both the BDG and High Growth project strands saw a number of additional impacts, including jobs created and safeguarded, accelerated growth of business supported and an increased likelihood of future uptake of business support. The project as a whole was well managed and delivered a high quality of service.
- 4.30 The **Stimulating Enterprise through Coaching** project has used Enterprise Coaches to work within deprived and under-represented communities (as well as operating on a city wide basis) to target and find people who have the potential to start their own business. Coaches explore the motivation, resources, attitudes and ideas of the people with whom they work. The project aims to equip those individuals who are identified as having the potential for self employment with the confidence and skills required to access mainstream business support, or other suitable progression routes that exist within the City into economic activity.

⁵ Evaluation of Working Neighbourhoods Fund Projects, Consulting in Place for Birmingham City Council, March 2011

- 4.31 There is felt to be a strong need for early support ('pre-pre-start') in stimulating enterprise within the target areas, and also with under-represented groups across the city. Whilst the project built on previous good practice (such as a previous similar NRF funded project) the strong focus on coaching was new.
- 4.32 Achieving engagement with target clients was key for the project's delivery and success, and effective marketing and promotion was very important for the project. This involved the use of a wide range of techniques and the exploitation of a range of networks and community venues (such as community groups, religious groups and venues, advice centres, libraries etc.) that were trusted by the target groups to ensure engagement with target clients. The project used a wide variety of venues and found that the libraries in particular were a very good source of referrals onto the project.
- 4.33 The current economic and funding climate did cause some challenges for the project – for example, the current lack of incentives for individuals in the form of grants made it difficult for the project to move individuals towards starting up.
- 4.34 In terms of impact, the project (as at 31st December 2010) showed clear signs of success against output targets, having overachieved against the number of clients contacted through referrals (1,339 against a target of 1,145), and also against the number of clients moving into mainstream support (610 against a target of 596). Good progress has also been made in terms of the number of clients becoming self employed (72 against a target of 104), and given that this is the final step of the enterprise journey for clients, 69% achievement against target, especially given the challenges noted above of moving people into self employment in the current climate of a lack of available funding support.
- 4.35 Delivery partners noted that the success of the project was due to a range of factors including:
- Recognition that the types of techniques used to engage clients cannot be formal – with the use of trusted networks, and also viral marketing being successful engagement techniques.
 - Having a good understanding of the needs of individuals and challenges faced by these individuals – and ensuring that the approach to delivery facilitates this.
 - Very good, strong relationships with contacts at Birmingham City Council (albeit counterbalanced by some challenges around contracting and project management, and a lack of appreciation about the challenges around delivery of this type of project by others).
- 4.36 Particular challenges for the project have included both the current lack of financial incentives that are able to be offered to clients moving into self employment and the aforementioned lack of appreciation (by Birmingham City Council) of the typical challenges around delivery faced by a project such as this. Also, in common with many WNF projects, there was frustration around the delays to the start of the project (and the resultant timeframe in which the targets were to be met), the time it took to reach agreement about the contract, and what could and could not be done in terms of using subcontractors for delivery.
- 4.37 The **Data Gathering and Impact Evaluation** project was designed to develop and increase BEDP's knowledge and understanding of the functioning of the city's economy at a local level. The project was developed as a result of a lack of freely

available data to support and inform the programme, enabling data to be purchased and intelligence an analysis commissioned.

- 4.38 The project was focussed on Outcome 2 rather than Outcome 4 as a result of partner dissatisfaction with the quality of the data analysis and locality sampling that underpinned the Outcome 2 National Indicators that had been selected for the Local Area Agreement. In addition, stakeholders were aware that many aspects of the local economy relating to Outcome 2, such as innovation, R&D and investment, could not be measured at a city or lower level, which represented a barrier to the targeting of economic interventions, both geographically and to the needs of particular groups.
- 4.39 The project commissioned bespoke research, surveys and data sets to set baselines as well as monitoring annual changes for the LAA, setting robust targets for future programmes and informing the Birmingham Local Economic Assessment. It served to fill a clear gap in intelligence, with much of the work produced as a result of the project has been made available to partners through the <http://www.birminghameconomy.org.uk/> website.
- 4.40 The commissioned work included:
- Funding a **boost to the Global Entrepreneurship Monitor (GEM) Survey** for Birmingham, providing more detail on business starts, which has helped to inform the approach taken by the LEP to enterprise.
 - **Business Survey**, which aimed to be repeatable to measure change over time (thus changing questions into indicators).
 - **Sector studies** to give a better understanding than the ABI allows of how key growth sectors support the economy now, and their future prospects.
 - **Research on high growth companies**, funding Birmingham specific reports from national NESTA Research.
- 4.41 The outputs from these studies have informed debates and decision making at BEII and BEDP, and moving forwards will inform future RGF and the development of the LEP.
- 4.42 The aim of the **Investment to Birmingham** project is delivered by Marketing Birmingham and aims to create a Business Plan and three year Inward Investment Strategy that will enable a major Marketing and PR campaign to be delivered. The objective of the campaign is to identify and secure new high value inward investment opportunities and tangible sales leads for Birmingham by raising the city's profile and improving perceptions of it as a business location. In doing so, it will help deliver the wider objective of positioning Birmingham as a knowledge capital and will contribute directly to the city's economic regeneration and development Priorities.
- 4.43 The project also strongly linked to the movement towards the integration of Locate in Birmingham within Marketing Birmingham, who were co-located to jointly work together to create a '**New Inward Investment Service for Birmingham**' that will attract and retain companies and organisations in key sectors to secure the sustainable economic growth of Birmingham. In the short to medium term (2009 – 2015) the creation of the new Business Plan and three year inward investment strategy will seek to gain funds that will add to Birmingham's existing funding commitments to achieve maximum impact across the five key objectives:

- Raise the national and international profile of Birmingham as a business destination.
 - Effectively position Birmingham as a knowledge capital.
 - Target and secure new high value inward investment for Birmingham, generating new enquiries from specific sectors.
 - Maintain confidence and momentum in the property investment markets.
 - Develop significant opportunities for future growth in preparation for the economic recovery, focussing on opportunities to support a step change in the city's industrial structure, moving to more higher value, knowledge based activities and on those opportunities with the potential to trigger significant improvement in the more 'difficult' areas of the city.
- 4.44 As well as running the marketing campaign, commissioning the supporting research and evaluation studies, the project has made some progress towards its quantitative outputs (as at 31st December 2010) although it has faced challenges in terms of trying to achieve these (challenging) targets in the current economic climate, as well as project specific issues around the time taken to achieve the integration of the Locate in Birmingham team within Marketing Birmingham, the resultant need (and time implications of) having to recruit new staff to fill positions, and a recognition that there is a need for inward investment expertise to inform marketing to potential investors. In addition, it is felt that tensions between key partners around the original development and implementation of the project led to delays in delivery with the result that much of the project had to be delivered in a very tight timescale.

Recession Package Projects

- 4.45 The recession projects that fall under the remit of this evaluation are as follows:
- Retail Development Programme.
 - FindItInBirmingham.
 - Business Rates Hardship Fund.
 - ART and ARROW Loan Funding.
- 4.46 The aim of the **Retail Development Programme** (RDP) was to support existing independent retailers and attract new independent brands to Birmingham. The project, which was delivered by RDP was delivered through a partnership of the Birmingham City Council Business Development and Innovation team and the Housing and Constituencies team, in particular the Town Centre Managers (TCMs), provided financial assistance through grants of between £2,500 and £10,000 for a variety of purposes, from marketing to shop fitting.
- 4.47 According to a recent independent evaluation⁶, the project met a real need for independent retailers in Birmingham, as retail was a sector that was rarely targeted for support. The demand for the project was evidenced through the high number of enquiries and applications received. One of the key aspects of the delivery model was the decentralisation of delivery, with promotion of the project and the provision of support and guidance being devolved to local levels. The project officers were commended by beneficiaries for their helpfulness and

⁶ Evaluation of Working Neighbourhoods Fund Projects, Consulting in Place for Birmingham City Council, March 2011

support, particularly their visits to the businesses. The project as a whole was run well; it showed flexibility when the application process was simplified in response to feedback from businesses, and the appraisal process was noted by stakeholders as being highly efficient.

- 4.48 According to the evaluation, the RDP exceeded its targets for the number of businesses supported. The project almost met its targets for the number of new business created and private sector money leveraged in, only falling slightly short.
- 4.49 Beneficiary evidence allowed the evaluation to calculate the impact of RDP in terms of additional GVA and employment:
- Accounting for persistence effects, i.e. the long term impacts of the support, the project generated a total additional GVA of £1.95m.
 - Over 310 jobs were safeguarded and almost 230 jobs created as a result of the support from the RDP.
- 4.50 Other impacts of the RDP included increased access to new markets, improved confidence in the Council among retail businesses, safeguarding against the recession, the provision of a valuable source of finance and the regeneration of local town centres.
- 4.51 **Find it in Birmingham** (FIIB) was developed as part of the recession package of projects to provide a mechanism to support SMEs in Birmingham to access public sector contracts. The main activity has been the establishment of a free website (www.finditinbirmingham.co.uk) aimed at allowing SMEs to access BCC initiated and private-sector business opportunities. It is supported by activity to help SMEs become 'fit to tender' and ready to win business on merit – giving support on areas such as bid writing, collaborative pitching and developing environmental and social policies. Other activity includes breakfast meetings and 'meet the buyer' events. There are over 8,000 registrations on the Finditinbirmingham website, with membership continuing to grow at the time of the evaluation.
- 4.52 The project has benefited from engagement with key business support partners, including Advantage WM, Business Link WM, Birmingham Chamber of Commerce, and Birmingham & Solihull Social Economy Consortium (BSSEC). The project has also benefited from cooperative relationships with other 'find it' sites (such as Sandwell, Wolverhampton and Worcestershire). In terms of governance relationships, FIIB reported to BCC (and not directly to BEII).
- 4.53 Whilst the underlying rationale for the project is to create and safeguard employment opportunities in Birmingham, the project does not have access to evidence linking its activities with jobs that are created and safeguarded as a result of SMEs accessing opportunities that are highlighted on the site. Nevertheless the project highlights opportunities to 5,000 unique businesses users, with just under 2,300 of these businesses being based in Birmingham⁷.
- 4.54 The project aimed to include revised BCC procurement procedures requiring council officers to post all their buying requirements on the Finditinbirmingham website. However this has been complex to enforce in the timescales available, with some BCC contracts still not being publicised on the site due to the project being unaware of activity being tendered.

