Looking back to look ahead: building on what’s worked in England to evaluate impacts through multi-level data, logic models and metrics.

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Nisha Patel, Head of Growth and Places Analysis
ERDF 2014-2020 Programme Team England, UK

20th June 2018
Overview

1. Learning from past evaluations
2. England’s local growth landscape
3. National and local frameworks
4. Local – project summative evaluation
5. Evaluation design principles
6. Logic models
7. Metrics
8. Types of evaluation
ERDF 2014-2020 Programme Evaluation
Policy Overview
Past Evaluations – Successes and Failures

Lessons from past local growth evaluations:

- **ERDF 2007-13** - Lack of coordination across programmes and consistency in application of evaluation approaches and activities. Effective evaluation also requires you to consider from the outset, in particular, the data you need to collect.
- **Regional Growth Fund (RGF) evaluation** – Provided a test bed for the creation of comparison groups or counterfactuals.
- **Growth Deals Scoping paper** - Obtaining Company Reference Numbers (CRN) from firms is key for effective counterfactuals.
- **What Works Centres on Local Growth and Wellbeing** – Above consistent with WWC advice. In addition wellbeing is proposed as an additional long term impact measure for the ERDF programme.
England’s Local Growth Landscape

- 38 Local Economic Geographies – Local Enterprise Partnerships
- Local Industrial Strategies
- Local Enterprise Partnership Review
National and Local Frameworks
ERDF 2014-2020 Programme Evaluation
Summative Assessment Overview
Summative assessments are project level evaluations that are:

- A programme specific legal requirement in each project’s funding agreement; and
- Have to be delivered in line with a common framework.

This approach provides:

- Consistency in project level evaluation;
- Provides the evidence base required for the national evaluation; and
- An England wide data source for other geographical or sectoral evaluations.
• Budget is 1% of the Project Specific Eligible Expenditure or £100,000, whichever is the lower.
• The summative assessment in the main should be undertaken by evaluators who are independent of the project and who have appropriate evaluation expertise.
• SAs are tailored to the specific project and reflect the size and complexity of its activities.
• However, a number of basic principles and steps are expected to be followed to ensure consistency.
The summative assessment process is broken down into 3 stages:

- Planning;
- Data collection and reporting; and
- Final Report.
Summative Assessment
Planning Stage

• A logic model which sets out the intervention logic for their project, including the range of outputs, outcomes and impacts that it intends to achieve.

• Summative Assessment Plan Headings:
  – Statement of objectives, scope and research questions;
  – The project logic model;
  – Approach, methods and tasks;
  – Data and monitoring;
  – Implementation plan; and
  – Using and disseminating the findings.
Ministry of Housing, Communities & Local Government

Investment Priority 1b: Early stage innovation finance

Context:
- Innovation and R&D is key UK government priority
- Evidence of poor innovation and R&D performance of UK SMEs
- Evidence of finance gap acting as a constraint upon development of product, service and technology & damaging economic growth and productivity improvement

Market Failures Assessment:
- Information failure: linked to risk and reward profile, timing of returns and (in some instances) deal size for early stage innovation and finance
- Evidence of finance gap for particular deal sizes and for businesses with particular characteristics

Project/Programme Objectives:
- Increase supply of finance for early stage product and technology development
- Increase supply of finance for commercialisation of new products and technologies

Rationale for Proposed Approach:
- Existence of a finance gap and need for additional supply

Project Inputs:
- £25m ERDF
- £25m private sector

Intended Impacts:

Intended Gross and Net Impacts:
- Gross GVA and employment impacts
- Adjusted for deadweight, displacement, leakage and multipliers

Contribution to SO Result Indicator (% proportion of small and medium sized enterprises that are innovation active):
- Direct relationship with activity -> strong contribution and fit

Project Outcomes:
Pre-start and start-ups:
- Proof of concept -> development of product, service, technology
- Progression towards commercialisation -> further investment (follow on/ new)
- Company trading and growth -> turnover and employment

Established Businesses:
- Similar to above, although further investment could be from internal source -> short term reduction in company growth/ profitability
- New product/ service -> eventual impacts on -> turnover and jobs
- Process improvement -> eventual impact on profitability (could give rise to competitiveness benefits and lead to turnover and jobs)

