DTI OCCASIONAL PAPER NO. 2

Evaluating the Impact of England’s Regional Development Agencies: Developing a Methodology and Evaluation Framework

PA CONSULTING
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Foreword

The authors would like to thank the membership of the project Steering Group for their help and direction in the development of the RDA Impact Evaluation Framework. The Steering Group included representatives of the RDA National Secretariat, East Midlands Development Agency, South West Regional Development Agency, London Development Agency, ODPM, Defra, NAO, HM Treasury and the DTI. The final framework report was formally accepted by the Steering Group and the DTI Director of Performance and Evaluation in September 2005, and was subsequently endorsed by the RDA Chief Executives in October 2005. Any errors or omissions are our own.

PA Consulting
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Introduction and guide to the report

This report explains the purpose, approach and methods for the evaluation of the impact of the English Regional Development Agencies (RDAs) and their contribution to the achievement of regional and national objectives.

The report is long and it is not recommended that it should be read in one sitting or necessarily from the first to the last page. The following is a guide to enable you to go to the parts of the report of most interest.

If you are interested in the background to the development of the framework, its objectives and its use

Part 1, Section 1 explains that this report is the outcome of the first of a three stage process for the RDAs to assess their impact since their inception. It describes the other RDA performance management initiatives and planned changes that provide the context for the evaluation framework and its focus on impacts.

If you want to know what key issues the framework addresses and its general approach to doing so

Part 1, Section 2 sets out the key issues and describes the approach – such as the additionality logic chain (Figure 2.2), the use of theories of change, the treatment of RDAs’ strategic added value (Figure 2.3) and the intervention categories used to demonstrate the application of the framework.

If your interest is in the implications of the framework for the processes by which evaluation is carried out

Part 1, Section 3 describes the implications in terms of planning evaluations, committing resources to evaluation, managing evaluation cost-effectively, ensuring transparency, independence and inclusivity in the conduct of evaluations and learning from evaluation findings.

If you would like an introduction to evaluation methods and techniques

Part 1, Section 4 introduces the range of methods available for planning and structuring an evaluation, obtaining the relevant data, analysing the data and drawing conclusions and making recommendations. It also provides signposts to the extensive literature and guidance available on evaluation methods and data sources.

If your interest is in the evaluation of sustainable development impacts

Part 2, Section 5 sets out the various formulations that have been made of sustainable development and provides an account of a top-down evaluation method that is recommended by the European Commission and which has been tested in the context of the deployment of the Structural Funds.

If you would like guidance on the specific application of the general evaluation methods

Part 2, Sections 6-8 provide an account of the application of the evaluation framework to RDA interventions in support of business development and competitiveness (Section 6), regeneration through infrastructure development (Section 7) and human resource and community development (Section 8).

If you want to know what recommendations we made for the next stage of the evaluation of RDA impact

Part 3, Section 9 suggests how evaluation priorities and plans should be established (including the treatment of legacy programmes) and makes the case for joint RDA and departmental work on evaluation methods. The Executive Summary provides a list of our recommendations.
Executive Summary and Recommendations

Background and Objectives

1. PA/SQW were commissioned in March 2005 by the DTI to develop an evaluation framework to assist RDAs in making assessments, both individually and collectively, of the impact of their interventions since their inception. The completed Impact Evaluation Framework has been developed in partnership with the RDAs and other government departments including the ODPM, Defra, NAO and HM Treasury.

2. The focus of the Impact Evaluation Framework is to ensure evaluation of the impact of RDA interventions is robust and takes place on a consistent basis to promote a better understanding of what works and why. In this way evaluation evidence will provide a sound basis for RDA forward planning.

3. It is therefore important for the RDAs and central government departments to continue to work together to share ideas and experiences from their individual and joint evaluation activities going forward. For this reason DTI is committed to the provision of independent expert assistance to the RDAs during implementation of the evaluation framework to make sure best practice can be shared.

The Evaluation Framework

4. The Impact Evaluation Framework for RDAs aims to guide their assessment and promote understanding of the impact they have had on regional and national outcomes, including their contribution to drivers of productivity and key PSA targets. It seeks to enhance the regional evidence base, wherever possible drawing on the results from existing evaluation activities, to assist RDAs in developing their forward looking economic strategies based on a better understanding of which interventions work best, how they work and under what circumstances.

5. The framework therefore consists of a common core of evaluation issues as well as providing flexibility for RDAs to address their individual regional requirements. It identifies three broad intervention categories, through which RDAs can evaluate their impact – business development and competitiveness, regeneration (through physical infrastructure) and human resource and community development. For each of these categories there are separate sections in the framework report. These sections use examples to demonstrate how the core evaluation issues can be addressed, and how assessments can be made of net outputs and outcomes and the contributions made to regional and national outcomes.
6. The three intervention categories will be recognisable to the RDAs as being broadly consistent with their strategic themes and objectives. The categories also reflect the distinctive theories of change that link RDA interventions with the different Tasking Framework Core Outputs and PSA targets. It must be noted that not all of RDA activity will fit neatly into one category, and so evaluation may need to take account of two or maybe all three of the categories.

7. The framework recommends that RDAs should consider the consistency of their programmes, individually and jointly, with sustainable development principles and targets and carry out evaluations of their impacts in these terms across their programmes. However, while it is clearly important to assess both the intended and unintended consequences of existing and past interventions, it should be acknowledged that their impacts may not be relevant to the achievement of new objectives they were not originally designed to achieve.

Evaluation Methods

8. Through HMT, DTI and other government departments, and through OffPAT, there is a range of guidance available on the importance of evaluation (in project development, implementation and review), the preparation of evaluation plans, and in the conduct of evaluations.

