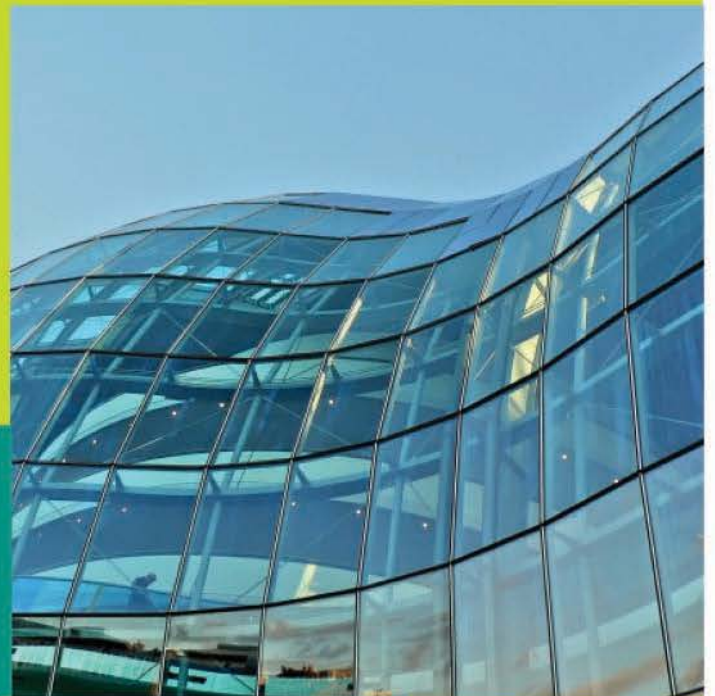


YTKO Mission Accomplished 2006-19

Final Report

October 2020



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EXECUTIVE SUMMARY

- E1 YTKO group has worked for over 40 years to support the creation and growth of businesses, increasing revenues and ultimately contributing to economic prosperity.
- E2 In 2006 YTKO set ambitious targets for their 2020 Social Mission:
- 20,000 businesses supported;
 - 10,000 new jobs created;
 - £50million in finance raised
- E3 This report describes the benefits to businesses and gains to the economy, resulting from a total of 36 funded programmes across the South West, South East, London, East of England and Midlands from 2006-19.

Programme Outputs

- E4 All targets were surpassed:
- 22,508 businesses were supported, more than the business population of cities such as Edinburgh (21,595) or Glasgow (22,215).
 - 10,305 jobs were created
 - £71.3million in finance raised
- E5 Survival rates of YTKO businesses were much higher than average, with three-year survival at 76.3%, compared with 59.1% (*ONS Business Demography*).
- E6 YTKO has not achieved these results through easy wins and has worked with people facing multiple barriers. Among *Outset* clients 47% were out of work when they started support, 27% held only entry-level qualifications and 11% had English as a second language.
- E7 Furthermore, YTKO is rebalancing the profile of the self-employed in supporting under-represented minorities. Programme participants were 51% female and 20% BAME.

Economic and social impacts

- E8 The growth in YTKO supported businesses was an estimated increase of £282million Gross Value Added (GVA) and created over 10,300 jobs.
- E9 Net benefits to the economy¹ were an estimated £282 million GVA, with 3,204 jobs created (7,706 job years of employment).
- E10 Net additional Exchequer benefits were an estimated £75million.
- E11 In addition to this, YTKO has created social benefits with an equivalent monetised value of £80 million.
- E12 Total impacts are therefore £362 million, representing a return on investment (ROI) of 10.70.

¹ Total benefits persisting for three years, net of surviving businesses. Net additional economic impacts accounting for deadweight, displacement and leakage.

1. INTRODUCTION

About YTKO

- 1.1 YTKO Group has over 40 years' private and public sector expertise to support the creation and growth of businesses, increasing revenues and ultimately contributing to economic prosperity. Commercial consultancy services are provided to private sector clients, but at least half of activity is not for profit and supported through a variety of European, local and national Government (e.g. Regional Growth Fund) and Philanthropy (e.g. JP Morgan Foundation, Santander). Their successful tenders for funding has seen a variety of successful programmes created to meet funders' and client needs (see paragraph 1.11).
- 1.2 The services YTKO provide in the public sector as their social mission include [pre-start and start-up](#), where their approach of what works lays a stronger foundation for new jobs and sustainable businesses, through to [business growth](#), access to finance, and work supporting [women in business](#). It is this body of non-profit work which is the subject of this independent evaluation.
- 1.3 In addition to business growth the results have included: accessing over £70m in finance for clients at all stages of the business journey; unlocking the commercial potential of academic IP; galvanising innovation clusters; increasing demand and skills for superfast broadband and digital upskilling of businesses and individuals; building thriving peer communities and networks; creating effective bridges between business and academia; and transforming the lives of countless individuals furthest from the labour market.
- 1.4 Collaboration and partnership working are central to YTKO Group's approach and they work with a growing network of more than 250 partners from the public, private and third sectors across the UK.
- 1.5 Their Head Office is in London, with further offices in Cambridge, Bournemouth, Bristol, Truro, Plymouth, Swindon, Exeter and Southampton.
- 1.6 Accolades for their work include:



YTKO: SME National Business Awards Finalist, Business of the Year – Less than 50 employees, 2019; ACQ Global Awards Strategic Business Consultancy of the Year, 2018

GetSet for Growth: The SME Finance Award, 2016

Outset: Enterprising Britain Winner, 2012; Grand Jury Prize, EU 6th EEPA awards, 2012 DTI Phoenix Fund best practice, 2006

Enterprising Women: EU WINNET8 best practice, 2011; BIS National SME best practice, 2009

Enterprise Fellowships: “Flagship Project” Yorkshire Forward Regional Development Agency, 2010

Norfolk Network: AGCAS Award for Excellence in Careers Service Engagement Highly Commended, DTI 2008

Bev Hurley, C.B.E., Chief Executive Officer: SME National Business Women of the Year 2019, National Business Womens Awards: Social Impact Award, 2019, C.B.E. in New Year Honours 2014; First Women Award, 2011; Queens Individual Award for Enterprise Promotion, 2010.