Outputs:
Programme Level:
- C1: Number of enterprises receiving support
- C3: Number of enterprises receiving non-grant financial support
- C5: Number of new enterprises supported
- C7: Private investment matching public support (non-grants)
- C8: Employment increase in supported enterprises.
- C29: Enterprises supported to introduce new to firm products

Project Level:
- Value of equity investment made
- Value of loans drawn down

Project Activities:
- Proof of Concept Fund – Early stage equity investment to help progress ideas towards market
- Loan fund to fill finance gaps preventing commercialisation of proven ideas

European Regional Development Fund
Data collection is key. It includes:

- The data and information that is collected on any additional output indicators that have been specified in developing the logic models; and
- The information about direct, and in some cases indirect, beneficiaries of projects.
Mandatory data reporting broken down under the following themes:

- R&I infrastructure;
- Guidance and Finance for Start-ups;
- Business Advice, Guidance and Finance for Established SMEs;
- Business Related Infrastructure: Broadband;
- Business Infrastructure: Land and Property;
- Transport Infrastructure;
- Other Infrastructure;
- Low Carbon Generation;
- Resource and Energy Efficiency; and
- Community Led Local Development.
Summative Assessment Final Report Headings:

- Context;
- Progress;
- Delivery and Management;
- Outcomes and Impact;
- Value for Money; and
- Conclusions and Lessons Learnt.

A summary of the final report is also required for which there is a template.
ERDF 2014-2020 Programme Evaluation
Programme Evaluation Methodologies
Overview
“Evaluation is an objective process of understanding how a policy or other intervention was implemented, what effects it had, for whom, how and why”

HMT Magenta Book, 2011
Final / Ex-post Evaluation
- Quantify impact
- Find out what worked
- …and why
- Identify lessons for future investments

Mid-term / interim evaluation:
- Stocktake of achievements so far
- Is the programme on track?
- How are delivery/management process working
- Inform delivery activities

Ex-ante Evaluation:
- Inform strategy and objectives
- Test logic and rationale
- Quantify likely achievements
### Common Evaluation Questions

<table>
<thead>
<tr>
<th>Establish the Facts</th>
<th>Make Judgements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design Review</strong></td>
<td></td>
</tr>
<tr>
<td>What is this programme trying to do?</td>
<td>Is this a good idea?</td>
</tr>
<tr>
<td>Is the programme intended delivering? How has it been delivered &amp; managed?</td>
<td>Is it delivering these activities well? Is it well managed?</td>
</tr>
<tr>
<td><strong>Delivery &amp; Process Evaluation</strong></td>
<td></td>
</tr>
<tr>
<td>Is it creating a positive return on investment for the public sector and other investors?</td>
<td>Are impacts attributable to it?</td>
</tr>
<tr>
<td><strong>Impact Evaluation</strong></td>
<td></td>
</tr>
<tr>
<td>What scale and type of outcome &amp; impact is the programme creating?</td>
<td>Is it effective in delivering impact? Could it deliver more?</td>
</tr>
<tr>
<td><strong>Economic Evaluation</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Conclusions and Recommendations:

- What difference did the programme make?
- Did the programme provide value for money?
- What worked well and what didn’t
Design Review

What is this programme trying to do?

Is this a good idea?
Is it still relevant and consistent?

Tools and Techniques:
• Development and testing of the logic model
• Establishing rationale for intervention and objectives
• Demonstrating how activities secure change and impact
• Selection of appropriate indicators to measure change
• Revisiting policy and economic context
Logic models by investment priority

**Investment Priority 1b: Early Stage Innovation Finance**

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Answering the Evaluation Questions

Delivery & Process Evaluation

Is the programme intended delivering? How has it been delivered & managed?

Is it delivering these activities well? Is it well managed?

Tools and Techniques:
• Analysis of programme performance data
• Consultations with delivery team, operational and strategic management, and other key stakeholders
• Use of carefully designed tools to collect, analyse and interpret
### Application of consistent metrics