⁷ finditinbirmingham.com Statistics Report to 31st January 2011.

- 4.55 FIIB is now looking at a range of sustainability options to enable it to become self financing, yet continue to help Birmingham SMEs and localise procurement spend. Options include sponsorship and enhance/premium paid membership options, 'trusted trader' accreditation, and charging for breakfast meetings and 'meet the buyer' events.
- 4.56 **Aston Re-investment Trust** (ART) is a Community Development Finance Institution (CDFI) who provide loans of between £10,000 to £50,000 to new/existing businesses in Birmingham. Such businesses are required to have viable business plans, and be unable to secure finance from mainstream sources. The rationale for investment under the recession package of projects was to support businesses in safeguarding and creating jobs. ART has contributed to Outcome 2 of Birmingham's Local Area Agreement by encouraging business growth and survival through providing targeted support for local businesses. In terms of Outcome 4, ART has assisted with this through providing access to loans for businesses in priority areas and in supporting job availability.
- 4.57 The project is managed by partners under the strategic direction of ART's voluntary board and the company has built up links with public, private and third sector during its 12 years of trading. WNF funding secured to help ART provide capital provision for lending and leverage on a substantial AWM/ ERDF programme in order to cover estimated revenue shortfall during the project period. WNF provides £200,000 of funding towards a total package of £2.1m, with the remainder being made up of ERDF, Advantage WM, BCC and private sector funding. ART used WNF to effectively underwrite bad debts, meeting the anticipated default rate derived from mainstream funds provided to ART by BCC.
- 4.58 ART have been successful in achieving the targets set out for jobs safeguarded and by February 2011 had also met targets for jobs created in the Birmingham and Solihull area. A key challenge for ART has been raising awareness of their loans with SMEs across the city, and the project would have benefited from a higher profile at the WNF programme level to increase awareness of their services and consequently in reaching a number of businesses who may need such support. With the exception of Arrow (which has closed) and Find it in Birmingham, there is little evidence of any connectivity between ART and other projects under Outcome 2.
- 4.59 In addition to communication issues, delays in receiving funding meant that ART was unable to market or lend to companies for a three month period, resulting in the creation of revised targets but delayed the ability of ART to release a new marketing programme targeting potential clients. Nevertheless, ART has performed well to date, and notably has overachieved in terms of number of jobs safeguarded.
- 4.60 **Arrow** was another loan based project supported by WNF, although it has closed at the time of the evaluation (February to March 2011). Arrow's loans tended to be much smaller than those provided by ART, with the underpinning approach to the project being contingent upon a level of involvement from banks that did not materialise.

Summary of findings

Outcome 2 contains a range of projects that have generated significant impacts, and moving forwards, **a number of projects have influenced the approach that the city is taking to create jobs and high growth industries in the future.** For example, the Stimulating Demand and Retail Development projects have created significant job

and GVA impacts, and Find it in Birmingham has influenced partners in terms of using local procurement opportunities to support businesses.

A key legacy of Outcome 2 of WNF in Birmingham surrounds enterprise activities that have been supported, with strong enterprise focussed networks now in place between Aston, Birmingham and Birmingham City Universities, Birmingham Science Park Aston and Birmingham Chamber of Commerce. A homogenous focus on job creation and retention would have been both appropriate and defensible to stimulate employment, but the development of a suite of projects focussed on enterprise and innovation has raised the profile of this activity in the City and has been well received by stakeholders.

A particular highlight of Outcome 2 has been the collaboration between Aston, Birmingham and Birmingham City Universities on the Graduate Enterprise Employment (BSEEN), and the relationship between BSEEN and E4F, with both these projects continuing beyond the end of the WNF programme. More generally, BEII has **exposed a rich seam of enterprise activity and energy through an innovative and experimental approach**, with a great proportion of this activity being sustained through mainstream/partner investment, ERDF succession projects and RGF round 1 bids.

There now exists both a **critical mass of activity and expertise** at Birmingham Science Park Aston, **a throughput of businesses and potential entrepreneurs**, and also raised **awareness about the importance of enterprise and enterprise culture** in developing the modern Birmingham economy. There was little evidence of such concentrated activity (particularly involving such levels of collaboration) prior to WNF.

The BEII and Recession Package projects have provided **important insight about what works in terms of business support, innovation and enterprise**, which will serve to inform the emerging LEP proposals in these key areas.

5. REVIEW OF OUTCOME 2 PERFORMANCE

Section 5 details the performance of the Outcome 2 element of the BEDP WNF Programme, setting out financial and output performance against targets, and analyses the high level outcome position of the programme in terms of Outcome 2 of the Local Area Agreement.

Financial and Output Performance

5.1 This subsection assessed the performance of Outcome 2 (BEII) in terms of financial expenditure and progress towards outputs for this element of the Programme.

5.2 Table 5.1 below shows the actual funding accrued by this element of the Programme across each of the key strands for the three financial years of delivery. It should be noted that for the current year (2010-11) the data only covers the period up to and including 31st December 2010.

Table 5.1: BEDP (BEII and Recession Package) Finance Summary – (to 31 December 2010)

	Total Revised Allocation (Nov 10)	2008/09 actual	2009/10 actual	2010/11 (actual to 31 Dec 2010)	Total actual spend to 31 December 2010	Progress to date (31 Dec 2010)
Strategic projects	£5,581,523	-	£967,854	£3,009,472	£3,977,326	71.3%
Recession Package Projects	2,323,664*	-	£820,368	£827,498	£1,647,866	70.9%
Grand Total	£7,905,187		£1,788,222	£3,836,970	£5,625,192	71.2%

Source: DC Research Analysis of finance data from by Birmingham City Council

*excludes £3,000,000 for Future jobs fund

5.3 Table 5.1 shows that both the BEII and the Recession Package projects have (as would be expected at this stage) not yet spent its full allocation. Given the timescale for delivery, a level of actual spend with three months of delivery (one full quarter) still to go of more than 70% seems reasonable. Additional data provided on actual/forecast spend to the end of March 2011 shows that end of programme spend on Strategic Projects was 98% of the Revised Allocation, whilst the Recession Package Projects was 92% of the final Revised Allocation.

5.4 In terms of Outcome 2 Programme level output performance, Table 5.2 below shows what has been reported as being achieved against BEII core outputs as at the end of December 2010.

Table 5.2: BEII Output Summary (to 31 December 2010)						
	Revised Outputs (Sept 10)	2008-2009 Actual	2009-2010 Actual	2010-2011 Actual (to 31/12/10)	Total Actual	Progress to date
1A No of clients contacted	1,145	0	556	783	1,339	116.9%
1E No of clients obtaining accredited training	0	0	0	187	187	
1EIX Units towards level 4 NVQ or equivalent	370	0	128	244	372	100.5%
1I No of clients entering self-employment	104	0	4	68	72	69.2%
3AI No of businesses supported	236	0	42	167	209	88.6%
3AII No of businesses created	100	0	17	37	54	54.0%
3AIII No of businesses assisted to improve performance (Outcome 2)	209	0	12	161	173	82.8%
3AIV No of clients moving into mainstream BL support	596	0	32	578	610	102.3%
3B No of jobs created	990	0	17	77	94	9.5%
3E No of Graduates supported	365	0	147	206	353	96.7%
3F New business engaged	210	0	97	154	251	119.5%
3G Grad advantage places for FE Grads	20	0	0	18	18	90.0%
4C No of sustainable formal partnerships initiated/supported	3	0	0	4	4	133.3%
4D No of new products/processes developed	5	0	0	3	3	60.0%
Source: DC Research Analysis of output data from by Birmingham City Council						

5.5 Table 5.2 shows that with three months (one full quarter) of delivery still to go, a number of outputs have already achieved target:

- 1A No of clients contacted – 17% above target (1,339 achieved compared to target of 1,145).
- 1EIX Units towards level 4 NVQ or equivalent – 0.5% above target (372 achieved compared to target of 370).
- 3AIV No of clients moving into mainstream BL support – 2.3% above target (610 achieved compared to target of 596).
- 3F New business engaged – 19.5% above target (251 achieved compared to target of 210).
- 4C No of sustainable formal partnerships initiated/supported – 33.3% above target (4 achieved compared to target of 3).

5.6 In contrast, a number of outputs are well behind target, even with three months (one full quarter) still to go. The outputs that are more than 30% behind target as at 31st December 2010 are:

- 1I No of clients entering self-employment – 31% behind target (72 achieved, target of 104).
- 3AII No of businesses created – 46% behind target (54 achieved, target of 100).
- 3B No of jobs created – 91% behind target (94 achieved, target of 990).

- 4D No of new products/processes developed – 40% behind target (3 achieved, target of 5).

5.7 The most significant output target that is behind target by more than 90% is 3B – the number of jobs created where data to the end of December 2010 shows that only 94 jobs have been created against a target of 990. A very significant proportion of these outputs are linked to the Investment to Birmingham project⁸, which has (as at 31st December 2010 based on available output performance data) not achieved any 3B - number of jobs created outputs at all against a target of 900. There have been a number of issues and negotiations with this project throughout its lifetime, as noted in the project overview provided in Section 4 of this report.

5.8 In terms of Recession Package output performance, Table 5.3 below shows what has been reported as being achieved against core outputs as at the end of December 2010.