The Mission

- 1.7 In 2006, concluding that public sector funded business support sector lacked innovation, delivered poor quality services and very low value for money, YTKO set about disrupting this market sector. They launched their 2020 Social Mission to show how a private sector approach and ethos without the profit component could transform outcomes.
- 1.8 The bold ambition of their 2020 social mission was to support the creation and growth of 20,000 businesses, creating 10,000 jobs and raising £50million in finance.
- 1.9 This ambition was realised early, and by the end of 2019, YTKO have supported 22,508 businesses, created 10,305 new jobs and raised £73million in finance.

YTKO Programmes across England (2006-2019)

- 1.10 Across 2006-2019 there was a total of 36 different funded programmes, supported by different funders, in different geographies across the *South West, South West, London, East of England* and *West Midlands* regions. This inevitably means that there are typically several programmes operating simultaneously at any point in time, with some new programmes coming onstream while others are ending. YTKO have also responded to the need to adapt and create new bespoke programmes, in response to the changing emphases of funders. Through all these challenges, YTKO have continued to secure new contracts in a highly competitive market for time-limited funding, offering an impressive track record, which demonstrates results in exceeding targets and creating economic prosperity.
- 1.11 While time-limited funding is ultimately exhausted, YTKO have, in several instances, been able to create an ongoing legacy and a sustainable model for delivery. This includes the continuation of:
 - [Enterprising Women](#) in an online form,
 - P2P Norfolk Network still going strong after 17 years,
 - [Outset Online](#) continuing as an online learning platform
 - [GrowSmart](#) online learning platform
- 1.12 As well as advising businesses, YTKO are themselves a substantial business, employing an average of 67 people across this time, rising to over 100 in 2014 and 2015. Their management and delivery teams have experience of running their own businesses, sharing the same entrepreneurial values, culture, and commitment as their clients. Critically, YTKO speaks the same language as their clients, engendering client trust and respect, enabling delivery of effective outcomes.
- 1.13 As many as 15 of the contracts in question have a value of more than £1million, with notable successes in creating their own brands (e.g. Outset and GetSet), as well as becoming a delivery partner in national programmes (e.g. New Enterprise Allowance, Start-up Loans). Notable programmes operated by YTKO include:
 - **Enterprising Women:** Started in 2006 as a funded model, but still continuing in 2020 on a very affordable (£2 per week) membership basis, with a reach of 45,000 female entrepreneurs.
 - **Outset:** The main YTKO brand in the start-up market, starting from 2009, operating across more than ten local areas and continuing as a legacy with the [outset online](#) service.
 - **GetSet for Growth:** The main YTKO brand for business growth programmes, starting in 2013 and launched the online version, GrowSmart, in 2019.

- **New Enterprise Allowance:** YTKO were a delivery partner for this DWP scheme designed to help people on benefits start a business.
- **Start-up Loans:** YTKO are a delivery partner for the British Business Bank's Start-up Loans programme, offering £1,000-25,000 to new business start-ups.
- **Regional Growth Fund:** YTKO secured £3.4million of Regional Growth Fund to roll-out GetSet nationally.

Structure of the report

- 1.14 This report describes and quantifies the economic and social benefits associated with the not for profit activity of YTKO only.
- 1.15 The next section of the report describes the **methods** used in assembling the necessary data and subsequent modelling of economic and social impacts. The following sections unpack the evidence of success of YTKO in terms of:
- Section 3: **Programme outputs:** describing total outputs, including achievement of targets, as well as business and beneficiary characteristics.
 - Section 4: **Economic Impact:** describing how businesses improvement has made a contribution to the transformation of local economies.
 - Section 5: **Exchequer benefits:** describing how business growth translates into additional income for the government.
 - Section 6: **Social Impacts:** describing how individuals have benefitted from their support from YTKO and the difference this has made in their lives and associated monetised values.
 - Section 7: **Return on investment:** brings together the benefits described in Sections 4 and 5 to consider total impacts and return on investment for funders.

2. METHOD

- 2.1 Given the challenge of representing impacts across such a long time (14 years) and across so many different programmes in different geographies, primary data collection was not possible for the whole programme. Instead, we rely on programme monitoring information and data from their independent evaluations in many cases to provide totals as the initial inputs to our modelling of impacts.
- 2.2 The monitoring data also provides useful information to tell us more about the type of beneficiaries and these are shown as simple descriptive statistics in the next section.

Economic Impacts

- 2.3 Economic impact is expressed as gross benefits, presented in terms of jobs created and GVA uplift. The gross benefits come from monitoring information. These benefits represent the observable improvements in the supported businesses. The change in prices is recognised using the GDP deflator, such that nominal GVA in 2006 carries a value of 79.8% of the 2018 value.
- 2.4 It is necessary to represent the persistence of these benefits over time, since the GVA uplift indicated in outputs will only capture one year of benefits, yet the business can be assumed to enjoy this level of uplift for several years. This report assumes these benefits persist for at least three years, so that an assisted business in Year 1 is also demonstrating impacts in Year 3 and hence the profile of impacts goes up to 2022, as the 2019/20 cohort are coming to their third year of benefits.
- 2.5 A further aspect of considering time is the survival of businesses, which is modelled from monitoring data. Impacts are only counted for those businesses that are surviving at the end of each of the three years.
- 2.6 Thus far we have estimated gross impacts for surviving businesses for a period of three years. One final treatment is to represent impacts as they apply to the wider economy, rather than the change in the businesses themselves. Here we consider whether business improvements are genuinely additional to the economy. The three measures of additionality considered are described below, with proxy values used as estimates drawn from the BIS Additionality Guide (2009) and HCA Additionality Guide, using their regional estimates:
- **Deadweight** representing the measure of attribution of outcomes to an intervention. Essentially, how much of estimated business growth is YTKO responsible for? We apply an estimate of 36.0% from the HCA Additionality Guide, using the City Challenge evidence.
 - **Displacement** representing the extent to which the growth of one business in securing additional sales has the consequence of reduced sales for other businesses, with the assumption that aggregate demand remains constant. We apply an estimate of 28.5% from the BIS Additionality Guide.
 - **Leakage** representing the extent to which some benefits accrue to neighbouring areas as they leak out of the locality. Businesses in London will have some employees that live outside the capital and hence job creation will indeed create jobs for residents, but some of those taking up the new jobs will not be resident in the area. We apply an estimate of 8.0% from the HCA Additionality Guide, using the City Challenge evidence.
- 2.7 When bringing together these three factors, 40.7% of outcomes can be judged to be additional.