9. The Impact Evaluation Framework acknowledges the value of this guidance and provides signposts to it wherever appropriate under the following headings: planning and structuring evaluation; obtaining data; analysing information; and making evaluative judgements.

Evaluation Process

10. The framework complements existing guidance by offering recommendations on the key principles required for managing effective impact evaluation. In doing this it is not prescriptive about the particular way that the evaluation process should be designed in each RDA but it proposes that the following five principles should underpin effective implementation of the framework.

- formal planning and preparation for evaluation that takes account of top-down as well as bottom-up priorities;
- commitment of corporate resources, budget and support to evaluation activity;
- effective and cost-effective management of evaluation;
- transparency, independence and inclusiveness in the conduct of evaluations; and
• dissemination of and learning from the results of evaluation to inform and influence future interventions by RDAs and their partners and to provide benchmarks of good practice.

11. At the same time as RDA evaluation activity is being guided by the framework, the National Audit Office will be undertaking Independent Performance Assessment (IPA) with the RDAs. NAO has helped inform the development of the evaluation framework and has stressed that the two exercises are not mutually exclusive and will be able to inform one another. Coordination of IPA and evaluation activities within RDAs will help ensure that there is no duplication of effort.

RECOMMENDATIONS

Recommendation 1: The overall framework for performance assessment of the RDAs should be as depicted in Figure 1.1 in the main report but, given other performance management developments, the focus of the RDA evaluation framework should be on RDA impacts through their achieved net outputs and outcomes and the lessons that can be learned about their effectiveness and cost-effectiveness.

Recommendation 2: The core evaluation issues which the RDA impact evaluation framework should address are those set out in Figure 2.1.

Recommendation 3: Each of the elements in the additionality logic chain (Figure 2.2) should be assessed in any substantive evaluation carried out by the RDAs of their impact.

Recommendation 4: The theories of change approach should be adopted by the RDAs in their impact evaluations – to recognise the need to engage partners and stakeholders in the evaluation process and to test presumptions about the relationship between RDA interventions and their final impacts against RES and PSA objectives.

Recommendation 5: There should be a particular focus in the implementation of the impact evaluation framework on testing the contribution of RDAs’ strategic added value to meeting regional and national objectives, especially as formulated and implemented through their strategic themes and programmes.

Recommendation 6: The evaluation of the impact of the RDAs should acknowledge that the methods for doing so may need to be more partial and broad-brush for their early phase of development (largely based on ‘legacy’ programme outputs and inferred outcomes) than will be appropriate in their second and current phases of development.
Recommendation 7: The intervention categories set out in Figure 2.6 should be used to demonstrate the distinctive methods for evaluation within the framework and to provide the basis for aggregation across RDAs – whilst acknowledging that they will not necessarily provide for precise alignment with different RDAs’ strategic themes.

Recommendation 8: Formal evaluation structures, systems and processes should be established and maintained in each RDA in future so that there is:

- Formal planning and preparation for evaluation that takes account of top-down as well as bottom-up priorities;
- Commitment of corporate resources, budget and support to evaluation;
- Effective and cost-effective management of evaluation;
- Transparency, independence and inclusiveness in the conduct of evaluations; and
- Dissemination of and learning from the results of evaluation in formal ways that inform and influence future interventions by RDAs and their partners and provide benchmarks of good practice.

Recommendation 9: RDAs should adopt increasingly robust evaluation methods and forms of analysis (especially for their major programmes and projects) which provide different perspectives on their outputs and outcomes and, when taken together, offer the prospect of estimating the contribution of the RDAs to changes in the sustainable economic development conditions in their regions and sub-regions.

Specifically, they should consider greater use of:

- Longitudinal surveys of beneficiaries;
- Surveys of non-beneficiaries;
- Data linking to the ONS; and
- Multi-variate analysis of secondary data sources.

Recommendation 10: RDAs should increasingly take into account the sustainable development context in which their impacts are being evaluated particularly by considering the consistency of their programmes, individually and jointly, with sustainable development principles and targets and carrying out evaluations of their impacts in these terms across their programmes.

Recommendation 11: In their evaluation of interventions designed to increase business development and competitiveness, RDAs should investigate the potential to work individually or collectively with the ONS’s business data linking and microdata research lab.
**Recommendation 12:** Cost-effectiveness in surveys of businesses should be achieved where possible, in particular through joint-commissioning with other RDAs, DTI and SBS – e.g. with a core section and specific regional section.

**Recommendation 13:** In their evaluation of interventions designed to promote regeneration through infrastructure development, RDAs should not consider regeneration activities in isolation. They should consider the role that regeneration support may have had in contributing more widely to economic development and sustainable development objectives. This is complex and likely to require joint RDA and departmental research.

**Recommendation 14:** Interventions in support of human resource and community development can have wider impacts on the quality of life amongst disadvantaged people and in deprived areas. In assessing impact RDAs need to consider the wider effects of their interventions that develop people’s skills and ability to be more active in the labour market.

**Recommendation 15:** For the purpose of setting their evaluation priorities, we recommend that the RDAs carry out a high level audit of their activities since inception and classify them in terms of Figure 9.1.

**Recommendation 16:** We recommend that the policy counterfactual issue should be assessed by a discrete exploration of the RDAs’ strategic added value as it was applied to its legacy programmes – deploying the methods suggested by the IPA/CPA and the evaluation framework. We further recommend that this exercise should run in parallel with a forward looking exercise to develop, embed and apply the IPA/CPA and the evaluation framework to the work and programmes of the RDAs introduced and planned since 2002/03.