Table 5.3: Partial Recession Package Output Summary

	Target	Total Actual	Progress to date
3A No of businesses assisted	180*	147	82%
3AII No of businesses created	40	37	93%
3B No of Jobs Created	130*	92	71%
3C No of Jobs Safeguarded	225	145	64%
No of loans delivered	70	TBC	
No of opportunities posted by BCC	N/A	220	
No of opportunities posted by non-BCC	N/A	119	
No of registered members	N/A	6,822	
Private Sector Leverage	£846,000	£833,627	99%

Source: DC Research, based on project level summaries provided by BCC
 * Target adjusted to take into account closure of Arrow Fund in Oct 2010.

5.9 Table 5.3 shows that some targeted outputs are either nearly at target (3A, 3AII and Private Sector Leverage), with others (3B and 3C) showing a level of performance that suggests that targets will be achieved with three months of delivery (one full quarter) still to go. Additional data provided on actual/forecast outputs to the end of March 2011 shows that by the end of the Programme, all **outputs had clearly exceeded target** with two exceptions (Number of businesses created and Private Sector Leverage) which were almost on target, having achieved 93% and 99% of target respectively.

Summary of findings

In terms of financial performance, Outcome 2 has performed very well, for both the Strategic Projects and the Recession Package Projects (final spend representing 98% and 92% of planned/profiled spend respectively). For outputs, the Recession Package projects have performed well, clearly exceeding targets in all but two cases, and even here, performance exceeds 90% of target.

However, output performance for the Strategic Projects is more mixed, with data up to the end of December 2010 showing that whilst engagement related outputs are meeting or exceeding targets, self-employment, job creation and business creation outputs were between 30% and 90% behind target.

⁸ This project is discussed at Paragraph 4.42

6. REVIEW AND ANALYSIS OF LAA OUTCOMES AND IMPACTS

- 6.1 This sub-section presents the analysis of the high level outcome position of the BEDP programme in terms of Outcome 2 of the Local Area Agreement – i.e. **increasing the city's economic output and productivity through expansion of key growth sectors, greater enterprise and innovation in high value added activity.**
- 6.2 For LAA Outcome 2 there are three outcome indicators:
- NI 151: Overall employment rate
 - NI 166: Median earnings of employees in the area
 - NI 172: Percentage of small businesses in an area showing employment growth
- 6.3 The key findings relating to progress made against the baseline position for each of these two indicators is presented below. More detailed information about the approach taken, the data sources used, any issues with the data available, and the comparative analysis carried out are provided in Annex 3.
- 6.4 For each of the indicators, the core information presented below includes: the original baseline position, the original targets for the outcome, the revised targets – where targets were renegotiated with GOWM in 2010 as part of a national process following recognition by DCLG of the impact of the recession on targets, the data sources used, findings from the data analysis in terms of progress against the final target, and additional comparator data analysis – which focuses on comparing Birmingham (and where relevant the regional average) with the most appropriate core cities comparators, namely Liverpool and Manchester.

NI 151 – Overall Employment Rate

- 6.5 For NI 151 – Overall Employment Rate, the original baseline position (June 2007) showed the overall employment rate for Birmingham was 62.2%.
- 6.6 At the outset of the WNF Programme, the original annual targets for NI 151 were to improve against the baseline position as follows:
- 2008-09 – baseline plus 1% (i.e. 63.2%)
 - 2009-10 – baseline plus 1.5% (i.e. 63.7%)
 - 2010-11 – baseline plus 2.3% (i.e. 64.5%)
- 6.7 However, the targets were revised following discussions and negotiations with GOWM in 2010, and the agreed revised target for NI 151 for 2010-11 is to maintain the gap with the West Midlands average at 9.4 percentage points.
- 6.8 It should be noted that there are some technical data issues with NI 151 – the detail of these are explained in Annex 3 to this report.
- 6.9 The data below in Table 6.1 shows that, for NI 151 the gap between Birmingham and the West Midlands average for the Overall Employment Rate, based on the most recent data (July 2009-June 2010) is 7.9%, showing that performance against this outcome measure is on target.

Table 6.1: Employment rate - aged 16-64			
	Birmingham	West Midlands	Difference
Jul 2006-Jun 2007	61.6	70.8	9.2
Oct 2006-Sep 2007	62.1	70.7	8.6
Jan 2007-Dec 2007	62.5	70.6	8.1
Apr 2007-Mar 2008	63.1	70.6	7.5
Jul 2007-Jun 2008	62.6	70.6	8.0
Oct 2007-Sep 2008	62.1	70.2	8.1
Jan 2008-Dec 2008	61.0	69.9	8.9
Apr 2008-Mar 2009	61.0	69.4	8.4
Jul 2008-Jun 2009	59.3	68.7	9.4
Oct 2008-Sep 2009	59.1	68.5	9.4
Jan 2009-Dec 2009	59.4	68.2	8.8
Apr 2009-Mar 2010	59.4	68.5	9.1
Jul 2009-Jun 2010	60.5	68.4	7.9

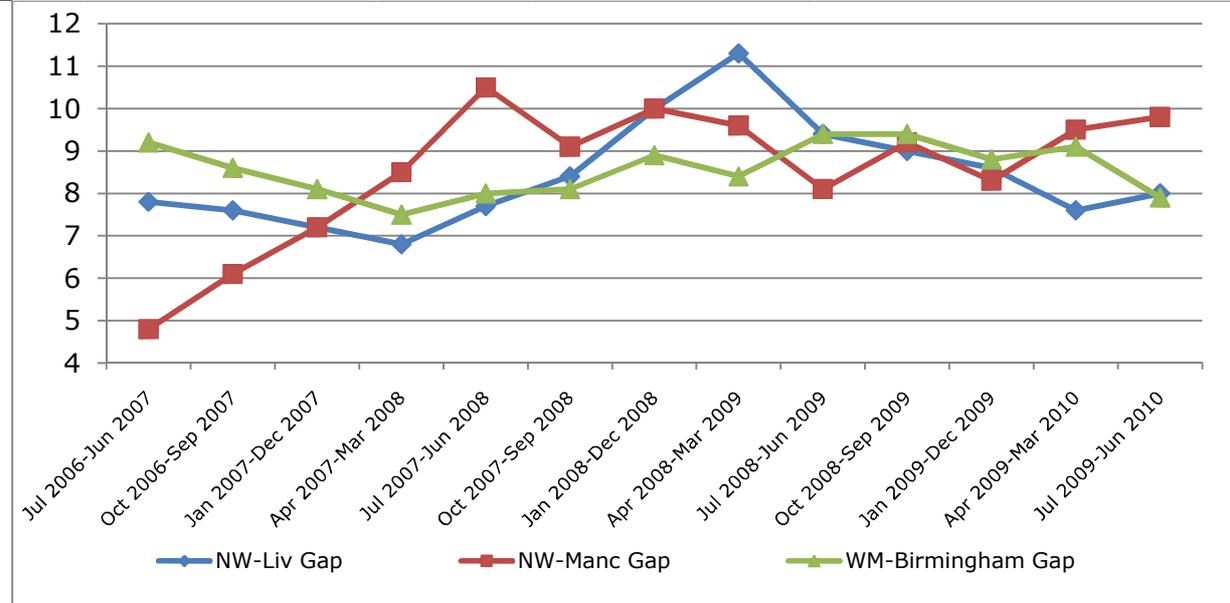
Source: ONS annual population survey, accessed via NOMIS, 07 March 2011

Summary position for NI 151: On target based on most recently available data (July 2009- June 2010).

6.10 The performance of Birmingham against its regional average as compared to the performance of both Liverpool and Manchester against their regional average is set out in Annex 3. Whilst performance varied over the time period, most recent data shows Birmingham has the lowest gap with the regional average of these three core cities.

6.11 The figure below shows the trend over time for each of the three gaps with the regional comparators.

Figure 6.1: Employment rate (aged 16-64) Gap Core City-Regional Average - (Comparator Data –Birmingham, Liverpool and Manchester)



Source: ONS annual population survey, accessed via NOMIS, March 2011

NI 166 - Median earnings of employees in the area

- 6.12 For NI 166 - Median earnings of employees in the area, the original baseline for the Birmingham average (based on average data from 1997-2006) was 106% of the West Midlands average.
- 6.13 At the outset of the WNF Programme, the original target for NI 166 was to improve this position so that Median earnings of employees in the area for Birmingham was 107% of the West Midlands average, with the data to be calculated using the average for 2009-2011 (to mitigate any sampling errors).
- 6.14 In terms of the data sources for NI 166 there are a range of data sources available, however, for reasons outlined in Annex 3 data from the Annual Survey of Hours and Earnings (workplace analysis) accessed via NOMIS has been used for the Median earnings of employees in the area, which allows the most up to date data to be used, as well as providing consistent comparator data.
- 6.15 It should be noted that the indicator used relates to workplace analysis (rather than resident analysis), and therefore covers the median earnings of those that work within Birmingham rather than those that reside in Birmingham. The measure used is Median earnings of gross weekly pay for Full Time Workers.
- 6.16 The data below in Table 6.2 shows that, for NI 166 the Birmingham:West Midlands ratio, based on the most recent data (2010) is 107%, showing that performance against this outcome measure is on target.