Exchequer benefits

- 2.8 The economic impacts can be taken forward to estimate benefits for the exchequer. The levels of additionality are applied to estimates to represent only those net additional gains to the economy.
- 2.9 The benefits that have been estimated are purely those associated with tax income. Some of the social impacts will represent fiscal savings to services such as the NHS, but these are captured in the following section on social impacts.
- 2.10 The four impacts being considered are: Income tax; Employees' National Insurance; Employers' National Insurance and Value Added Tax.
- 2.11 Estimates for employment taxes are estimated using a tax calculator based on average incomes. Value Added Tax is derived from the differences between purchases and sales in the Annual Business Survey, assuming similar levels of VAT on purchases and sales.
- 2.12 As with economic benefits, benefits are modelled for every programme for every year and benefits expressed in terms of their real value with 2020 as the base year.

Social Impacts

- 2.13 In total 10 indicators of social impact are covered in this estimate of impact.
1. *Increased resilience and self-esteem*: A value of £1,336 per outcome.
 2. *Increased sense of belonging*: A value of £1,578 per outcome.
 3. *Increased transferable skills*: A value of £552 per outcome.
 4. *Increased business networks*: A value of £358 per outcome.
 5. *Decreased anxiety*: A value of £1,398 per outcome.
 6. *Increased autonomy*: A value of £10,623 per outcome.
 7. *Hours of support to unemployed*: A value of £125.62 per hour.
 8. *Hours of support to unemployed*: A value of £96.11 per hour.
 9. *Hours of zero carbon expert advice*: A value of £96.11 per hour.
 10. *Hours of equality and diversity training*: A value of £96.11 per hour.
- 2.14 The list is necessarily limited to those items that have been routinely collected by YTKO and is therefore only partial and will consequently under-estimate actual impacts.
- 2.15 Two different sources of proxy values are included in this process. Items 1-6 count the number of *outcomes*, while items 7-10 record *inputs*. Although the measures are different, care has been taken so that no double-counting has occurred.
- 2.16 The next subsection reports impacts associated with *outcomes* (1-6), while the following subsection reports on impacts associated with *inputs* (7-10).

Outcomes-based Impacts

2.17 The outcomes-based social benefits monetised in this report, as well as the assumptions surrounding their calculation, have been sourced from a previous evaluation of all the Outset services in the South West over a 5-year period commissioned by YTKO, and are summarised in Table 2.1.²

2.18 A total of six benefits are in scope, described below along with the associated monetised values and footnoted with explanations and data sources:

1. *Increased resilience and self-esteem*: A value of £1,336³ per outcome.
2. *Increased sense of belonging*: A value of £1,578⁴ per outcome.
3. *Increased transferable skills*: A value of £552⁵ per outcome.
4. *Increased business networks*: A value of £358⁶ per outcome.
5. *Decreased anxiety*: A value of £1,398⁷ per outcome.
6. *Increased autonomy*: A value of £10,623⁸ per outcome.

2.19 These benefits do not apply to every client, since they may not be related to their personal circumstances or the nature of support delivered. For our purposes there are three types of YTKO client, with a differing composition of benefits relevant for the particular circumstances and support received by that type of client. The three individual client types and relevant benefits are:

- *All clients in receipt of 12 hours of support*: relevant benefits are 1-3
- *Beneficiaries not unemployed post-participation*: relevant benefits are 4 and 5
- *Beneficiaries that move into self-employment*: relevant benefits are 6

2.20 Whether the beneficiaries are unemployed, employed, or self-employed before and after their participation in the programme is a particularly important determinant of the likely social value of participation. For example, it is unlikely that the social benefits from participation will continue to accrue if unemployed beneficiaries remain unemployed in the months and years after participating. Equally, it is

² Source: New Economic Foundation (NEF) (2015) report: A Social Return on Investment Evaluation of the Outset Service in the South West

³ Cost of Cognitive Behavioural Therapy (CBT) to build psychological resilience and self-esteem: £62 per session; 20 session treatment: this amounts to £1,336 in 2006 prices (Personal Social Services Research Unit).

⁴ The HACT Social Value Bank: 'Member of social group' at £1,850 for people outside of London in 2014 prices; £1,578 in 2006 prices.

⁵ The HACT Social Value Bank values 'Employment training' at £647 for people outside London at 2014 prices; £552 in 2006 prices.

⁶ Membership fee and event attendance for 'Business Networks South West' estimated at £420 in 2014 prices; £358 in 2006 prices. This is a proxy is the avoided cost of getting an equivalent level of business networking should a person not take part in a YTKO programme.

⁷ Dhanasiri S, et al (2010). 'Paying the price: the cost of mental health care in England to 2026', The King's Fund 2008 5:135; Annual Population Survey Personal Well-being Experimental datasets, Office for National Statistics.

⁸ The HACT Social Value Bank values 'Feeling in control of life' at £12,454 for people outside of London, in 2014 prices; £10,623 in 2006 prices

also unlikely that an already self-employed individual that participates in the Get Set for Growth programme would gain from a significant increase in autonomy when compared with an individual who has moved from employment or unemployment to self-employment as a result of start-up support.

Prevalence and additionality

- 2.21 Although we have established which clients are likely to register different types of benefit, we have not established prevalence – the number of outcomes that occurred for each type of benefit.
- 2.22 To estimate the impact of programme participation on each of these outcomes, beneficiaries were asked to apply a score to each outcome (between 1 and 5) both before and after participation in the programme, through an online survey. The average scores were used to estimate the average *gross change* in each outcome for the beneficiaries. In Table 2.1 these values are recorded in columns 3,4 and 5. For increased resilience and self-esteem, pre-participation values were 72%, rising to 86% after participation, meaning that there was a 14-percentage point improvement.
- 2.23 Survey questions also established the extent to which these changes in social outcomes can be considered to be *net additional* benefits of the YTKO Outset programmes. In order to do this, average scores for attribution were calculated, using the results from a survey question that asked respondents to estimate the extent to which participants believe that outcomes are attributable to the programmes.