**Recommendation 17:** RDAs should do an audit of their previous evaluations and monitoring returns, mapping them on to the interventions to be prioritised, and establishing the gaps.

**Recommendation 18:** RDAs should identify their need for fresh evaluation evidence and commence procurement of any required external support rapidly to ensure that public procurement rules do not unnecessarily extend the critical path for evaluation.

**Recommendation 19:** The evaluations required of the RDAs are likely to become more ambitious and sophisticated and will need to be supported in a variety of ways – through technical and peer guidance and support from sponsor departments and devolved administrations as well as each other. There will be benefits from joint evaluative research efforts particularly with regard to the use of multi-variate statistical analysis, pooling of evaluation data and evidence and the use of intermediate outcome measures.
PART 1: INTRODUCING THE EVALUATION FRAMEWORK, PROCESS AND METHODS
1 Study objectives, the evaluation framework and its focus on impact

Study objectives

1.1 The objectives of the study were set out in the Call for Tender issued by DTI entitled “Evaluating the impact of England’s Regional Development Agencies: Developing a methodology and evaluation framework”. They reflected the DTI’s wish, as the sponsor department of the nine RDAs, to assist them in “undertaking impact evaluations of their effectiveness since their inception”. This assistance was to be developed and provided in a three stage process as follows:

- **Stage 1: Evaluation framework and methodology** – to help the RDAs to evaluate their impact – both individually and collectively – and to provide nationally consistent and comparative evaluation evidence;

- **Stage 2: Implementation** – to provide mentoring assistance to RDAs and/or their consultants to implement the agreed framework and deliver their individual impact evaluations;

- **Stage 3: Overarching evaluation** – to pull together the individual evaluations, investigate common themes and provide an overarching evaluation for all English regions.

1.2 The current study has been commissioned from PA/SQW to carry out Stage 1 whose specific objectives are to:

- **Develop a robust evaluation framework** – consisting of an accessible core framework for RDAs to follow to provide nationally consistent and comparative evaluation evidence and a supplementary part in which the RDAs can address their regionally specific requirements. The framework should be consistent with HM Treasury’s ‘Green Book’ guidance and take account of existing evaluation evidence activities undertaken by the RDAs.

- **Describe methodologies to assess outputs, outcomes and overall impact** – the emphasis being placed on quantitative assessment of economic impact – including assessment of “deadweight, displacement and additionality”. The report would recommend effective methodologies explaining their advantages and disadvantages including their cost implications.

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1 The London Development Agency is included in the evaluation framework proposals set out in this report even though it is governed by legislative requirements that are distinct from those prevailing for the RDAs. For convenience, the term RDA is used throughout this report to include the LDA.
• **List and justify indicators to be used in the evaluation** – including those taken from the new Tasking Framework.

• **Describe data requirements and availability** – qualitative and quantitative – setting out the data needed for Stage 2, relying as far as possible on existing data sources at national and regional levels (e.g. through ONS) in ways that “should not result in increased costs for Departments and the RDAs in terms of gathering significant new, additional data” but recommending any data needs that might warrant future primary and secondary data collection.

• **Develop and describe the basis for comparison** – setting out the basis of the comparison provided by the evaluation of the strategic function of the RDAs and, where appropriate, of their spending functions – i.e. comparison with intervention mechanisms other than through the RDAs (e.g. a nationally delivered intervention).

### The context for the evaluation framework

1.3 The evaluation framework must start from an agreed understanding of what RDAs are intended to achieve and, whilst acknowledging differences in regional economies and strategies, the common objectives they are required to pursue. Much work has been completed to define relevant PSA targets and RDA core outputs. Upon this foundation it is possible to set out a high-level evaluation framework. Some of the elements of this framework are already in place and, therefore, the focus of this study should be on filling the gaps – and in particular helping RDAs to move from tracking outputs to measuring net outputs (i.e. additional outputs relative to the reference case) and outcomes and impacts in a consistent and rigorous way.

1.4 The developments that should form the foundation on which the RDA evaluation framework should be built are as follows:

- **The rationale for the RDAs** is based on a recognition by the Government that the effectiveness of factors driving productivity, such as skills, investment and enterprise, varies from region to region and that market failures need to be addressed at the appropriate spatial levels. In pursuit of this principle, the Government established a delegated institutional framework in which the RDAs in England were provided with significant funding and flexibility to maximise the efficiency and effectiveness of their policy interventions. This was accompanied by a rigorous requirement on the RDAs to institute effective performance management procedures and practices including programme and project evaluations.

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- **RDA objectives, targets and core outputs** are set out in the new RDA Tasking Framework in the following terms: “*In their Plans for 2005-08, the RDAs are required by this Framework to show how, in support of their statutory role and their statutory duty to contribute to sustainable development, each RDA will address the priorities identified in the Regional Economic Strategy (RES) for the region, and contribute to the delivery of the Government’s SR04 PSA Targets on Regional Economic Performance, Sustainable Development and Productivity/Rural Productivity, and through these to the delivery of a range of other PSA Targets*.  

- **The relevant PSA Targets and indicators** are listed in Annex A (taken from the table to Annex D in the RDA Tasking Framework) along with the Core Outputs that “*allow tracking of progress in delivery of key aspects of a [RDA] project or programme in support of the Regional Economic Strategy for the region and the PSA Targets covered by the Tasking Framework*.  