Table 6.2: Median earnings of employees in area (Gross weekly pay of Full time workers, workplace analysis)

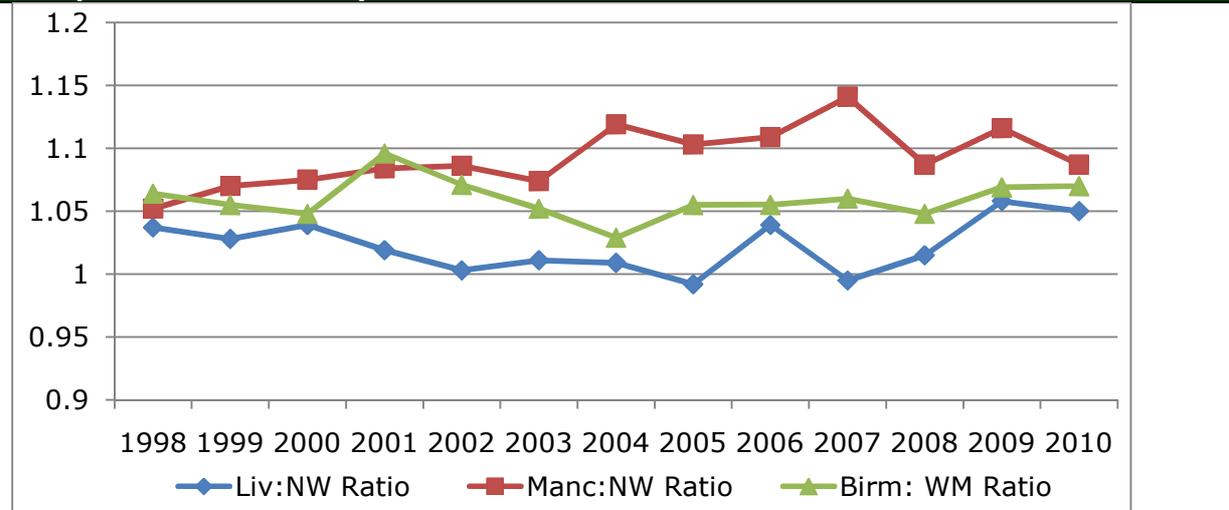
	Birmingham	West Midlands	Ratio (Birmingham:WM)
1998	340.8	320.4	106.4%
1999	348.2	329.9	105.5%
2000	357.3	340.9	104.8%
2001	392.4	357.9	109.6%
2002	392.6	366.6	107.1%
2003	397.5	378.0	105.2%
2004	403.4	392.0	102.9%
2005	424.6	402.4	105.5%
2006	435.0	412.5	105.5%
2007	456.0	430.1	106.0%
2008	470.5	448.9	104.8%
2009	487.5	456.2	106.9%
2010	500.2	467.5	107.0%

Source: ONS annual survey of hours and earnings - workplace analysis, accessed via NOMIS, 07 March 2011

Summary position for NI 166: On target based on most recently available data (2010).

- 6.17 Data from appropriate comparator core cities for Birmingham – namely Liverpool and Manchester is set out in Annex 3.
- 6.18 This data shows that Birmingham’s performance as a proportion of the regional average is compares favourably with Liverpool, but is slightly behind Manchester. The figure below shows the trend over time for each of the three ratios against the regional comparators.

Figure 6.2: Median earnings of employees in area (Comparator Data – Birmingham, Liverpool and Manchester)



Source: ONS annual survey of hours and earnings - workplace analysis, accessed via NOMIS, 07 March 2011

NI 172 - Percentage of small businesses in an area showing employment growth

- 6.19 For NI 172 - Percentage of small businesses in an area showing employment growth the baseline was that the Birmingham rate was -0.33 percentage points below the West Midlands average.
- 6.20 At the outset of the WNF Programme, the original target for NI 172 was to improve this position as follows:
 - 2008-09 – no difference between Birmingham rate and West Midlands rate.
 - 2009-10 – Birmingham rate to exceed the West Midlands rate by 0.15 percentage points.
 - 2010-11 – Birmingham rate to exceed the West Midlands rate by 0.30 percentage points.
- 6.21 The key data source used for NI 172 is <http://data.gov.uk/dataset/ni-172-percentage-of-small-businesses-in-an-area-showing-employment-growth>. However, this data is only available up until 2008 (i.e. end of calendar year 2008). Therefore, the data available pre-dates the delivery of the Programme, and as such cannot be used to assess any changes in the outcome that have occurred during the lifetime of the BEII Programme. As such, whilst the data for NI 172 is included in Annex 3, it is for information purposes only and cannot be used to assess the impact of the Programme on this outcome.

Summary of findings

The position of the BEDP programme in terms of Outcome 2 of the LAA (i.e. **increasing the city's economic output and productivity through expansion of key growth sectors, greater enterprise and innovation in high value added activity**) is measured by three outcome indicators:

- **For NI 151 – Overall Employment Rate**, the gap between Birmingham and the West Midlands average for the Overall Employment Rate, based on the most recent data (July 2009-June 2010) is 7.9, showing that **performance against this outcome measure is on target**. In comparison to appropriate comparator core cities for Birmingham – namely Liverpool and Manchester⁹, Birmingham's performance against its regional average shows similarities to both cities across the programme, however the latest data also shows that Birmingham has the lowest gap with the regional average of these three core cities.
- **For NI 166 - Median earnings of employees in the area**, the original baseline for the Birmingham average (based on average data from 1997-2006) was 106% of the West Midlands average. Unlike the other outcome targets, there was no revision to this target in the discussions and negotiations with GOWM, so the target for 2010-2011 remains the same – for Birmingham data on Median earnings of employees in the area to be 107% of the West Midlands average. Nevertheless, the most recent data (2010) is 107%, showing that **performance against this outcome measure is on target**. In comparison to Birmingham's comparator cities (Birmingham and Liverpool), the data shows that Birmingham's performance as a proportion of the regional average compares favourably with Liverpool, but is slightly behind Manchester.
- **For NI 172 - Percentage of small businesses in an area showing employment growth** the baseline was that the Birmingham rate was -0.33 percentage points below the West Midlands average. There was no revision to this target in the discussions and negotiations with GOWM, so the target for 2010-2011 remains the same – for the Birmingham rate to exceed the West Midlands rate by 0.30 percentage points. **The most recently available data for NI 172 only relates to 2008, and as such no assessment can be made about any changes to the outcome as a result of the BEII Programme.**

⁹ (See <http://www.communities.gov.uk/documents/communities/pdf/566881.pdf> for reference to these three cities having the highest number of worklessness concentrations outside of London).

7. LESSONS LEARNED AND OUTCOME LEVEL CONCLUSIONS

Section 7 summarises the key findings and conclusions for Outcome 2, sets out a series of recommendations for future interventions, and summarises examples of succession and forward strategy.

Key findings and conclusions

- 7.1 The portion of BEDP's WNF allocation that was managed through the **Business Enterprise Innovation & Inward Investment** group was targeted at increasing the city's economic output and productivity as well as mitigating against the impact of the recession on the business community.
- 7.2 The formation of the **Business Enterprise Innovation & Inward Investment** Sub Group brought together a wide range of the key local and regional partners to understand and address the city's enterprise and innovation needs. It aimed to invest resources, (including WNF), to provide additional, targeted support to strengthen the city's business base and encourage greater innovation in the public, private and voluntary/community sectors as well as to add value to the mainstream provision.
- 7.3 The **approach taken by BEII was not to reinvent delivery mechanisms or establish new organisations unless there was a clear gap in provision.** The process of developing the final Outcome 2 projects suffered a delay of around 12 months. Consultees felt that this may be in part the result of the pragmatic approach taken (which they also felt narrowed the focus of the programme) and the high number of applications received.
- 7.4 A **particular highlight of Outcome 2 has been the collaboration between Aston, Birmingham and Birmingham City Universities** on the Graduate Enterprise Employment (BSEEN), and the relationship between BSEEN and E4F, with both these projects are continuing beyond the end of the WNF programme. More generally, BEII has **exposed a rich seam of enterprise activity and energy through an innovative and experimental approach**, with a great proportion of this activity being sustained through mainstream/partner investment, ERDF succession projects and RGF round 1 bids.
- 7.5 There now exists both a **critical mass of activity and expertise** at Birmingham Science Park Aston, **a throughput of businesses and potential entrepreneurs**, and also raised **awareness about the importance of enterprise and enterprise culture** in developing the modern Birmingham economy. There was little evidence of such concentrated activity (particularly involving such levels of collaboration) prior to WNF.
- 7.6 At the end of the programme, a number of BEII **stakeholders have argued that the programme would have benefited from a more equal balance of Outcome 2 and Outcome 4 activity.** In part, this view is retrospectively informed by the current macroeconomic reality, with there being fewer vacancies in the City compared to the point at which the WNF programme was originally developed. This needs to be considered in the light of government expectations for WNF, prior to and during its early stages, and also by the reality that during this time period Outcome 2 initiatives could also look to ERDF and Single Pot funding, whereas there were few funding sources, aside from WNF, available to support the delivery of Outcome 4. Nevertheless, a number of BEII stakeholders felt that they could have delivered more activity had BEDP asked them to do so.

- 7.7 **WNF was not especially well aligned with other programme funding available in Birmingham during its lifetime.** However, it would not be correct to assume that this was a result of programme inflexibility, as other funding streams did not align either in terms of geography (such as ERDF) or timescale (such as Regeneration Zones and New Deal for Communities Programmes in Aston and King's Norton). Despite this, there are some examples of ERDF being aligned with Outcome 2 activity, and ERDF is also being used as a source of succession funding. For example **WNF was able to step in to alleviate delays in ERDF funding becoming available, and in turn ERDF has enabled Outcome 2 projects to access succession funding.** It should be noted that in the main, match funding issues tended to be due to the constraints of other funding mechanisms (such as ERDF) rather than specific issues with WNF.
- 7.8 The position of the BEDP programme in terms of Outcome 2 of the LAA (i.e. **increasing the city's economic output and productivity through expansion of key growth sectors, greater enterprise and innovation in high value added activity**) is measured by three outcome indicators:
- For NI 151 – Overall Employment Rate, the gap between Birmingham and the West Midlands average for the Overall Employment Rate, based on the most recent data (July 2009-June 2010) is 7.9 percentage points, showing that performance against this outcome measure is on target. In comparison to appropriate comparator core cities for Birmingham – namely Liverpool and Manchester¹⁰, Birmingham's performance against its regional average shows similarities to both cities across the programme, however the latest data also shows that Birmingham has the lowest gap with the regional average of these three core cities.
 - For NI 166 - Median earnings of employees in the area, the original baseline for the Birmingham average (based on average data from 1997-2006) was 106% of the West Midlands average. The most recent data (2010) is 107%, showing that performance against this outcome measure is on target. In comparison to Birmingham's comparator cities (Birmingham and Liverpool), the data shows that Birmingham's performance as a proportion of the regional average is compares favourably with Liverpool, but is slightly behind Manchester.
 - For NI 172 - Percentage of small businesses in an area showing employment growth the baseline was that the Birmingham rate was -0.33 percentage points below the West Midlands average. The most recently available data for NI 172 only relates to 2008, and as such no assessment can be made about any changes to the outcome as a result of the BEII Programme.
- 7.9 Taken together, the Outcome 2 Projects have delivered well, and there are strong signs of a sustainable legacy in terms of enterprise in particular, where WNF has allowed partners to pilot activity ahead of ERDF and (potentially) RGF investment.