Table 2.1: Social benefits - Outcome incidence and additionality by type of client					
Social Benefit	Client type	Weighted score: Pre-participation	Weighted score: Post-participation	Average Gross change	Additionality
Increased resilience and self-esteem	All beneficiaries	72%	86%	14%	53%
Increased sense of belonging		58%	73%	15%	53%
Increased transferable skills		76%	88%	12%	57%
Increased business networks	Beneficiaries not unemployed post-participation	70%	87%	17%	53%
Decreased anxiety		50%	61%	11%	53%
Increased autonomy	Beneficiaries that move into self-employment	42%	72%	30%	53%

Social Impact assumptions

- 2.24 Overall participation in YTKO programmes is much higher than the number who have been recorded as having received 12 hours of support or more. Many are likely to achieve social value even from the lower level of support, and others may achieve significant value from participation in a combination of YTKO programmes (these individuals may not have been recorded as having received 12 hours support). These factors contribute to the argument that the values presented in this section are underestimates.

-
- 2.25 Tables quote values for the base year of 2006, but an uplift in monetary values is modelled across each year using the GDP deflator.
 - 2.26 Impacts are modelled for a total of 30 months, allowing for benefits to persist for more than one year.
 - 2.27 It has been assumed that the displacement of activity associated with gaining these outcomes is zero; this is in line with that argument it is unlikely that the participants are displacing positive social outcomes for others, unless there is a significant waiting list to join the programmes.

Inputs-based Impacts

- 2.28 Inputs-based impacts are much simpler to estimate for a number of reasons. As inputs, benefits occur entirely within the year in which delivery occurred. Furthermore, they apply to all inputs, rather than the challenge of estimating the *prevalence* of outcomes among beneficiaries.
- 2.29 The inputs-based impacts use unit values from the latest National TOMS framework⁹.
- 2.30 Unit values are then multiplied through by the number of individuals supported and the hours of support to arrive at gross impacts. The data for zero carbon expert advice and quality and diversity training are both quite precise. The data for support to unemployed and business skills are both based on providing the ERDF minimum of 12 hours, although in many cases this will have been exceeded, but the lower, more conservative figure is used in estimates.
- 2.31 One further treatment is applied to convert from gross to net impacts, applying the same estimate of additionality of 53% used with outcomes-based estimation of impacts.

⁹ [National TOMS framework](#)

3 YTKO GROUP OUTPUTS (2006-2019)

Headline results

- 3.1 Table 3.1 shows the headline results for all YTKO programmes over the period 2006-19. The table first shows the three main targets relating to businesses supported, jobs created and finance raised. Three other headline indicators (total sales, businesses created and individuals assisted) are also shown, that were not part of the original target.
- 3.2 By the end of December 2019 YTKO had supported 22,500 businesses. These businesses had created over 10,000 jobs and raised £71million in finance and had collective sales of £2.16billion. More than 30,000 individuals had been supported and over 6,500 businesses had been created.
- 3.3 All results in the table are drawn directly from monitoring information for each of the programmes and represented validated outputs supplied to the funder. In some cases, the achieved totals will be greater still, because some targets were not always part of formal programme reporting. The exception is sales, which draws on evidence from selective monitoring information and surveys.

Table 3.1 YTKO Headline Results (2006-19)	
Businesses Supported	22,508
Jobs created	10,305
Finance raised	£71.3million
Estimated sales ¹⁰	£2.16billion
Businesses created	6,574
Individuals assisted (more than three hours)	30,752

Source: YTKO Monitoring Information/ERS Estimations

- 3.4 In context, these YTKO results are equivalent to:
- 22,500 businesses supported is larger than the entire business population of some of Britain's major cities – Bristol (20,495), Edinburgh (21,595) and Glasgow (22,215).¹¹
 - 10,014 jobs created, almost as many as the eight Midlands Enterprise Zones (10,883) or 14 Northern Enterprise Zones (10,832).¹²
 - Estimated total sales of £2.16 Billion, more than the annual turnover of Admiral Insurance (£2.16Bn.), Microsoft UK (£2.14Bn.) and London Stock Exchange (£2.14Bn.).

¹⁰ This figure is estimated and not always collected since most YTKO programmes are associated with an uplift in business performance and jobs created, rather than the size of business per se.

¹¹ [ONS Business Demography \(2018 data\)](#)

¹² [Enterprise Zones data release \(October 2017\)](#)

- 3.5 YTKO may also be thought of as best in class, with better than average results for its businesses. While the average loan value for Start Up Loans (SUL) was £8,003¹³, YTKO secured higher levels of finance for their clients, with an average for its SUL programme of £15,037. They raised £73m finance for clients, with a 96.6% success rate, covering all forms of finance, from grants and Start up Loans, through debt, asset and crowd funding, to seed and Series A equity raises for scale ups.
- 3.6 Survival rates are also better than the national average. Table 3.2 shows survival rates for the first three years of trading, comparing YTKO performance with ONS Business Demography data.
- 3.7 The ONS Business demography data varies from year-to-year, suggesting a trend of lower rates of survival over time. Working with YTKO pays particular dividends in Years 2 and 3, with the three-year survival rate as much as 15 percentage points higher for YTKO supported businesses than the general population.

Table 3.2 Survival rates				
	YTKO	ONS Business Demography		
		2013 cohort	2014 cohort	2015 cohort
1-year survival	93.4%	89.7%	92.2%	93.5%
2-year survival	88.1%	71.3%	75.8%	75.1%
3-year survival	76.3%	55.3%	61.2%	60.9%

Source: YTKO Monitoring Information (Outset Programme)/ONS Business Demography

- 3.8 An impression of the size of businesses supported in growth programmes is indicated in Table 3.3, showing the proportion of businesses by sales turnover categories. While the majority of businesses 77% have a turnover of less than £100,000, a sizeable minority are higher than this and nearly 5% were reporting sales of over £1million.