- **The context for RDA interventions and their impacts** has been established by a combination of:
  - The PSA targets as above have built on the work by HM Treasury et al on *Benchmarking UK Productivity Performance* which sets out the measures and indicators appropriate for capturing relative regional performance with respect to productivity and its drivers;
  - The rural dimension to productivity growth and its drivers have been explored in a number of Defra research studies; and
  - The RDAs are working with partners to review and develop the Regional Economic Strategies (RES), the formulation of RES objectives and the specification of priorities in their Corporate Plans – with associated core output and outcome indicators and targets.

- **The outputs of RDA interventions** are being monitored on a consistent basis with respect to their Core Outputs which have been defined so that they are capable of being forecast, delivered and monitored as part of an RDA project or programme. They are measurable and verifiable so that they can be forecast at the project development and appraisal stage and will normally be included in a delivery contract between the Agency and its supplier, partner or delivery body.

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6 Centre for Urban and Regional Development Studies (for Defra); Regional productivity – a review of the rural perspective; August 2003 – http://www.defra.gov.uk/rural/pdfs/research/rural_productivity.pdf
7 It should be noted that the Tasking Framework invites RDAs to use supplementary outputs if they feel that a significant area of their activity could not be meaningfully captured under any of the Core Outputs.
Performance assessment: The RDAs are currently working with the DTI and the NAO on the structure and content of a Comprehensive Performance Assessment (CPA)-type assessment along the lines of the Initial Performance Assessment (IPA) undertaken by the Audit Commission of the LDA (and other GLA functional bodies) last year. Plans for independent assessment by the NAO based on the IPA were announced in the budget statement in March 2005. The IPA is primarily focused on organisation performance based on audit, inspection and assessment. It is designed to answer four questions:

- What is the RDA trying to achieve?
- How has the RDA set about delivering its priorities?
- What has the RDA achieved/not achieved so far?
- In the light of what the RDA has learned to date, what does it plan to do next?

The IPA will be introduced on a rolling basis across the eight RDAs outside London, with the first assessment completed by the end of the current financial year. It will provide for an overall assessment of each RDA’s performance and its capacity to improve. A key element of the approach will be the use of self-assessment.

The purpose, process and methods of policy, programme and project evaluation are set out in a number of Government publications – generically in the HM Treasury’s “Green Book” and the Cabinet Office’s Magenta Book and for specific EU and departmental policies in the EC post-MEANS guidance on the Evaluation of Socio-Economic Development and ODPM’s 3Rs guidance, DTI guidance on preparing evaluation plans, the role of evaluation in the Small Business Service and evaluation guidance available from the devolved administrations.

11 ODPM; Assessing the impacts of spatial interventions; Regeneration, Renewal and Regional Development – The 3Rs guidance; May 2004 – http://www.odpm.gov.uk/stellent/groups/odpm/about/documents/downloadable/odpm_about_029333.pdf
• **RDA programme and project evaluations**: The RDAs through the Office of Project Advice & Training (OffPAT) have prepared guidance on various aspects of performance management including project evaluation. Evaluation principles and methods have been the focus of the regular meetings of the RDAs’ Performance Management and Appraisal Practitioners Groups.

• There is also a good deal of monitoring and evaluation activity amongst the individual RDAs primarily carried out on projects. However, until the introduction of the Single Programme in April 2002, much of the RDA spend and activities were dominated by the so-called ‘legacy’ programmes – such as the Single Regeneration Budget (SRB), European Structural Fund Programmes and English Partnerships’ interventions, each of which had its distinctive monitoring and evaluation requirements. After 2002 the RDAs were required to work within a national targetry framework (Tiers 1, 2 and 3) with some flexibility to establish their own targets and indicators to reflect particular regional conditions. However, this was revised in 2005 when the RDA Tasking Framework was put in place with a set of Core Outputs that differed from those prevailing under the previous targetry regime. Moreover, post 2002, the RDAs were given responsibilities in the areas of transport, tourism, planning and housing and were required to work closely with the Small Business Service (SBS) and Learning and Skills Council (LSC) to pilot the regional management of services to small businesses and improvements to adult skills.

1.5 So, in summary, the design of the RDA evaluation framework needs to acknowledge the work that has already been done and will continue to be done. It needs to be focused on aspects requiring development – most notably generating better understanding about the outcomes from RDA interventions as a whole and learning how to increase their impact effectiveness. Issues such as appropriateness of objectives, organisational capacity and monitoring procedures are not the primary object of this exercise – as important as they are. The focus is squarely on designing a framework for assessing the contribution of the RDAs to regional and national objectives. We explain this further by reference to a modified version of a standard monitoring and evaluation framework.

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Structure and focus of the RDA evaluation framework

STRUCTURE

1.6 Figure 1.1 presents a modified version of the standard framework for monitoring and evaluation (derived from work by the National Audit Office\textsuperscript{16} and the European Commission\textsuperscript{17}) to reflect the particular circumstances in which the RDAs are required to operate.

Figure 1.1: Structure of the RDA evaluation framework

1.7 The four basic building blocks in the framework are as follows:

- **[A] National and regional conditions**: The strengths and weaknesses with respect to the levels and trends in UK and regional performance (productivity and its drivers) that may reveal the scope and nature of market failures in achieving efficiency and equity and that provide the underpinning rationale for regional policy interventions.

- **[B] PSA Targets and RES objectives**: The translation from the strengths and weaknesses, opportunities and threats presented by contextual conditions into national and regional objectives. These will be represented by, respectively, the PSA Targets and the distinctive strategic objectives for each of the English regions.

\textsuperscript{16} NAO; Measuring the Performance of Government Departments; March 2002 – http://www.nao.org.uk/publications/nao_reports/00-01/0001301.pdf – see page 2 of the Executive Summary.