Lessons learned, good practice and innovation

- 7.10 Outcome 2 contains a range of projects that have generated significant impacts, and moving forwards, **a number of projects have influenced the approach that the city is taking to create jobs and high growth industries in the future.** For example, the Stimulating Demand and Retail Development projects

¹⁰ (See <http://www.communities.gov.uk/documents/communities/pdf/566881.pdf> for reference to these three cities having the highest number of worklessness concentrations outside of London).

have created significant job and GVA impacts, and Find it in Birmingham has influenced partners in terms of using local procurement opportunities to support businesses.

- 7.11 The development of the BEII Sub Group has led to a number of benefits beyond WNF, not least a **more focused approach to enterprise, enterprise culture and innovation**, and is in itself seen **as a positive outcome from the programme**. Through WNF and the establishment of this partnership, thinking and approaches to enterprise and innovation in Birmingham has been reinvigorated, and is serving to provide focus to RGF applications and influence the early development of the Local Enterprise Partnership.
- 7.12 A **key legacy of Outcome 2 of WNF in Birmingham surrounds enterprise activities that have been supported**, with strong enterprise focussed networks now in place between Aston, Birmingham and Birmingham City Universities, Birmingham Science Park Aston and Birmingham Chamber of Commerce. A homogenous focus on job creation and retention would have been both appropriate and defensible to stimulate employment, but the development of a suite of projects focussed on enterprise and innovation has raised the profile of this activity in the City and has been well received by stakeholders.

Succession and Forward Strategy

- 7.13 Moving towards Regional Growth Fund (RGF) and Local Enterprise Partnership (LEP) driven approaches, a number of the BEII projects have usefully piloted ideas to inform new approaches. For example, Birmingham submitted four RGF Round 1 bids, all of which benefited either directly or indirectly from approaches developed, and lessons learned, during WNF. The BEII and Recession Package projects have provided **important insight about what works in terms of business support, innovation and enterprise**, which will serve to inform the emerging LEP proposals in these key areas.
- 7.14 In addition the RGF bids, some of the approaches used in delivering Outcome 2 activity are being taken forward in other forms. For example, Aston University is committed to taking forward further cohorts of graduates on the BSEEN project and developments in the establishment of a 'Bank of Birmingham' and InvestBX are due in part to the understanding and increased confidence in these activities that WNF has provided.
- 7.15 Moving forward, if the potential for such growth through the interventions can be successfully realised, **Outcome 2 activity funded by the WNF programme will be strongly supported in the future through the LEP and RGF bidding**. Encouraging new employment, innovation, business growth and skills in Birmingham will significantly assist with developing the economy towards private sector sustainable development. Supporting such expansion and enterprise will also help to diversify the local economy, a key aspect of Outcome 2's priorities.

Recommendations

- 7.16 At the WNF Programme level, programme did not manage to provide a wholly integrated approach for employers. However there are significant examples of good practice and new ways of working developed, and **there would be benefits to linking activity such as Find it in Birmingham to activity focussed in employer engagement from a client perspective** (as highlighted by Outcome 4 projects such as JASDUPP and CATE).

- 7.17 To truly be effective, and to maximise employer engagement opportunities, **all Council departments need to adopt a common approach to using Find it in Birmingham as a procurement channel.**
- 7.18 Another programme level recommendation reflects the clear consensus that the BEDP WNF Programme would have benefitted from a year zero, something that was highlighted in previous evaluations of area based programmes (notably SRB and NRF), and this would have significantly improved the delivery in Outcome 2 as well as Outcome 4. The underlying issue around timescale is a national one, with the three year duration of the programme, and the sheer scale of resources allocated to Birmingham, and resultant capacity and political issues therein, being the root cause of delivery delays. Nevertheless a year zero would have been extremely beneficial to the delivery capacity of the programme, and would have lessened many of the issues set out above.
- 7.19 It is therefore recommended that **BEDP and strategic stakeholders should continue to seek the inclusion of a 'year zero' in all future programmes.**
- 7.20 Finally, the **BEII Sub Group should build on the success and learning from WNF, particularly around collaborative working on enterprise, to continue to influence the development of enterprise, innovation and inward investment thinking and activity in Birmingham.** There is a strong expectation that the insight about what works in terms of business support, innovation and enterprise, will to inform the emerging LEP proposals in these key areas, and BEII should also seek to advise and critique relevant RGF applications.

ANNEX 1: CONSULTEES

Programme / BEDP and BEII Consultees	
Name	Organisation
Ken Lawrence	Be Birmingham
Sean Connolly	Be Birmingham
Jayne Bench	Be Birmingham
Paul Wilson	
Waheed Nazir	Birmingham City Council
Professor Phil Extance	Aston University
Jack Glonek	Birmingham City Council
Paul Hanna	Birmingham Chamber of Commerce
Lesley Edwards	Birmingham City Council
Mohammed Zahir	Birmingham City Council
Suresh Patel	Birmingham City Council
Famida Begum	Be Birmingham
Tara Verrell	Birmingham City Council

Project Consultees		
Name	Project	Organisation
Gary Gould	Entrepreneurs for the Future	Birmingham Science Park Aston
Simon Jenner	Entrepreneurs for the Future	Birmingham Science Park Aston
Katherine Preston	Entrepreneurs for the Future	Birmingham Science Park Aston
Aftab Khan	Enterprise Through Coaching	Birmingham Chamber of Commerce
Professor Helen Higson OBE	Graduate Enterprise Employment (BSEEN)	Aston University
Catherine Foster	Graduate Enterprise Employment (BSEEN)	Aston University
Tim Manson	Investment Birmingham	Marketing Birmingham
Stuart Horton	Find it in Birmingham	Birmingham City Council
Steve Walker	ART	Aston Reinvestment Trust
Lesley Bradnam	Data Gathering and Impact Evaluation	Birmingham City Council
Hamish Wilson	Data Gathering and Impact Evaluation	Birmingham City Council

ANNEX 2: OUTCOME 2 PROJECT REVIEWS

Project Case Study Summary: Entrepreneurs for the Future (E4F)

E4F is managed by Birmingham Science Park Aston and aims to encourage the development of new, high tech businesses in Birmingham City Centre. The project offers entrepreneurs with new business ideas the necessary mentoring, support services and infrastructure for up to 6 months (extended in some cases) to help them get set up and to promote the establishment of new high-tech ventures with high growth potential. Supporting businesses past the start-up phase is designed to increase their chances of success and speed up the business development process.

Supporting a range of businesses within the ‘incubation centre’ at Aston Science Park has raised the profile of Birmingham as an area in which high value, high tech SME’s can start up and locate. Additionally, working with local universities has also assisted with retaining graduates and local knowledge, with opportunity for this expanding as the companies grow. The project has also formed strong synergies with the Birmingham Skills for Enterprise and Employability Network (BSEEN) project at both the delivery and beneficiary level, with a number of beneficiaries’ from BSEEN viewing E4F as the next logical step in their business development.

The client feedback in Table A2.1 below is from clients who have received support from a range of consortium providers. The quotes demonstrate the positive impacts that the project has had upon them as individuals:

Table A2.1 Client Feedback from E4F	
Business A	<i>Business A viewed the E4F project as being highly instrumental in their business success, commenting that: "We could not have done it without E4F's support". Business A also suggested that as a result of the mentoring, funding, individually tailored support and help in establishing future contacts, their business could become larger, and the time required to do so, would now be significantly reduced. The facilities within Aston Science Park also allowed Business A to develop and test products, accelerating the time in which they are ready for marketing. Business A commented that they would certainly recommend the scheme to others and have done so already.</i>
Business B	<i>Business B suggested that they could not have been successful without E4F, commenting that: "We would certainly recommend the E4F programme to others, without it we would not have been able to get to where we are now." Business B commented that their success and the pace in which they have been able to develop had been significantly increased as a result of the support provided by the mentors. Business B also suggested that the environment in which they are working (i.e. in the incubator space) has fostered shared working and development with other start up companies and consequently has increased both contacts, opportunities and encouragement for future development.</i>

Stakeholders regard the project as being successful in promoting new employment and business opportunities, and would not have been viable without WNF support. Being able to offer personalised support, specific advice and time to the new businesses was felt to be a key contributor to the ongoing success of those who had located in the E4F centre and a continuation of funding was seen as key to maintaining future success.

Concerns were raised as to the applicability of targets including the creation of full time permanent jobs given that start up technology businesses predominantly involve self employed, part time or intern work. Additional concerns were raised around the delays to the start of the project as this ultimately impacted on the timeframe in which targets were to be met. Despite these concerns, E4F has not only assisted with the development of 23 new companies and supported a further 47, but it has also sped up the process in which they are able to access funding and be in a position to take on

additional staff. Stakeholders also believe that the impact in terms of jobs created will increase as the companies grow and expand.

Project Case Study Summary: Graduate Enterprise Employment

Graduate Enterprise Employment (commonly known as BSEEN- Birmingham Skills for Enterprise and Employability Network) is part funded by the WNF, with further funding coming from partnered Universities- Aston University, Birmingham City University and the University of Birmingham. The project aims to assist graduates in setting up new businesses in order to improve graduate retention, provide jobs and raise the skill level of the local workforce. The BSEEN project offers successful graduates free incubator space for 6 months within one of the 3 HEI's, providing equipment, training, a personal mentor, access to the project team for advice and guidance and a financial grant of up to £3000. The project also offers an enterprise club, providing in depth entrepreneurial support, master-classes and networking opportunities. In addition, BSEEN also hosts informal sessions (such as drop in's, clinics etc) and formal events (such as lectures, workshops etc) surrounding skills training and advice to raise awareness of entrepreneurial opportunities. These sessions have encouraged joint working between the universities and at least one university is embedding the BSEEN approach into the mainstream.

