



## Executive Summary: A Social Return on Investment Evaluation of the Outset Service in the South West

# A Social Return on Investment Evaluation of the Outset Service in the South West

March 2015

**Authors:** Graham Randles, Jonathan Gardner and Emily Atkinson

**Client:** Outset, part of YTKO Group

Outset is funded by: European Regional Development Fund Convergence and Competitiveness Programmes, Bournemouth Borough Council, Bournemouth 2026 Trust, J.P. Morgan, Bristol City Council, Plymouth City Council, Swindon Borough Council, Torbay Development Agency, Coastal Communities Fund.

**NEF Consulting Limited**

**NEF** (New Economics Foundation), 3 Jonathan Street, London SE11 5NH

**[www.nefconsulting.com](http://www.nefconsulting.com)**

Tel: 020 7820 6304



**NEF Consulting** is the consultancy arm of the UK think tank, New Economics Foundation (NEF). We put NEF's ideas into practice by placing people and the planet at the heart of decision-making.



**Outset** was established as a social enterprise by YTKO Group to help stimulate economic development, financial and social inclusion through the creation of sustainable jobs and businesses, working particularly in deprived wards. Offering a flexible and client-focused programme of workshops, mentoring and online support, Outset empowers people to take charge of their lives and overcome barriers in order to create their own self-employment opportunities. For more information, go to: [www.outset.org](http://www.outset.org) or [www.ytko.com](http://www.ytko.com)



**New Economics Foundation (NEF)** is an independent think and do tank that inspires and demonstrates real economic well-being. We promote innovative solutions that challenge mainstream thinking on social, economic and environmental issues.

© 2015 **NEF Consulting**

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical or photocopying, recording or otherwise for commercial purposes without the prior permission of the publisher.

# Executive summary

## Context

### Introduction to Outset

For many people, starting a business is an attractive, yet daunting proposition. For some it may be a way of bringing a great new idea to life or realising a lifelong ambition. For others it could be a route to achieving a more fulfilling working life or an escape from unemployment. Yet many individuals who are interested in starting a business lack the necessary knowledge, skills and confidence to do so. Outset is a service aimed at these people.

Outset is an award-winning enterprise support service aimed at helping people start their own business, with a particular focus on reaching those from disadvantaged or under-represented backgrounds. It offers a structured but highly flexible series of support, including workshops, events and one-to-one coaching to help clients at all stages of the journey from pre-start to launch, to sustainability and growth. The following services from the South West of England have been selected for analysis as part of this report: Bristol, Bournemouth, Cornwall, Plymouth, Swindon and Torbay. These services are all funded by European Regional Development Funds (ERDF) and co-financed by the Local Authorities in their respective areas. Outset Cornwall is funded through ERDF's Convergence Programme, and the others through ERDF's Competitiveness Programme.

## Objectives

Outset commissioned NEF Consulting to evaluate the impact of the service and to determine the Social Return on Investment (SROI) delivered based on a total of £11.5m invested in the service to date across the South West since October 2009.

## Research and methodology

Our approach to evaluating SROI is based on seven core principles: involve a range of stakeholders; understand what changes; value the things that matter; only include what is material; do not over-claim; be transparent; and verify the result.

Through the application of these principles and by following a rigorous and officially recognised methodology, this evaluation has been able to show not only how Outset generates positive returns from the funding it receives but, equally importantly, how such positive outcomes are achieved. This allows the service to both prove and to improve its value to its clients, the State and the wider economy.

NEF Consulting gathered data from participants in the Outset service through extensive stakeholder and client research, involving workshops and interviews over two months in late 2014. The detailed SROI analysis was undertaken using existing monitoring and evaluation data alongside data from a survey of 159

Outset clients from different locations and backgrounds. In addition, information on the total number of new business start-ups from these locations to date (1,589), sustainability rates (93% after year 1, 85% after year 2, 67% after year 3) and number of clients supported (5,998 individuals received 12 or more hours) were integrated into our analysis. Analysis of survey data allowed a greater understanding of the types of individuals that were supported. Among other things, this data reflected that 49% of all individuals who were unemployed when they registered with Outset were able to successfully move into self-employment.

## **Key findings: Change created by Outset across all stages of engagement**

At the heart of the SROI methodology is a theory of how the Outset service creates change over the short, medium and long term. NEF Consulting found that the change created falls into four general categories:

- Changes to the wellbeing, knowledge and skills of the programme participants (Outset clients).
- Changes in the financial situation of Outset clients.
- Financial savings to the State arising from the changes in employment status of Outset clients.
- Benefits to the wider economy of new businesses that are started by participants in the Outset service.

These benefits are interlinked and are sustained for differing lengths of time. In putting a value on all benefits achieved by the programme, NEF Consulting followed a robust SROI approach. This involved accounting for impact after taking into consideration what would have happened anyway (had the Outset service not been available) and considering the extent to which observed changes could be attributed to Outset.