• [C] RDA spend, activities, leverage and direct outputs: The categories of spend and activities by the RDAs, their partners and national policies/programmes in pursuit of regional and national objectives and the direct outputs (Core Outputs and supplementary outputs) that they generate. It is in this part of the framework that monitoring usually plays its most active role – checking that spend, activities and direct outputs are going according to plan and triggering contingency action where needed. It is also the stage where judgements can be made about effectiveness (performance against objectives) and cost-effectiveness (the unit cost of delivery of the direct or gross outputs).

• [D] National and regional outcomes and impacts: The conversion of the direct outputs from RDA and partner interventions into net outputs and outcomes that have the desired impacts on the national and regional conditions that justified the interventions in the first place. It is in this part of the framework that evaluation has to supplement monitoring because it requires assessment of effects on third parties (e.g. multiplier and displacement effects) and unintended effects – in the following sequence of adjustments (which may not necessarily be as linear as depicted):

As depicted in Figure 1.1, the framework relates to a single RDA. But there are nine RDAs in England (including the LDA) and, therefore, the framework required by our terms of reference must allow for collective as well as individual assessment of their impact. Given that a key PSA target involves narrowing regional productivity gaps by 2006, the framework needs to facilitate assessment of the contribution of the RDAs as a whole to this objective. This will require consideration of inter-regional spill-over effects – both positive (multiplier) and negative (displacement) – as well as the additionality of the outputs and outcomes within the relevant regional boundaries.

The framework will, once it has been implemented, generate learning opportunities as various interventions by different RDAs are evaluated on a consistent basis. This will allow comparison of what approaches work best in particular circumstances (e.g. which business support measures are most effective in a rural context). This learning can then be fed into the development of future projects and programmes through benchmarking, good practice guides and case studies which, over time, will help all RDAs deploy their resources more effectively.
FOCUS ON OUTCOMES AND IMPACTS

1.10 On the assessment earlier in this section of the progress that has been made in the various components of the framework, the aspects that most require further development are those that relate to assessment of RDAs’ programme level net outputs and outcomes and their contributions to regional and national objectives.

1.11 It needs to be recognised that, in developing this element of the framework, we are entering largely uncharted territory and, in our view, it therefore needs to be designed, developed and implemented in learning mode – with HMT and departments involved as well as RDAs.

1.12 This was recognised explicitly in the Terms of Reference for the study ("to assist the RDAs in undertaking impact evaluations of their effectiveness since their inception") and by the DTI when setting up the consultations that were held in preparation for the development of the framework. It was acknowledged that "the evaluation framework can only be developed in partnership and through extensive consultation with the RDAs and other stakeholders". The consultations were intended to "seek senior views on the RDAs’ expectations of the evaluation; understand the range of information that might be drawn upon; and test the practicality of different approaches".

1.13 The need for the development and implementation of the evaluation framework to be conducted in a spirit of learning was also explicitly stated in a note prepared on behalf of the RDAs’ Performance Management Group (PMG) prior to the workshop held with RDA evaluation practitioners and a meeting of RDA Strategy Directors.

1.14 We have interpreted the stated intentions for the framework by both DTI and the RDAs to mean that the output of the study will need to be an impact evaluation and learning framework that provides for:

- A statement of the core issues that the framework should address and the evaluative methods and research appropriate for doing so;
- Explanation of the available evaluation methods relevant to the RDAs’ portfolio of activities;
- The provision of advice and assistance in the design and use of evaluation methods in the main policy areas in which the RDAs are likely to engage – supplementing and not replicating existing guidance;
- Establishment of the basis for developing a body of evidence on which RDAs and departments can draw for an understanding of ‘what works, for whom and in what contexts’ and, thus, facilitating learning and benchmarking both within and between RDAs;
- Identification of priorities for joint evaluative research between departments, RDAs and their partners.
Structure of the report

1.15 Following this introductory section setting out the rationale, purposes and outputs of the evaluation framework, the rest of this report is organised according to the following structure:

- **Section 2: Core evaluation issues and approach** – describes the core evaluation issues to be addressed by the framework and consideration of the appropriate general approach to implementation of the framework;
- **Section 3: The evaluation process** – draws on and supplements existing guidance on prioritising evaluations, preparing for them, scheduling them so that they integrate with other performance management procedures, commissioning them and learning from their findings;
- **Section 4: Evaluation methods** – introduces the evaluation methods and existing guidance that will be most relevant for addressing each of the core evaluation issues;
- **Section 5: The sustainable development context for RDA impact evaluations** – sets out the various formulations of sustainable development and the evaluation methods that have been developed and tested and that RDAs should consider in their evaluation plans and activities;
- **Section 6: Evaluating the RDAs’ impact on business development and competitiveness** – provides an overview and exposition of the evaluation methods appropriate for RDA interventions in support of businesses and the infrastructure within which they operate with routing to the relevant sections of available guidance;
- **Section 7: Evaluating the RDAs’ impact on regeneration and renewal** – overview and exposition of methods that have been used to evaluate interventions designed to reduce social exclusion and bring about renewal of deprived areas and their community and physical infrastructure;
- **Section 8: Evaluating the RDAs’ impact on skills development** – overview and exposition of methods used to evaluate interventions to enable people, especially those that are disadvantaged, to participate more effectively in the labour market and to improve their earnings generating potential;
- **Section 9: Turning the framework into action** – sets out, for discussion with DTI, RDAs and other stakeholders, our view of the next steps that need to be taken to put the framework into effect once it has been agreed.
Recommendation 1: The overall framework for performance assessment of the RDAs should be as depicted in Figure 1.1 but, given other performance management developments, the focus of the RDA evaluation framework should be on RDA impacts through their achieved net outputs and outcomes and the lessons that can be learned about their effectiveness and cost-effectiveness.
2 Core evaluation issues and approach

Introduction

2.1 This section describes the core evaluation issues which the framework has been designed to address and the rationale and process which gave rise to them. It will also outline the general approach which we suggest should be adopted by the RDAs and their sponsor departments in implementing the evaluation framework to ensure that it gets embedded to a depth that survives the passage of time and people.