Beneficiaries are positive about the impacts of BSEEN on their development:

Table A2.2 Client Feedback from BSEEN

Business C

Business A highlighted that BSEEN had provided support and advice needed to develop and secure a patent for their product. The mentoring support was viewed as being very helpful, as were networking and a number of seminars. Business A highlighted that they looked at starting a business as an employment alternative and even commented that: "I have been more enriched by 6 months at BSEEN than my degree and masters combined. Without BSEEN we would have been floundering in our bedrooms".

Business D

Business B was unsuccessful in applying to BSEEN first time round, but was encouraged to attend some seminars and reapply. The initial rejection was very useful in developing a sense of focus, as well as a motivation to prove BSEEN wrong! Business B is now keen to progress onto the E4F project as their service is at the prototype stage, and would benefit from E4F's innovation expertise to access markets.

Given the variant needs of start up businesses, some consultees did feel that the project would benefit from a more flexible approach in terms of time and funding, however overall the feedback from BSEEN has been overwhelmingly positive.

As with other projects, deliverers of BSEEN highlighted issues caused as a result of contracting delays and in receiving funding. Deliverers suggested that such delays potentially impacted on the number of participants that could be reached over the duration of the project and a further lack of clarity in what was required for the monitoring process was also reported to cause problems for stakeholders.

Despite these issues, BSEEN has met its targets regarding the number of graduates and businesses supported, and whilst it did not create any new businesses up to December 2010, stakeholder have suggested that the final quarter of 2010-11 is expected to see many business that have developed as a result of the project. The 3 Universities involved also found the informal and formal sessions to be very successful, and there is a consensus that working together has strengthened the achievements of the project, with Aston continuing to fund a further cohort of graduates and a succession project entered as part of a Round 1 RGF bid.

Project Case Study Summary: Stimulating Enterprise through Coaching

The Stimulating Enterprise through Coaching project is managed by Birmingham Chamber. The project aims to work with deprived and under-represented communities (as well as working on a city wide basis) to target and find people who have the potential to start their own business. Coaches explore the participants' motivation, resources, attitudes and ideas, and equip those with the potential for self employment with the skills and confidence to access mainstream business support, or other suitable support/progression routes that exist. Coaches used a range of networks and community venues (such as community groups, religious groups and venues, advice centres, libraries etc) to engage with targeted clients and refer them onto the project.

The project faced challenges as a result of the current economic and funding climate, as deliverers found that there was a lack of financial incentives for individuals in the form of grants, making it difficult to help individuals to move towards starting up. In terms of impact however, the project was highly successful in its success against output targets, overachieving on clients contacted and the number of clients moving into mainstream support by December 2010.

Delivery partners felt that the success of the project was the result of: a recognition that formal techniques were not appropriate to reach the target audience (with networks and viral marketing being the successful techniques); an understanding of the needs of targeted individuals and the challenges they face, as well as; having a strong relationship with contacts at Birmingham City Council. Despite these strengths, issues were again raised around delays in receiving funding, reducing the time available in which to meet the intended targets.

ANNEX 3: APPROACH FOR OUTCOME ANALYSIS

This appendix outlines the approach used to carry out the analysis of progress against outcomes for the BEII element of the BEDP WNF Evaluation. The Appendix summarises the approach that has been taken, identifying the data sources used, any issues with the data available, and then presents the data for each of five National Indicators (NI's).

For **LAA Outcome 2** – increasing the city's economic output and productivity through expansion of key growth sectors, greater enterprise and innovation in high value added activity, there are three outcome indicators:

- NI 151: Overall employment rate
- NI 166: Median earnings of employees in the area
- NI 172: Percentage of small businesses in an area showing employment growth

APPROACH

Presented below are data on each of the National Indicators in turn. The approach adopted for each Indicator is the same and covers:

- Baseline position
- Original target
- Revised target
- Data sources used
- Summary of Birmingham and West Midlands regional data
- Summary of other comparators (national and core cities data)

Given recent changes around LAAs, National Indicators and related data sets, there are issues with some of the data sources. This includes changes to the way some indicators are measured (e.g. working age population calculations – which impact on rates for employment (NI 151), cessation of availability of some data sets, changes to the benefits system – which affects comparability over time for specific benefits, etc.) Where these issues and changes have the potential to affect (or have affected) the data presented below, these are noted in the relevant section.

NI 151

Baseline position: The baseline for NI 151 Overall Employment Rate was 62.2% (June 2007).

Original target: The original annual targets for NI 151 were to improve against the baseline position as follows:

2008-09 – baseline plus 1% (i.e. 63.2%)

2009-10 – baseline plus 1.5% (i.e. 63.7%)

2010-11 – baseline plus 2.3% (i.e. 64.5%)

Revised target: The targets were revised following discussions and negotiations with GOWM, and the agreed revised target for NI 151 for 2010-11 is to maintain the gap with the West Midlands average at 10.5 percentage points.

It is noted that due to the changes in the way that NI 151 (Overall Employment Rate) is calculated by ONS/NOMIS, where the working age population now includes those aged 16-64 for both males and females. This resulted in a change to the target, as the baseline gap (difference between Birmingham rate and West Midlands rate for July 2008-June 2009) using the new data is 9.4 percentage points.

Data sources used: There are a range of data sources available that provide data on NI 151 (Overall Employment Rate). However, given that some of the original data sources are no longer being updated (e.g. <http://data.gov.uk/dataset/ni-151-overall-employment-rate-working-age>) and others are still using the old working age population data (e.g. http://research.dwp.gov.uk/asd/index.php?page=national_indicators) data from NOMIS has been used for the Overall Employment Rate, which allows the most up to date data to be used, as well as providing consistent comparator data.

Summary of Birmingham and West Midlands regional data:

Table A3.1: Employment rate - aged 16-64			
	Birmingham	West Midlands	Difference
Jul 2006-Jun 2007	61.6	70.8	9.2
Oct 2006-Sep 2007	62.1	70.7	8.6
Jan 2007-Dec 2007	62.5	70.6	8.1
Apr 2007-Mar 2008	63.1	70.6	7.5
Jul 2007-Jun 2008	62.6	70.6	8.0
Oct 2007-Sep 2008	62.1	70.2	8.1
Jan 2008-Dec 2008	61.0	69.9	8.9
Apr 2008-Mar 2009	61.0	69.4	8.4
Jul 2008-Jun 2009	59.3	68.7	9.4
Oct 2008-Sep 2009	59.1	68.5	9.4
Jan 2009-Dec 2009	59.4	68.2	8.8
Apr 2009-Mar 2010	59.4	68.5	9.1
Jul 2009-Jun 2010	60.5	68.4	7.9
Source: ONS annual population survey, accessed via NOMIS, 07 March 2011			

Summary position for NI 151: On target based on most recently available data (July 2009- June 2010).

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Summary of other comparators (national and core cities data):

Table A3.2: Employment rate - aged 16-64 (Comparator Data)													
	Liverpool	Manchester	NW	Newcastle	NE	Nottingham	EM	Leeds	Sheffield	Yorkshire	Bristol	SW	England
Jul 2006-Jun 2007	62.7	65.7	70.5	66.8	69.5	65.4	74.0	74.2	67.6	71.2	73.6	75.9	72.6
Oct 2006-Sep 2007	62.5	64.0	70.1	67.1	69.5	64.2	74.1	73.9	68.2	71.3	72.7	76.1	72.6
Jan 2007-Dec 2007	63.2	63.2	70.4	65.3	69.5	62.1	73.7	73.0	68.9	71.3	72.4	75.9	72.6
Apr 2007-Mar 2008	63.5	61.8	70.3	63.4	69.3	60.9	73.6	73.4	69.4	71.6	72.2	76.2	72.7
Jul 2007-Jun 2008	62.4	59.6	70.1	64.2	68.7	62.5	73.7	72.0	68.9	71.3	72.8	76.3	72.7
Oct 2007-Sep 2008	61.7	61.0	70.1	63.9	68.8	63.9	73.9	71.8	68.4	71.4	72.8	76.3	72.6
Jan 2008-Dec 2008	59.3	59.3	69.3	64.6	68.5	63.8	73.6	71.3	68.9	70.9	72.8	76.0	72.3
Apr 2008-Mar 2009	57.8	59.5	69.1	63.6	68.2	61.8	73.1	70.4	68.8	70.5	73.0	75.6	72.1
Jul 2008-Jun 2009	59.5	60.8	68.9	61.4	67.5	59.5	72.9	69.3	69.1	70.1	73.0	75.0	71.6
Oct 2008-Sep 2009	59.4	59.2	68.4	59.9	66.9	57.4	72.2	70.2	66.8	69.4	72.5	74.5	71.2
Jan 2009-Dec 2009	59.5	59.8	68.1	59.6	66.2	56.8	72.2	69.6	66.0	68.8	71.9	74.2	70.9
Apr 2009-Mar 2010	60.2	58.3	67.8	60.1	65.8	56.7	71.6	68.7	65.7	68.5	71.3	73.7	70.5
Jul 2009-Jun 2010	60.2	58.4	68.2	61.9	66.3	55.5	71.6	70.4	65.9	68.9	71.2	73.4	70.5

Source: ONS annual population survey, accessed via NOMIS, 07 March 2011

Focusing on the data from appropriate comparator core cities for Birmingham – namely Liverpool and Manchester (see <http://www.communities.gov.uk/documents/communities/pdf/566881.pdf> for reference to these three cities having the highest number of concentrations outside of London) the table below shows the performance of Birmingham against its regional average as compared to the performance of both Liverpool and Manchester against their regional average.