### **Short-term change for clients**

The initial changes for Outset clients centred on emotional outcomes related to the realisation of their own skills and abilities, and of the positive opportunities ahead of them. These outcomes are illustrated by comments, such as:

*“It was comforting to be among like-minded people – I felt happy.”*

*“I started to see immediately what could be done rather than what was stopping me.”*

*“You see light bulbs going on around the room.”*

Other outcomes identified for clients in the short term tended to be ongoing, throughout their engagement with the service. These included measurable improvements in:

- Knowledge and awareness of issues involved in starting a new business.
- Transferrable skills, such as communication, presentation, and organisational skills.

- Self-esteem and self-belief, which grew as they recognised new capabilities within themselves and the ability to change their lives for the better.
- Sense of meaning and purpose.
- Sense of belonging to a group.

### **Medium-term change for clients**

Most of the short-term changes for Outset clients continued to develop into the medium-term. Business knowledge and awareness increased during this period, as clients spent more time with Outset, which often led to increased employability. At this stage, some clients realised that starting a business was not for them. This is quite rightly seen as a positive outcome of the service as one of the ultimate aims of Outset is to give individuals the confidence to make the right decisions about their future. Outcomes associated with not going into self-employment were often as valuable as outcomes for the self-employed.

### **Long-term change for clients**

The longer-term outcomes of the Outset service are perhaps the most complex and generally occurred a significant time after the initial engagement. These include:

- Feelings of increased autonomy.
- Having the freedom to pursue goals through self-employment.
- Changes in life patterns.

Such changes however, can be both positive and negative, as may be expected. The flexibility of 'being your own boss' can be balanced against the need to work longer hours; while feelings of anxiety due to the financial insecurity of starting a business replaces different types of anxiety found in employment and unemployment.

It is noteworthy that an increased sense of meaning and purpose was an important change for Outset clients, who reported feeling more satisfied with their lives, knowing that they were a good role model for family and friends, and feeling respected by those around them.

Finally, but perhaps most significantly, the financial situation of Outset's clients often changed in the long-term. Overall, clients felt better off financially having engaged with Outset, with significant income increases for many (particularly those that were previously unemployed). However, this outcome is not as straightforward as it may seem. A minority of individuals reported earning slightly less in self-employment than in employment but were happy to trade income for an improved quality of life. For those who choose self-employment, increases, decreases and fluctuations in financial circumstances are commonplace (and largely dependent on the stage of their business and level of investment required). Furthermore, some clients who did not take up self-employment after engaging with Outset may be in better financial positions, as a result of avoiding making investments in businesses which they discovered were not sustainable.

## Results

### **NEF's SROI methodology captured any benefits to clients, the State or the wider economy.**

The results showed significant improvements in Outset clients' personal wellbeing, their wellbeing at work, their business knowledge and awareness, their transferrable skills, and their financial situation. Using the SROI methodology, financial proxy values were applied to these outcomes.

Financial benefits to the State arose as a result of the changes in the employment patterns of Outset clients. Primarily these took the form of decreases in benefits claimed and increases in tax revenues received by the Government.

Businesses created or supported as a result of the Outset service were shown to make direct contributions to the local economy, creating value (measured as Gross Value Added or GVA), as well as jobs. Both GVA and employment are created directly, through the activities of businesses, and indirectly, through supply chains. These benefits were valued using standard economic techniques. This was then used to approximate the total economic value created by the Outset service based on activity to date. Outset can claim over £22.6 million in gross valued added created in the economy<sup>1</sup>.

## Conclusions

Taken together, the short, medium and long-term outcomes for Outset clients, the State and the wider economy result in a Social Return on Investment ratio of 3.36. This means that for every £1 invested in the Outset service, £3.36 of financial, social and economic value is created. This achievement is one that the Outset service can justifiably celebrate.

Please note: to avoid over claiming, we have taken a conservative approach to all impact considerations and assumptions. As such, the true value of the Outset service is likely to be significantly larger than we are able to credibly measure, predict and value within this evaluation. Evidence of impact and value for money should therefore be interpreted as the minimum contribution Outset provides to clients, the State and the wider economy.

---

<sup>1</sup> It should be noted that there is time lag between intervention and start-up, and an additional minimum 12-months delay between start-up and when GVA and survival rates can be captured. In order to account for this within the report, we have used the actual GVA captured by eligible businesses supported by Outset to date to define an average GVA per business per year of trading. It should also be noted that the £22.6 million figure refers to the total amount of GVA that Outset can reasonably take credit for at this stage, projected over a conservative time period of a few years. The total GVA figure from businesses created, tracked over a longer period of time, will be much higher than this figure.

The Outset service was developed by YTKO Group in 2009. All local services featured in this analysis are funded by European Regional Development Funds (ERDF) and co-financed by a range of other local partners. Outset Cornwall is funded through ERDF's Convergence Programme, and the others through ERDF's Competitiveness Programme.

### Outset Bournemouth



### Outset Bristol



### Outset Cornwall



### Outset Plymouth



### Outset Swindon



### Outset Torbay



Front cover image: Outset Torbay client, Becky Forte, owner of Forever Beautiful in Torquay. Photo by Pyramid Torbay Photography.