Table 3.3 Distribution of businesses by sales turnover	
£0 - £99,999	76.8%
£100,000 - £249,999	10.6%
£250,000 - £499,999	4.8%
£500,000 - £999,999	2.9%
£1 million - £5 million	3.8%
£5 million - £10 million	0.5%
£10 million - £20 million	0.3%
£20 million +	0.2%

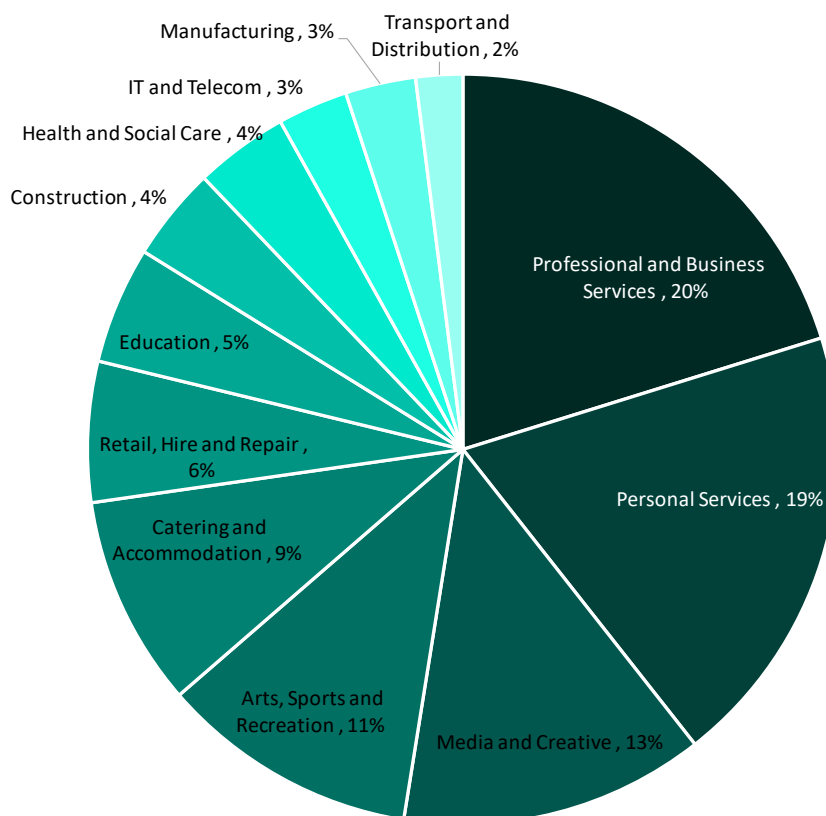
Source: YTKO Monitoring Information RGF GetSet

¹³ [Start Up Loans Achievements](#)

3.9 The types of businesses supported are shown in Figure 3.2, representing a broad range of sectors. There were notable concentrations of businesses in *Professional and Business Services* (20%), *Personal services* (19%), *media and creative industries* (12%) and *Arts, Sport and recreation* (11%).

3.10 A further comment is that the businesses supported tend to be in sectors that are less displacing (e.g. retail), such that net gains to the economy are likely to be greater than if highly-displacing businesses were being supported.

Figure 3.1 Business sectors represented in YTKO programmes (2006-20)¹⁴



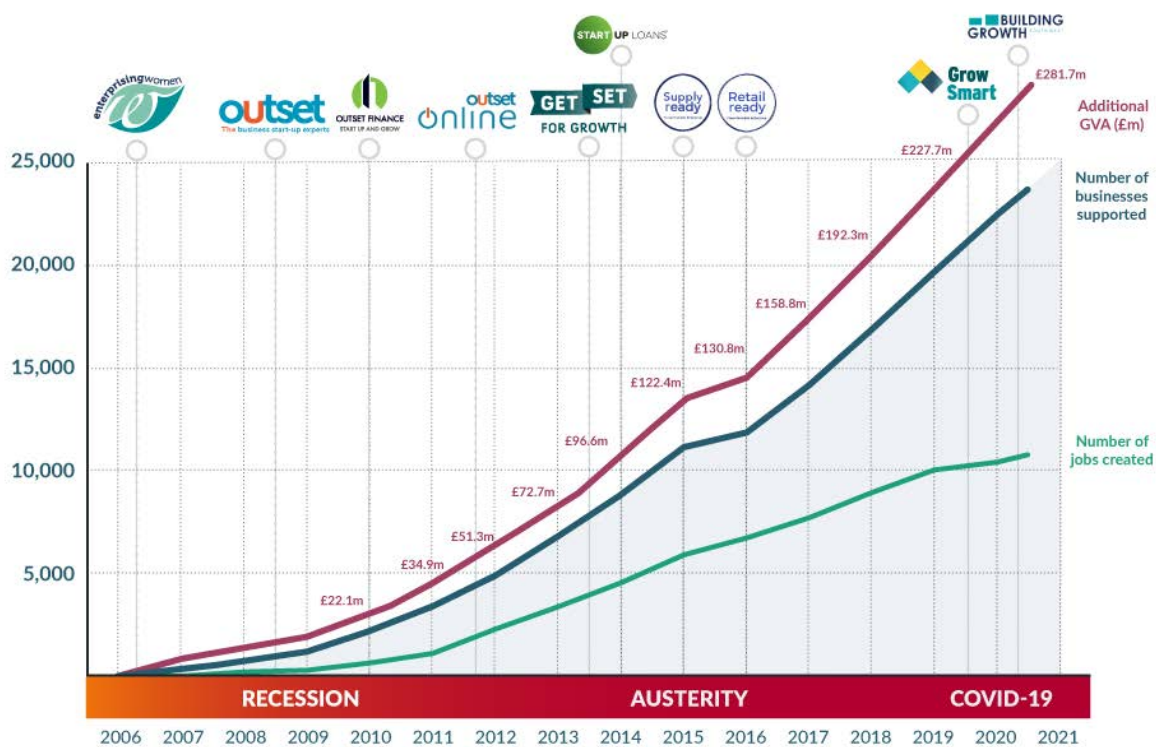
Total businesses supported

3.11 Figure 3.2 shows the timeline of how the 22,500 businesses supported total was achieved. The initial timing saw first the recession and then government austerity. The policy response to small business support was forthcoming with the release of Lord Young’s [Make Business Your Business](#) in 2012, the same year YTKO secured delivery contracts for the New Enterprise Allowance and Start Up Loans. The timeline also shows the launch of key programmes *Enterprising Women*, *Outset* and *GetSet*.

3.12 The 10,000 businesses milestone was passed in 2014. Funding from the Regional Growth Fund was secured in 2017 and this helped accelerate the pace of outputs, such that in 2018, YTKO had passed the 20,000 businesses supported milestone.

¹⁴ A small minority of clients were in *Agriculture, forestry and fishing*; *Mining, Energy and Utilities*; and *Wholesale*, but in each case less than 1%.