Evaluation issues

COMPREHENSIVE SET OF EVALUATION QUESTIONS

2.2 Our first step in the design of the framework was to set out a comprehensive set of evaluation questions for possible inclusion in the framework. These were to be refined through consultations with the RDAs and by review of the work already in place to identify a core set of evaluation issues not being tackled by other means.

2.3 The issues were specified in the light of preliminary discussions with evaluation and research specialists in two RDAs, consideration of evaluation frameworks designed either for RDAs or other agencies such as Scottish Enterprise and the Sector Skills Development Agency, a review of the literature on RDAs and regional development and a recent review by SQW of performance and impact measurement systems adopted by regional development agencies in other countries.

2.4 The full list of evaluation issues is presented at Annex B where it will be seen that we made the following distinctions:

18 For example, Evaluating the Impact of emda – Final Report to emda; ECOTEC; May 2004.
• **Capacity, process and outcomes:** In order to achieve their objectives, RDAs will have to acquire capacities and operate in ways that will make them effective and efficient in achieving their desired outcomes. The capacity and process issues were included in the long list of evaluation issues so that the framework might facilitate learning about ‘what works’;

• **Different spatial levels:** The list of issues distinguished between those that might be relevant at the national level – e.g. the RDAs influence on the national policy agenda, cross-regional levels (e.g. the Northern Way), regional levels and sub-regional and programme levels (e.g. deployment of Structural Funds).

**CONSULTATIONS WITH THE RDAs**

2.5 Consultations with all the RDAs were held to derive a core set of issues to be addressed by the evaluation framework. The consultations were held at senior strategic levels as well as with operational staff and evaluation specialists within the RDAs. They were supplemented by a workshop with evaluation practitioners and a discussion with RDA strategy directors. This consultative process helped to provide fuller understanding of the context for the objectives and parameters for the evaluation framework as set out in Section 1 of this report.

2.6 In summary, the feedback from the consultations was that the framework should be designed:

• As ‘a framework for learning’ – not an audit or organisational review;
• To acknowledge and build on what is in place and planned (such as the work on the IPA/CPA) and not duplicate it;
• With a focus on outcomes and impacts rather than capacity and process issues which were being addressed by other means and should only be considered when drawing out lessons on ‘what works’;
• To draw a distinction between projects and programmes – RDAs have different approaches to the design and implementation of programmes reflecting differences in the regional conditions in which they operate and which the framework would need to acknowledge;
• To consider the strategic added value\(^2\) (SAV) of the RDAs as a critical element in RDAs’ influence in achieving RES objectives and to provide for the evaluation of its contribution in this sense;
• To provide assistance with the application of key evaluation concepts and methods – supplementing and not replicating existing guidance.

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\(^2\) DTI Tasking Framework for RDA Corporate Plans 2005-08, Annex C: “RDAs are increasingly active in non-project activities that do not produce traditional outputs, and so capturing this ‘catalytic’ and ‘influencing’ role is essential to full monitoring of RDA performance. As RDAs’ strategic added value (SAV) is a key part of their contribution to PSA delivery, it is part of the Tasking Framework and will be identified in RDA Corporate Plans and reporting.” – http://www.consumer.gov.uk/arda/info/Corporate_Plan_Guidance.htm#ANNEX%20D
THE CORE EVALUATION ISSUES

2.7 On the basis of the feedback from the consultations, we expressed the core evaluation issues as an overarching evaluation question broken down into the component issues that would have to be addressed to answer it (Figure 2.1). The wording of the overarching question has been taken from the DTI Guidance to RDAs on the purpose of the Regional Economic Strategies\(^{24}\) (to which the RDAs are required to contribute) modified to reflect the fact that the RDAs are also expected to contribute to national policy targets (see the guidance on RDA Corporate Plans 2005-08, Tasking Framework\(^{25}\)).

2.8 The component issues are expressed in the figure in a linear sequence that links the inputs by the RDAs (whether in the form of its spending and/or strategic added value), the resultant programmes and projects of RDA intervention and the regional and supra-regional net outputs and outcomes they generate. The distinction between projects and programmes is important, and has a key bearing on impact evaluation. There are no definitions of projects and programmes that are exactly applicable across all RDAs.\(^ {26}\) The crucial points are that:

- the objectives of projects are more attuned to outputs, whereas for programmes the main objectives are outcomes
- there should be an additional benefit through delivery of a programme over simple aggregation of individual projects
- the strategic added value of the RDAs tends to be more relevant at the programme level than the project level.

2.9 The sequence set out in Figure 2.1 is very rarely as neat and linear as this in practice. But it sets out the logical flow which evaluation needs to explore to assess, not only the contribution of RDAs to regional and national objectives, but also what interventions worked best and most cost-effectively. It is emphasised that in undertaking impact evaluation there is a need to relate outputs and outcomes back to funding and activities and projects. This information can then be used in tackling the core focus of impact evaluation – understanding how the RDA has contributed to the achievement of regional and national objectives.