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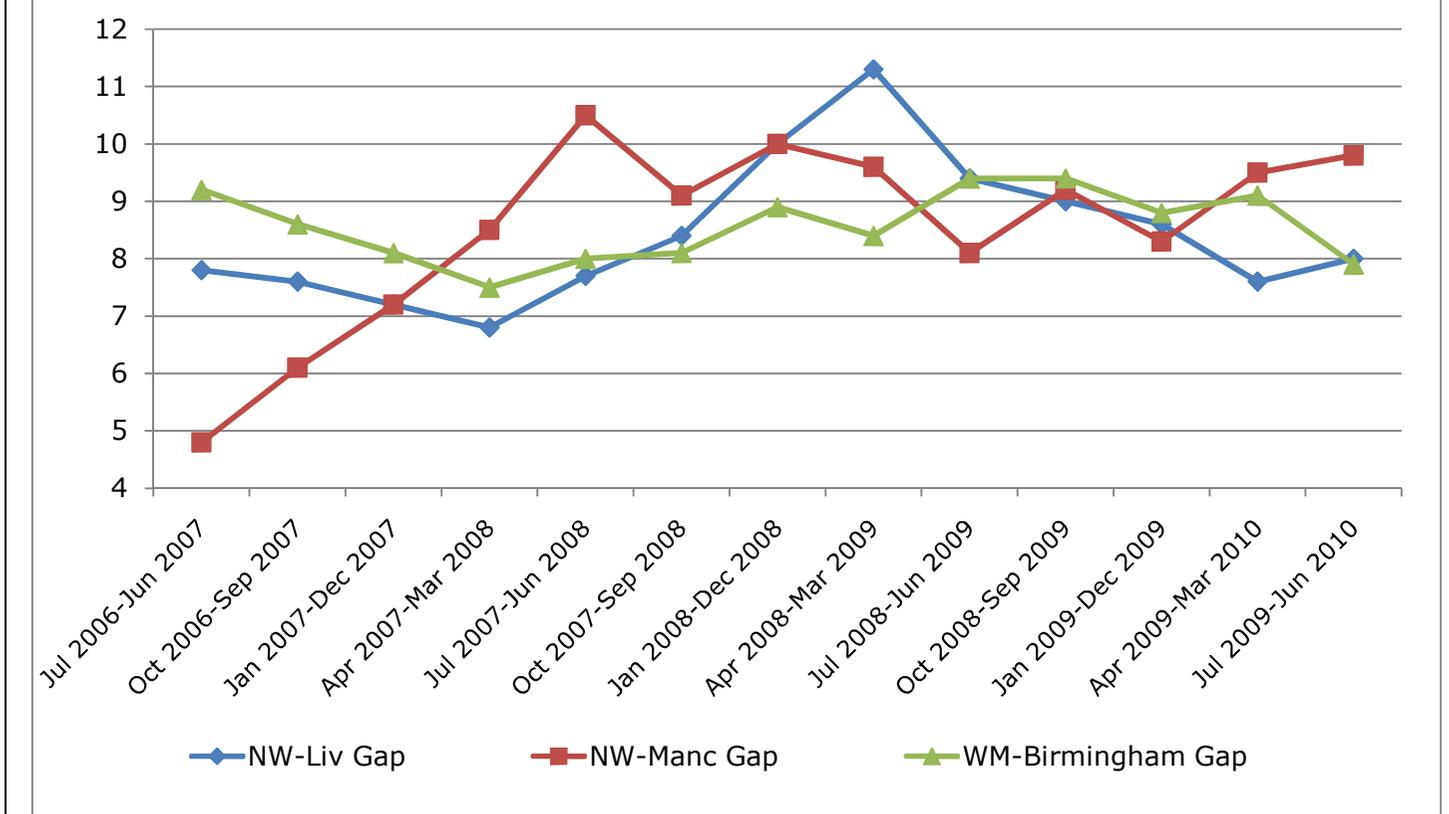
Table A3.3: Employment rate - aged 16-64 (Comparator Data –Liverpool and Manchester)								
	Liverpool	Manchester	NW	NW-Liv Gap	NW-Manc Gap	Birmingham	West Midlands	WM-Birmingham Gap
Jul 2006-Jun 2007	62.7	65.7	70.5	7.8	4.8	61.6	70.8	9.2
Oct 2006-Sep 2007	62.5	64.0	70.1	7.6	6.1	62.1	70.7	8.6
Jan 2007-Dec 2007	63.2	63.2	70.4	7.2	7.2	62.5	70.6	8.1
Apr 2007-Mar 2008	63.5	61.8	70.3	6.8	8.5	63.1	70.6	7.5
Jul 2007-Jun 2008	62.4	59.6	70.1	7.7	10.5	62.6	70.6	8.0
Oct 2007-Sep 2008	61.7	61.0	70.1	8.4	9.1	62.1	70.2	8.1
Jan 2008-Dec 2008	59.3	59.3	69.3	10	10.0	61.0	69.9	8.9
Apr 2008-Mar 2009	57.8	59.5	69.1	11.3	9.6	61.0	69.4	8.4
Jul 2008-Jun 2009	59.5	60.8	68.9	9.4	8.1	59.3	68.7	9.4
Oct 2008-Sep 2009	59.4	59.2	68.4	9.0	9.2	59.1	68.5	9.4
Jan 2009-Dec 2009	59.5	59.8	68.1	8.6	8.3	59.4	68.2	8.8
Apr 2009-Mar 2010	60.2	58.3	67.8	7.6	9.5	59.4	68.5	9.1
Jul 2009-Jun 2010	60.2	58.4	68.2	8.0	9.8	60.5	68.4	7.9

Source: ONS annual population survey, accessed via NOMIS, 07 March 2011

The data shows that Birmingham’s performance against its regional average is comparable (in terms of the gap) with both Liverpool and Manchester. Whilst performance varied over the time period, most recent data shows Birmingham has the lowest gap with the regional average.

The figure below shows the trend over time for each of the three gaps with the regional comparators.

Figure A3.1: Employment rate - aged 16-64 (Comparator Data – Birmingham, Liverpool and Manchester)



NI 166

Baseline position: The baseline for NI 166 Median earnings of employees in the area was for the Birmingham average (based on average data from 1997-2006) to be 106% of the West Midlands average.

Original target: The original target for NI 166 was to improve this position so that Median earnings of employees in the area for Birmingham was 107% of the West Midlands average, with the data to be calculated using the average for 2009-2011 (to mitigate any sampling errors).

Revised target: There was no revision to this target in the discussions and negotiations with GOWM, so the target for 2010-2011 remains the same – for Birmingham data on Median earnings of employees in the area to be 107% of the West Midlands average.

Data sources used: There are a range of data sources available that provide data on NI 166 (Median earnings of employees in the area). However, given that some of the original data sources are no longer being updated (e.g. <http://data.gov.uk/dataset/ni-166-average-earnings-of-employees-in-the-area>) data from the Annual Survey of Hours and Earnings (workplace analysis) accessed via NOMIS has been used for the Median earnings of employees in the area, which allows the most up to date data to be used, as well as providing consistent comparator data.

It should be noted that the indicator used relates to workplace analysis (rather than resident analysis), and therefore covers the median earnings of those that work within Birmingham rather than those that reside in Birmingham. The measure used is Median earnings of gross weekly pay for Full Time Workers.

Summary of Birmingham and West Midlands regional data:

Table A3.4: Median earnings of employees in area (Gross weekly pay of Full time workers, workplace analysis)

	Birmingham	West Midlands	Ratio (Birmingham:WM)
1998	340.8	320.4	106.4%
1999	348.2	329.9	105.5%
2000	357.3	340.9	104.8%
2001	392.4	357.9	109.6%
2002	392.6	366.6	107.1%
2003	397.5	378.0	105.2%
2004	403.4	392.0	102.9%
2005	424.6	402.4	105.5%
2006	435.0	412.5	105.5%
2007	456.0	430.1	106.0%
2008	470.5	448.9	104.8%
2009	487.5	456.2	106.9%
2010	500.2	467.5	107.0%

Source: ONS annual survey of hours and earnings - workplace analysis, accessed via NOMIS, 07 March 2011

Summary position for NI 166: On target based on most recently available data (2010).

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Summary of other comparators (national and core cities data):

Table A3.5: Median earnings of employees in area (Gross weekly pay of Full time workers, workplace analysis) (Comparator Data)													
	Liverpool	Manchester	NW	Newcastle	NE	Nottingham	EM	Bristol	SW	Leeds	Sheffield	YH	England
1998	329.7	334.5	317.9	303.3	302.4	306.7	312.0	343.5	314.8	310.1	322.7	313.7	339.4
1999	337.0	350.9	327.9	320.8	314.0	318.8	323.8	351.3	323.9	332.1	323.0	320.8	347.8
2000	354.1	366.4	340.9	353.9	329.3	337.8	330.8	355.1	336.0	342.4	331.5	335.0	364.4
2001	361.0	383.9	354.2	360.9	333.7	353.8	346.6	383.7	352.3	353.2	354.4	345.5	381.7
2002	369.5	400.2	368.5	355.6	344.8	365.8	362.3	399.2	364.9	365.6	364.7	360.0	396.5
2003	384.0	407.8	379.7	364.5	348.4	382.7	379.6	405.0	382.0	389.7	385.7	375.6	410.6
2004	397.6	440.9	394.1	383.9	370.2	392.7	383.6	428.4	392.6	406.9	404.9	389.4	425.0
2005	403.1	448.3	406.4	402.5	383.7	414.1	405.2	424.9	400.0	422.9	397.5	398.8	436.0
2006	432.9	462.3	416.8	408.5	394.8	414.8	419.1	441.6	413.7	430.8	414.6	409.0	449.8
2007	432.6	496.2	434.9	413.9	404.3	434.8	421.6	460.0	429.6	433.1	421.6	422.6	463.6
2008	456.9	489.3	450.0	444.6	420.8	454.6	445.1	474.5	446.9	462.5	449.6	442.1	483.9
2009	486.5	513.1	459.8	469.3	435.6	481.9	456.1	492.9	454.0	479.1	457.5	451.0	495.0
2010	490.6	507.6	467.1	477.2	442.3	466.4	465.2	498.3	460.0	482.9	464.5	460.2	504.5

Source: ONS annual survey of hours and earnings - workplace analysis, accessed via NOMIS, 07 March 2011

Focusing on the data from appropriate comparator core cities for Birmingham – namely Liverpool and Manchester (see <http://www.communities.gov.uk/documents/communities/pdf/566881.pdf> for reference to these three cities having the highest number of concentrations outside of London) the table below shows the performance of Birmingham against its regional average as compared to the performance of both Liverpool and Manchester against their regional average.