Figure 3.2 Timeline of cumulative businesses supported and key milestones (2006-20)



Beneficiary characteristics

3.13 This subsection summarises the main characteristics of beneficiaries that have received support from YTKO programmes since 2006. This tells us more about the people that have been helped, including those facing barriers (unemployment, deprived geographies), as well as efforts to support minorities access business support and redress under-representation in self-employment.

3.14 Table 3.4 shows the demographic characteristics of the 24,518 beneficiaries receiving 12 or more hours of support from YTKO since 2006.

- Overall, a majority (51%) of beneficiaries of YTKO programmes have been female. YTKO have been at the forefront of a drive to support women in business.
- As many as 20% of the participants were Black Asian and Minority Ethnic (BAME). This is a significant achievement given that a substantial proportion of the beneficiaries are from the South West of England, where over 90% of the population are White British (Census, 2011).
- While the majority of participants have tended to fall into what are the most common entrepreneurial age ranges (i.e. between the ages of 30 and 45), it is clear that the YTKO programmes have also been successful in engaging a significant number in younger individuals.

Table 3.4: Beneficiary demographic characteristics	
Gender	
Female	51%
Male	49%
Age	
18-24	11%
25-29	10%
30-34	14%
35-39	15%
40-44	14%
45-49	14%
50-54	10%
55-59	9%
60-64	2%
65 or over	2%
Ethnicity	
White	80%
BAME	20%

Source: YTKO Monitoring Information

3.15 Table 3.5 presents a profile of beneficiaries in terms of barriers faced for Outset clients that received 12 or more hours of support.

- Outset has been highly successful in engaging with individuals who were out of work (either unemployed or economically inactive) prior to engagement with the programme (47% of beneficiaries) and the long-term unemployed (19%). As many as 44% were in receipt of benefit payments.
- There were other labour market challenges for YTKO beneficiaries in terms of 9% being recently made redundant and 8% being returners to the labour market.
- As many as 29% came from deprived wards, where entrepreneurship tends to be lower.
- Beneficiaries also faced a range of personal barriers based on their circumstances, with 27% having only entry-level qualifications, 11% had English as a second language and 10% were single parents.

Table 3.5: Barriers faced: Outset businesses receiving 12+ hours support	
Out of work (unemployed/econ. inactive)	47%
In receipt of benefits	44%
Deprived wards	29%
Entry level qualifications	27%
Long-term unemployed	19%
English second language	11%
Single Parents	10%
Recently redundant	9%
Returning to labour market	8%

Source: YTKO Monitoring Information

4. ECONOMIC IMPACTS

Introduction

- 4.1 Having shown the headline results in Table 3.1, this section focuses on how support to businesses resulted in business growth. Therefore, initial results represent the uplift in performance as businesses have grown, compared with their baseline position when starting to work with YTKO (Table 4.1). This first set of *gross* impacts are discussed in the next subsection.
- 4.2 The subsequent subsection takes a step further, to consider how these gross impacts have *persisted* over time, with results shown in Table 4.2. This table assumes that the uplift in performance persists for three years, whilst making a second consideration for the survival of businesses (Table 3.2).
- 4.3 One final treatment occurs to recognise how this business transformation results in change in the wider *economy*, rather than only change in the assisted businesses. These results are shown in Table 4.3 as *net* economic impacts. The consideration is whether impacts are additional to the local economy, involving three measures of additionality: deadweight, displacement and leakage.
- 4.4 These economic benefits are taken forward to the short section on the return on investment (Section 7).

Gross Benefits: Growth of YTKO supported businesses

- 4.5 Table 4.1 shows the gross benefits profiled by year, showing the number of businesses supported, as well as jobs created and uplift in GVA. Figure 3.1 showed the increase in businesses supported over time, with steep upward curves resulting from the roll-out of the Outset and GetSet programmes. Results for the numbers of businesses supported were relatively slow to start, but dramatic increases were evident in 2011, with YTKO supporting the creation of 500 jobs and an increase of £20million GVA per annum. Only two years later, in 2013, this increased to 1,300 jobs created and an increase of £21million GVA per annum. External circumstances, driven by the end of a block of European funding saw the end of several programmes in 2014 and 2015. With increases after 2016 as a new funding round saw renewed successes in YTKO securing new funding and more new businesses supported.

Table 4.1 Gross impacts: growth of YTKO supported businesses (2006-20)			
Year	Businesses supported	Gross Jobs created	Gross GVA uplift
2006	276	50	£ 2.6m
2007	276	50	£ 2.7m
2008	276	50	£ 2.8m
2009	311	81	£ 3.2m
2010	1,019	355	£ 10.8m
2011	1,196	566	£ 12.8m
2012	1,502	1,088	£ 16.4m
2013	1,924	1,294	£ 21.4m
2014	2,109	1,370	£ 23.9m
2015	2,234	1,362	£ 25.8m
2016	715	425	£ 8.4m
2017	2,328	990	£ 28.0m
2018	2,729	1,108	£ 33.5m
2019	2,824	1,100	£ 35.4m
2020	2,790	416	£ 35.5m
TOTALS	22,508	10,305	£ 263.3m

Source: YTKO Monitoring Information, ERS Estimation

Gross Benefits: Persistence of gross impacts

- 4.6 Table 4.2 shows the persistence of benefits for a total of three years, net of business survival to 2022. Given the composition of these figures and the timing of three years of impacts, the results in Table 4.2 are similar to Table 4.1, except that the peaks are deferred. Ending on a high note, the peak was achieved in 2020, with an uplift of £90million in GVA. The total uplift in gross GVA over this period was £691million in the supported businesses. Across the same time, YTKO was responsible for creating 7,863 jobs surviving for three years. Expressed as job years (total years of employment), YTKO was responsible for creating 18,912 job years of employment.