\(^{24}\) DTI Guidance to RDAs on Regional Strategies: “The fundamental purpose of the RES is to improve economic performance and enhance the region’s competitiveness, addressing market failures that prevent sustainable economic development, regeneration and business growth in the region.” – http://www.dti.gov.uk/rda/info/res.htm

\(^{25}\) DTI Tasking Framework for RDA Corporate Plans 2005-08; “The Framework requires each RDA to show... how it will address the priorities identified in the Regional Economic Strategy (RES) for the region and contribute to the delivery of the Government’s PSA Targets on Regional Economic Performance, Sustainable Development and Productivity/Rural Productivity and through these to the delivery of a range of other PSA Targets” – http://www.consumer.gov.uk/rda/info/Tasking_Framework_%20Corp_%20Plans.htm

\(^{26}\) All RDAs have projects, though some may not organise their projects through programmes per se. Instead, projects may be organised through themes for example.
Evaluation approach

2.10 There are aspects of the approach to evaluation which we think are particularly relevant in the context of RDA impact assessment and on which we have recommendations to make, as follows:

- The additionality ‘logic chain’;
- ‘Theory of change’ specifications;
- Strategic added value;
- Strategic themes, programmes and projects;
- Evaluation of RDA impacts since their inception.

THE ADDITIONALITY ‘LOGIC CHAIN’

2.11 While interventions by the RDAs may differ with respect to activities, client base, geographic coverage, funding levels and delivery mechanisms, they share the five statutory purposes under the Regional Development Agencies Act 1998 to:

- Further economic development and regeneration
- Promote business efficiency, investment and competitiveness
- Promote employment
- Enhance development and application of skills relevant to employment
- Contribute to sustainable development
Moreover, there has been an accumulation of evaluation evidence\(^{27}\) with regard to the kind of interventions which RDAs will pursue to meet these purposes to be sure of the common factors that should be taken into account when assessing the additionality of their impact. The factors in the additionality ‘logic chain’ that link the intervention activity with its net outputs and outcomes are set out in Figure 2.2.

There are some elements in the chain that are likely to vary in the extent of their influence depending on the size of the spatial area targeted by the intervention. The level of product market competition is likely to be higher and the extent of economic linkages also higher if a larger spatial area is considered. This will have the effect (other things equal) of increasing, respectively, product market displacement effects and supplier multiplier effects. The first effect works to reduce the net as compared with gross outputs and the second operates to increase the net effect – the balance has to be assessed from the evaluation evidence. Consequently, it will be particularly important for evaluations of RDA impacts to take these elements into account to assess the impact of a project or programme intervention on economic performance at the regional and national levels.

It is also likely to be the case that some aspects of the additionality logic chain will vary in their influence depending on the tightness of economic conditions in the relevant region or sub-region. For example, product market displacement and crowding out effects will tend to be more likely and severe where unemployment rates are low and economic activity rates are high – e.g. in the Southeast region.

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\(^{27}\) See, for example, HM Treasury Green Book; ODPM: The 3Rs Guidance (2004); English Partnerships’ \textit{Additionality Guide} (September 2004) – http://www.englishpartnerships.co.uk/page.aspx?pointerID=12751|28rnQfR2zJ1|KqyfBbE3vRvVY4n; EKOS \textit{Baselines and Quantification in the UK Objective 2 Programmes} (October 1998); and in SQW \textit{Identification of Performance Benchmarks} – a draft report to Advantage West Midlands (August 2003).
### Figure 2.2: Key elements in the additionality logic chain for evaluative study

<table>
<thead>
<tr>
<th>The reference case</th>
<th>What would have happened in the absence of the intervention? The level of target outputs and outcomes that would have been secured if the project or programme had not gone ahead.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deadweight</td>
<td>The proportion of total outputs/outcomes that would have been secured anyway (sometimes referred to as non-additionality).</td>
</tr>
<tr>
<td>Gross attributable outputs/outcomes</td>
<td>The proportion of total outputs/outcomes that would not otherwise have been secured.</td>
</tr>
<tr>
<td>Leakage</td>
<td>The number or proportion of outputs/outcomes under both the reference case and the intervention that benefit those outside the target area of the intervention. Such effects should be deducted from the gross additional outputs.</td>
</tr>
<tr>
<td>Displacement</td>
<td>The number or proportion of outputs/outcomes under both the reference case and the intervention that reduce outputs/outcomes elsewhere in the target area for the intervention. These effects can occur in product markets (e.g. amongst non-assisted business competing in the same market) or in factor markets (e.g. in the labour market) and should be deducted from the gross additional outputs.</td>
</tr>
<tr>
<td>Substitution</td>
<td>This effect arises where, say, a firm substitutes one activity for a similar one (such as recruiting a jobless person to replace an existing worker) to take advantage of the public sector assistance. These effects should be deducted from the gross additional outputs.</td>
</tr>
<tr>
<td>Multipliers</td>
<td>Further economic activity (e.g. jobs, expenditure or income) associated with additional income to those employed by the project (income multipliers), with local supplier purchases (supplier multipliers) and with longer term development effects (dynamic effects e.g. induced inward migration).</td>
</tr>
<tr>
<td>Unintended effects</td>
<td>Consequences that were not anticipated for the targeted outputs and outcomes – e.g. property market interventions in an area may prompt private sector developers to go elsewhere. The unintended effects may be on non-targeted outputs and outcomes but may still have adverse effects on sustainable economic development – e.g. adverse environmental effects.</td>
</tr>
<tr>
<td>Crowding out/ crowding in</td>
<td>This effect occurs where increases in public expenditure associated with the intervention cause other variables in the economy to adjust resulting in either a decline (crowding out) or increase (crowding in) in private expenditure.</td>
</tr>
<tr>
<td>Wider effects on sustainable development</td>
<td>The effect an intervention has on sustainable development through its consequences for economic, social and environmental development – the ‘triple bottom line’.</td>
</tr>
</tbody>
</table>