Table D.3 Advice, Guidance and Finance for Start-ups

<table>
<thead>
<tr>
<th>Additional Indicators</th>
<th>Unit</th>
<th>Requirement</th>
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<tr>
<td><strong>Information on Direct Beneficiaries – Start-ups and Existing Businesses</strong></td>
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<td>Named contact, telephone number and email address</td>
<td>Text</td>
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</tr>
<tr>
<td>Business sector</td>
<td>SIC code ¹³</td>
<td>Required</td>
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<tr>
<td>Business start-date</td>
<td>Date</td>
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<tr>
<td>Business trading age at the start of support</td>
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<tr>
<td>Full time equivalent employment at the start of support</td>
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<tr>
<td>Date when support first accessed and duration of the support from the ERDF project</td>
<td>DD/MM/YY</td>
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</tr>
<tr>
<td>A measure of intensity of support, such as the value of the assistance ¹⁴</td>
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<td>Advised</td>
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<tr>
<td><strong>Information on Direct Beneficiaries – Individuals not yet starting a business</strong></td>
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<tr>
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<tr>
<td>Name, date of birth, address, postcode.</td>
<td>Text</td>
<td>Advised</td>
</tr>
<tr>
<td>Labour market status prior to receiving support</td>
<td>Drop down menu text</td>
<td>Advised</td>
</tr>
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</table>
Answering the Evaluation Questions

Impact Evaluation

- Strong emphasis on robust economic impact evaluation
- …, in particular counterfactual impact methods
- But suitability of approaches and robustness will vary
Impact Evaluation

• What changes are we measuring
  – Outcomes on beneficiaries
  – Impacts on local economies (GVA, jobs)
  – Changes in market behaviour & performance
  – Ultimately measuring change in wellbeing but..

• Precise focus/measures vary by interventions

• Role of the intervention i.e. attribution
Counterfactual Impact Evaluation Methods: Attribute change to intervention

- Use of comparison groups or areas: Controlling for characteristics, motivations and external influences
- Various methods, varying robustness

Theory of Change Approaches: Assess change and impact, …and reasons for it

- Most suitable where greater complexity
- Key components:
  - Logic model
  - Performance analysis to accurately measure change
  - Qualitative research with deliverers, beneficiaries & stakeholders

Self-reported Surveys: A useful source of beneficiary evidence:

- Motivation of seeking support, Perceptions of changes and outcomes, Other factors influencing beneficiaries, Views of delivery, etc

- Can supplement ToC and Counterfactual methods
  - Data not available elsewhere
  - Non-participants
Improving CIE approaches:

- Building approaches into design of programmes eg
  - Pilots
  - Selection procedures/unsuccessful applicants
- Collecting data collection for beneficiaries
- Improvements in Government admin datasets
- Triangulating evidence from other approaches
Various approaches:

• Cost-effectiveness analysis: costs of delivering outcome/impact benefit, expressed as a cost per unit of outcome

• Cost-benefit analysis: places a monetary value on all costs and benefits to reflect resource use.
Economic Evaluation

• But significant challenges:
  – Diverse mix of outcomes and impact
  – Variable robustness net additional estimates
  – Timing of impacts
  – Coverage and measurement of costs

• Preferred approach – selected unit costs based on...
  – Mix of gross and possibly net outputs and outcomes
  – Gross ERDF and total programme costs (no programme overheads)

• Word of caution:
  – Estimates based on poor data are misleading
  – Benchmarking can be misleading
Overall Programme Design

- Risk of trying to shoehorn interventions into CIE methods which are not appropriate or sufficiently robust as part of the National Evaluation.
- A lot of money and effort could be spent for little or no added value.
- Focus on CIE in the areas of greatest spend, with large enough scale programme of activity, where counterfactual can be identified (the first three axes).
- Greater reliance on the monitoring data, local project evaluations and qualitative assessment of impact.
- Contracted agency to provide an overall quality assurance function for the summative assessments to ensure quality for inclusion in the national Impact evaluation report.
# Overall Programme Design

<table>
<thead>
<tr>
<th>National Evaluation Gathered Evidence</th>
<th>Project Summative Assessment Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CIE assessment</td>
</tr>
<tr>
<td>Research and Innovation Infrastructure &amp; Facilities</td>
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<td>Business Advice/Guidance/Finance for Start-ups</td>
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<td>Community Led Local Development</td>
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</tbody>
</table>

Key: volume of evidence
- ⭐⭐⭐⭐⭐ = high
- ⭐⭐⭐⭐ = medium
- ⭐⭐⭐ = low
- ⭐⭐ = very limited evidence

Key: robustness of impact evaluation evidence
- High
- Medium
- Low
Further Guidance

- HMT Green Book
- HMT Magenta Book
- Evalsed Guidance and Sourcebook
  https://wbc-rti.info/object/link/6607
- What Works Centre for Local Economic growth
  http://www.whatworksgrowth.org/
- Appendix D Summative Assessment Guidance