Table 4.2 Gross impacts persisting for three years (net of survival)		
Year	Jobs created (<i>surviving after 3 years</i>)	GVA increases (persisting for three years for surviving businesses)
2006	0	£ 2.5m
2007	0	£ 4.9m
2008	38	£ 7.2m
2009	38	£ 7.7m
2010	38	£ 15.2m
2011	61	£ 24.1m
2012	271	£ 35.4m
2013	432	£ 44.9m
2014	830	£ 54.6m
2015	98	£ 62.5m
2016	1,046	£ 50.1m
2017	1,039	£ 54.2m
2018	324	£ 63.2m
2019	756	£ 85.4m
2020	846	£ 91.5m
2021	839	£ 59.9m
2022	317	£ 28.2m
Totals	7,863	£ 691.3m

Source: YTKO Monitoring Information, ERS Estimation

Net Economic Impacts

- 4.7 Table 4.3 presents impacts for the economy, applying the three additionality factors of deadweight, displacement and leakage, such that 40.7% of impacts were judged to be additional to the economy.
- 4.8 Applying these additionality factors produces an estimate of 3,204 net jobs created (or 7,706 jobs years of employment) and £282million GVA.

Table 4.3 Net Economic Impacts (2006-22)		
Year	Jobs created	GVA uplift
2006	0	£ 1.0m
2007	0	£ 2.0m
2008	15	£ 2.9m
2009	15	£ 3.1m
2010	152	£ 6.2m
2011	25	£ 9.8m
2012	110	£ 14.4m
2013	176	£ 18.3m
2014	338	£ 22.3m
2015	402	£ 25.5m
2016	426	£ 20.4m
2017	423	£ 20.1m
2018	132	£ 25.7m
2019	308	£ 34.8m
2020	345	£ 37.3m
2021	342	£ 24.4m
2022	129	£ 11.5m
Total	3,204	£ 281.7m

Source: YTKO Monitoring Information, ERS Estimation

5. EXCHEQUER BENEFITS

Introduction

- 5.1 While the previous section focused on the economy, another aspect of impacts is to consider the additional flows of income to the exchequer. For increases in sales and employment that are judged to be additional to the economy, it could also be argued that there are benefits in the form of increased taxation.
- 5.2 The four taxes we are including in this assessment are:
- Income tax
 - Employees National Insurance
 - Employers National Insurance
 - Value Added Tax
- 5.3 As previously, the impacts are modelled for each YTKO programme for each year, with benefits persisting for three years. In the interests of brevity, we present a summary table (Table 5.1) showing total additional tax income generated for each type of tax.

Income tax	£4.5m
Employees National Insurance	£5.8m
Employers National Insurance	£6.7m
Value Added Tax	£57.9m
Total	£74.9m

- 5.4 An estimated total of £74.9million additional tax will be generated through YTKO programmes¹⁵. The majority of the benefits will be realised by additional VAT, although taxes relating to employment are also considerable.

¹⁵ The estimated gross tax generated is £184million, with £75million representing the net additional change in economic performance attributable to YTKO.

6. SOCIAL IMPACTS

Introduction

- 6.1 The economic impact section shows that the economic impact of YTKO programmes in providing start-up, scale-up and financial support for both prospective and existing businesses has been substantial. However, while GVA captures tangible benefits, it is sometimes criticised for failing to fully account for the less tangible, yet potentially significant, social benefits.
- 6.2 The aim of this section is to demonstrate the social value of YTKO programmes. It does so across a number of areas, using externally verified unit values to apply to YTKO activities and outputs. Social impacts cover the following measures:
1. *Increased resilience and self-esteem*: A value of £1,336 per outcome.
 2. *Increased sense of belonging*: A value of £1,578 per outcome.
 3. *Increased transferable skills*: A value of £552 per outcome.
 4. *Increased business networks*: A value of £358 per outcome.
 5. *Decreased anxiety*: A value of £1,398 per outcome.
 6. *Increased autonomy*: A value of £10,623 per outcome.
 7. *Hours of support to unemployed*: A value of £125.62 per hour.
 8. *Hours of support to unemployed*: A value of £96.11 per hour.
 9. *Hours of zero carbon expert advice*: A value of £96.11 per hour.
 10. *Hours of equality and diversity training*: A value of £96.11 per hour.
 11. *Hours of covid-specific SME expert advice*: A value of £96.11 per hour.
- 6.3 The list is necessarily limited to those items that have been routinely collected by YTKO and is therefore only partial and will consequently under-estimate actual impacts.
- 6.4 Two different sources of proxy values are included in this process. Items 1-6 count the number of *outcomes*, while items 7-11 record *inputs*. Although the measures are different, care has been taken so that no double-counting has occurred.
- 6.5 The next subsection reports impacts associated with *outcomes* (1-6), while the following subsection reports on impacts associated with *inputs* (7-11).

Outcomes-based Impacts

- 6.6 Outcomes-based estimates are derived by applying monetary values to the social outcomes associated with YTKOs activities since 2006. In order to do this, data has been used from a variety of sources, including Management Information, primary survey information previously collected on behalf of YTKO, and secondary sources of information on the unit values which have been used as proxies for social outcomes. In doing so, and in the interest of not overstating benefits, conservative assumptions have

been made about the size, attribution, and time period applied to each monetary valuation (see method). The results can therefore be regarded as lower bound estimates.

6.7 A total of six benefits are included in the scope of the social impact, described below along with the associated monetised values:

1. *Increased resilience and self-esteem*: A value of £1,336 per outcome.
2. *Increased sense of belonging*: A value of £1,578 per outcome.
3. *Increased transferable skills*: A value of £552 per outcome.
4. *Increased business networks*: A value of £358 per outcome.
5. *Decreased anxiety*: A value of £1,398 per outcome.
6. *Increased autonomy*: A value of £10,623 per outcome.

6.8 These benefits do not apply to every client, since they may not be related to their personal circumstances or the nature of support delivered. For our purposes there are three types of YTKO client, with a differing composition of benefits relevant for the particular circumstances and support received by that type of client. The three types and relevant benefits are:

- *All clients in receipt of 12 hours of support*: relevant benefits are 1-3
- *Beneficiaries not unemployed post-participation*: relevant benefits are 4 and 5
- *Beneficiaries that move into self-employment*: relevant benefits are 6

6.9 Results for each type of client are shown separately in the following sections (Tables 5.1, 5.2, 5.3). Unit values are shown as 2006 prices, although in the underlying modelling these values are uplifted for each year by the GDP deflator. These values are then multiplied by the number of programme beneficiaries achieving a social benefit in any given year (*prevalence* in column 5 of Table 2.1). It is assumed that, for a given beneficiary, the social benefit attributable to the programme drops off over time at a rate equal to the drop in the rate of business survival (Table 3.2). Impacts are expressed as gross social benefits, and after applying additionality (column 6 of Table 2.1) the final column shows net benefits.