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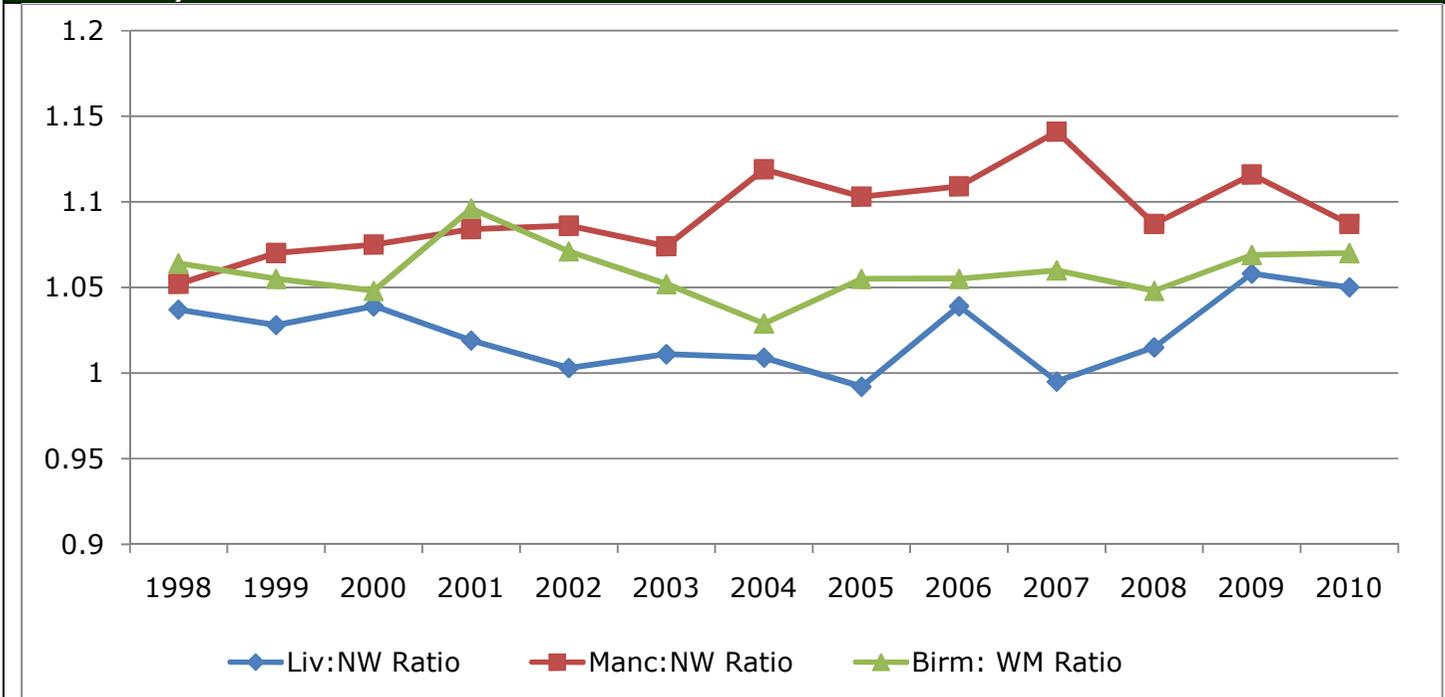
Table A3.6: Median earnings of employees in area (Comparator Data –Liverpool and Manchester)								
	Liverpool	Manchester	NW	Liv:NW Ratio	Manc:NW Ratio	Birmingham	West Midlands	Ratio (Birmingham: WM)
1998	329.7	334.5	317.9	103.7%	105.2%	340.8	320.4	106.4%
1999	337.0	350.9	327.9	102.8%	107.0%	348.2	329.9	105.5%
2000	354.1	366.4	340.9	103.9%	107.5%	357.3	340.9	104.8%
2001	361.0	383.9	354.2	101.9%	108.4%	392.4	357.9	109.6%
2002	369.5	400.2	368.5	100.3%	108.6%	392.6	366.6	107.1%
2003	384.0	407.8	379.7	101.1%	107.4%	397.5	378.0	105.2%
2004	397.6	440.9	394.1	100.9%	111.9%	403.4	392.0	102.9%
2005	403.1	448.3	406.4	99.2%	110.3%	424.6	402.4	105.5%
2006	432.9	462.3	416.8	103.9%	110.9%	435.0	412.5	105.5%
2007	432.6	496.2	434.9	99.5%	114.1%	456.0	430.1	106.0%
2008	456.9	489.3	450.0	101.5%	108.7%	470.5	448.9	104.8%
2009	486.5	513.1	459.8	105.8%	111.6%	487.5	456.2	106.9%
2010	490.6	507.6	467.1	105.0%	108.7%	500.2	467.5	107.0%

Source: ONS annual survey of hours and earnings - workplace analysis, accessed via NOMIS, 07 March 2011

The data shows that Birmingham's performance as a proportion of the regional average is compares favourably with Liverpool, but is slightly behind Manchester.

The figure below shows the trend over time for each of the three ratios against the regional comparators.

Figure A3.2: Median earnings of employees in area (Comparator Data – Birmingham, Liverpool and Manchester)



NI 172

Baseline position: The baseline for NI 172 Percentage of small businesses in an area showing employment growth was that the Birmingham rate was -0.33 percentage points below the West Midlands average.

Original target: The original target for NI 172 was to improve this position as follows:

2008-09 – no difference between Birmingham rate and West Midlands rate.

2009-10 – Birmingham rate to exceed the West Midlands rate by 0.15 percentage points.

2010-11 – Birmingham rate to exceed the West Midlands rate by 0.30 percentage points.

Revised target: There was no revision to this target in the discussions and negotiations with GOWM, so the target for 2010-2011 remains the same – for the Birmingham rate to exceed the West Midlands rate by 0.30%.

Data sources used: The key data source for NI 172 (Percentage of small businesses in an area showing employment growth) is <http://data.gov.uk/dataset/ni-172-percentage-of-small-businesses-in-an-area-showing-employment-growth>. However, this data is only available up until 2008 (i.e. end of calendar year 2008).

Therefore, whilst the data is presented below, there is no data for calendar years 2009 or 2010 to assess the targets for these years.

Summary of Birmingham and West Midlands regional data:

Table A3.7: Percentage of small businesses in an area showing employment growth			
	Birmingham	West Midlands	Difference
2003	10.8	10.8	0.0
2004	10.0	10.1	-0.1
2005	11.4	11.2	0.2
2006	14.9	14.3	0.6
2007	14.2	14.4	-0.2
2008	14.9	14.4	0.5

Source: <http://data.gov.uk/dataset/ni-172-percentage-of-small-businesses-in-an-area-showing-employment-growth>

Summary position for NI 172: On target based on most recently available data (2008).

Summary of other comparators (national and core cities data):

Table A3.8: Percentage of small businesses in an area showing employment growth (Comparator Data)

	L'pool	Manc	NW	Newc	NE	N'ham	EM	Bris	SW	Leeds	Shef	YH	Eng
2003	12.6	12.1	11.0	12.9	12.1	12.4	11.5	11.8	11.1	11.4	12.2	11.3	10.6
2004	12.2	11.0	10.9	12.2	12.0	12.2	10.6	11.4	10.3	11.5	11.1	11.1	10.2
2005	12.5	12.9	11.8	14.4	13.3	14.3	12.0	12.6	12.1	13.1	12.4	12.5	11.4
2006	16.8	16.8	15.6	18.6	16.9	16.8	14.8	16.2	15.4	16.0	15.7	15.1	14.5
2007	15.3	16.6	14.9	16.6	16.3	16.1	14.5	15.5	15.0	15.7	14.3	15.3	14.2
2008	15.1	16.6	14.5	16.7	15.8	15.1	14.5	15.6	15.0	14.7	15.7	15.0	14.2

Source: <http://data.gov.uk/dataset/ni-172-percentage-of-small-businesses-in-an-area-showing-employment-growth>

Focusing on the data from appropriate comparator core cities for Birmingham – namely Liverpool and Manchester (see <http://www.communities.gov.uk/documents/communities/pdf/566881.pdf> for reference to these three cities having the highest number of concentrations outside of London) the table below shows the performance of Birmingham against its regional average as compared to the performance of both Liverpool and Manchester against their regional average.

Table A3.9: Percentage of small businesses in an area showing employment growth (Comparator Data –Liverpool and Manchester)

	Liverpool	Manchester	NW	NW-Liv Gap	NW-Manc Gap	Birmingham	West Midlands	WM-Birm Gap
2003	12.6	12.1	11.0	1.6	1.1	10.8	10.8	0.0
2004	12.2	11.0	10.9	1.3	0.1	10.0	10.1	-0.1
2005	12.5	12.9	11.8	0.7	1.1	11.4	11.2	0.2
2006	16.8	16.8	15.6	1.2	1.2	14.9	14.3	0.6
2007	15.3	16.6	14.9	0.4	1.7	14.2	14.4	-0.2
2008	15.1	16.6	14.5	0.6	2.1	14.9	14.4	0.5

Source: <http://data.gov.uk/dataset/ni-172-percentage-of-small-businesses-in-an-area-showing-employment-growth>

The data shows that Birmingham’s performance, when compared to Liverpool and Manchester does not show the same above regional average performance. Both Liverpool and Manchester have consistently performed at a level about their regional average, and whilst Birmingham has improved its position against its regional average, compared to Liverpool and Manchester both absolutely and relatively the percentage of small businesses showing employment growth is not as strong.