All beneficiaries who received 12+ hours support

6.10 Table 6.1 summarises the results of the social benefits that are applicable to all beneficiaries receiving 12 or more hours of support from YTKO programmes. The table shows that the total gross and net social benefits for those benefits achieved by all beneficiaries who received 12 or more hours of support are £31.5m and £16.9m, respectively.

Table 6.1: Gross and net social benefits - All beneficiaries who received 12+ hours support				
Outcome	Unit Value (2006 prices)	Average gross change per beneficiary per annum (2006 prices)	Aggregated Gross social benefit (2006-2022)	Aggregated Net social benefit (2006-2022)
<i>Increased resilience and self-esteem</i>	£1,336	£187	£12.0m	£6.4m
<i>Increased sense of belonging</i>	£1,578	£237	£15.2m	£8.1m
<i>Increased transferable skills</i>	£552	£66	£4.3m	£2.4m
Total	-	-	£31.5m	£16.9m

Employed or self-employed beneficiaries who received 12+ hours support

6.11 Table 6.2 summarises the results of the social benefits that are applicable to those beneficiaries who received 12 or more hours of support from YTKO programmes and who were employed or self-employed post-participation. The table shows that the total gross and net social benefits for this group are £11.8m and £6.3m, respectively.

Table 6.2: Gross and net social benefits - Employed or self-employed beneficiaries who received 12+ hours support				
Outcome	Unit Value (2006 prices)	Average gross change per beneficiary per annum (2006 prices)	Aggregated Gross social benefit (2006-2022)	Aggregated Net social benefit (2006-2022)
<i>Increased business networks</i>	£358	£61	£3.3m	£1.8m
<i>Decreased anxiety</i>	£1,398	£154	£8.4m	£4.5m
Total	-	-	£11.8m	£6.3m

Beneficiaries that moved into self-employment and received 12+ hours support

6.12 Table 6.3 summarises the results of the social benefits that are applicable to those beneficiaries who received 12 or more hours of support from YTKO programmes and who moved into self-employment after participating. Therefore, these benefits are only applied to recipients of start-up support.

6.13 The Table shows that the total gross and net social benefits for this group are £76.1m and £40.6m, respectively. The benefit associated with increased autonomy is by far the largest of the social benefits that have been presented, despite only being applicable to those who moved into self-employment and who were beneficiaries of a start-up programme. This is a reflection of the high value that is placed on being in control of one's life and having the freedom to pursue goals and ambitions in the absence of the constraints that may be placed on individuals within paid employment.

Table 6.3: Gross and net social benefits - Beneficiaries that move into self-employment receiving 12+ hours support				
Outcome	Unit Value (2006 prices)	Average gross change per beneficiary per annum (2006 prices)	Aggregated Gross social benefit (2006-2022)	Aggregated Net social benefit (2006-2022)
<i>Increased autonomy</i>	£10,623	£3,187	£76.1m	£40.6m
Total	-	-	£76.1m	£40.6m

Inputs-based Impacts

6.14 Inputs-based impacts are much simpler to estimate, since they occur entirely within the year in which delivery occurred. Furthermore, they apply to all inputs, rather than the challenge of estimating the *prevalence* of outcomes among beneficiaries.

6.15 Table 6.4 shows the results of applying the unit values (paragraph 6.2, items 7-10) to the relevant number of supported individuals and hours of support provided.

Table 6.4: Total gross and net social benefits from selected inputs				
Indicator (outcome/input)	Total Hours support	Unit value per input (£)	Aggregated Gross social benefit	Aggregated Net social benefit
<i>Support to unemployed</i>	159,576	125.62	£20.0m	£10.6m
<i>Business skills expert advice</i>	101,568	96.11	£9.8m	£5.2m
<i>Zero carbon expert advice</i>	4128	96.11	£0.4m	£0.2m
<i>Equality and diversity training</i>	786	96.11	£0.1m	-
Total	-	-	£30.3m	£16.0m

6.16 Total gross impacts are £30.3million and applying an estimate of 47% deadweight, total net impacts are £16.0million.

6.17 During the covid-19 pandemic YTKO have provided a total of 2,852 hours of expert advice to supported affected SMEs. Using TOMS estimates, this would represent £248,000 gross social benefit and £132,000 net social impact.

Conclusion

6.18 Table 6.5 gathers together all ten social indicators described in the previous subsections. The aggregated value of the gross social benefits is £149.6m and the aggregated value of the net social benefits is £79.9m over the period 2006 to 2022.

Table 6.5: Total gross and net social benefits (2006-22)		
Indicator (outcome/input)	Aggregated Gross social benefit (2006-2022)	Aggregated Net social benefit (2006-2022)
<i>Increased resilience and self-esteem</i>	£12.0m	£6.4m
<i>Increased sense of belonging</i>	£15.2m	£8.1m
<i>Increased transferable skills</i>	£4.3m	£2.4m
<i>Increased business networks</i>	£3.3m	£1.8m
<i>Decreased anxiety</i>	£8.4m	£4.5m
<i>Increased autonomy</i>	£76.1m	£40.6m
<i>Support to unemployed</i>	£20.0m	£10.6m
<i>Business skills expert advice</i>	£9.8m	£5.2m
<i>Zero carbon expert advice</i>	£0.4m	£0.2m
<i>Equality and diversity training</i>	£0.1m	-
Total	£149.6m	£79.9m

7. RETURN ON INVESTMENT

- 7.1 This section brings together the benefits expressed in Sections 4, 5 and 6 and expresses these in the context of programme costs to arrive at a return on investment for the economy.
- 7.2 Total programme costs across the period 2006-2019 were £33.8 million.
- 7.3 Economic impacts given by the net uplift in GVA were estimated as being £281.7 million, greatly in excess of programme costs and representing a return on investment of £8.33 for every £1 of funding.
- 7.4 Exchequer benefits are £74.9million. this gives an exchequer return of £2.21 for every £1 of public funding.
- 7.5 Net social impacts resulting from changes in individuals participating in YTKO programmes were £79.9 million, which represents a positive return on investment of £2.36 for every £1 of funding.
- 7.6 Total impacts from YTKO programmes 2006-20 are an estimated £361.6 million, representing a return on investment of £10.70 for every £1 of funding.