The factors in the additionality logic chain will also need to be taken into account, as far as possible, in the development and appraisal of intervention programmes and projects.²⁸

2.15 A theory of change approach to evaluation has been described as, ‘a systematic and cumulative study of the links between activities, outcomes and contexts of the initiative’. It involves the specification of an explicit theory of how and why a programme or project might cause or have caused an effect and the use of this theory to guide the evaluation. The approach acknowledges that the body of existing evidence does not provide us with enough knowledge and experience to be confident about the nature or extent of causality between a programme/project intervention and its intended effects. We are, therefore, required to:

- rely on theory to make some of the links between the intervention and its outcomes;
- up-grade and refine our knowledge as the programme/project and its evaluation unfold;
- recognise that multiple theories of change might be held by central government, regional partners and local stakeholders and that evaluation needs to involve them in the process of learning.

2.16 The theories of change approach has been adopted in recent evaluations in the UK especially of programmes for local and neighbourhood renewal and regeneration in deprived areas. The mechanisms by which such programmes bring about their intended effects (or have unintended effects) are not well-understood and this evaluation approach therefore seems highly appropriate in these circumstances.

2.17 There is more evaluation evidence available on the ways in which programmes for business development, skills development and land and property development work through the additionality logic chain to net outputs. We know from this evidence that some of the elements in Figure 2.2 will operate differently in each of these types of programmes. For example, an area regeneration intervention that works through environmental improvement is unlikely to be associated with displacement or substitution issues. However, a business development programme is likely to be associated with displacement effects and a skills development intervention with substitution effects. This is because the additionality logic chain works through mechanisms and markets that vary depending on the different categories of interventions being pursued.


30 ODPM; ‘Developing a theory of change to evaluate local public service agreements’; May 2004; and ODPM; ‘LSP evaluation and action research programme; Case studies interim report: A baseline of practice’; May 2004.

31 See the references at footnote 26.
2.18 The theories of change can, therefore, be specified with more certainty for such programmes. However, even where this is the case, there are still likely to be areas of uncertainty that require more reliance on theory than on evidence especially in the specific context of RDA interventions. One of these will be the ways that RDAs exercise their strategic added value to bring about desired outcomes. A second will be the nature of the transition from project, programme or thematic net outputs (in Figure 2.2) to outcomes and impacts at the level of the region and supra-regional areas. Both of these are little researched areas where future evaluation will be particularly valuable for learning purposes.

**STRATEGIC ADDED VALUE (SAV)**

2.19 The contribution of the RDAs can come through their project and programme spend but also through their influence on partners’ and stakeholders’ behaviour and performance.

2.20 A Guidance Note on SAV has been prepared by SEEDA for the RDA Performance Management Group and definitions of the way in which it might be exercised have been set out in the analytical framework proposed by ECOTEC in its scoping study of an evaluation framework for emda. The contribution of SAV is also formally acknowledged in the guidance to RDAs on the content of their corporate plans and in the design of the proposed IPA. The approaches are broadly similar and we have drawn on them to provide a composite picture of SAV functions and outputs in Figure 2.3. The RDA corporate planning guidance also suggests how SAV might be applied in the context of particular policy fields and examples are provided in Figure 2.4.

2.21 The influence that an RDA can exert on others will need to feature in the evaluation of its impact as an input and activity that might not have been exercised in the same way or to the same effect without the RDAs. However, the RDAs’ capacity for SAV and the way in which it is exercised will also need to be addressed in other aspects of their performance measurement and management (e.g. the IPA). Therefore, there should be good coordination between the implementation of the IPA and the evaluation framework so that they reinforce rather than duplicate efforts. In addition, RDAs will approach the evaluation of SAV in different ways depending on their activities and role in the regional policy context. For example the LDA’s role through SAV may be different due to the presence of the Mayor and the Greater London Authority.

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32 SAV Guidance Note: Prepared by SEEDA for the RDAs’ PMG; May 2005.
**Figure 2.3: Analytical framework for assessing SAV**

<table>
<thead>
<tr>
<th>RDA SAV functions</th>
<th>SAV outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic leadership &amp; catalyst:</strong> Articulating and communicating regional development needs, opportunities and solutions to partners and stakeholders in the region and elsewhere;</td>
<td>• Creating confidence in the prospects for economic growth and in the capacity of partners and stakeholders to realise the potential for growth and improved regional performance;</td>
</tr>
<tr>
<td><strong>Strategic influence:</strong> Carrying out or stimulating activity that defines the distinctive roles of partners, gets them to commit to shared strategic objectives and to behave and allocate their funds accordingly;</td>
<td>• Generating cross-regional partnerships of mutual benefit to the growth prospects of each participating region;</td>
</tr>
<tr>
<td><strong>Leverage:</strong> Providing financial and other incentives to mobilise partner and stakeholder resources – equipment, people as well as funding</td>
<td>• Achieving alignment and inter-locking of the priorities and investment plans of partners with the RES and with other partners;</td>
</tr>
<tr>
<td><strong>Synergy:</strong> Using organisational capacity, knowledge and expertise to improve information exchange and knowledge transfer and coordination and/or integration of the design and delivery of interventions between partners;</td>
<td>• Levered funding and other resources from partners and stakeholders in support of RES objectives</td>
</tr>
<tr>
<td><strong>Engagement:</strong> Setting up the mechanisms and incentives for more effective and deliberative engagement of stakeholders in the design and delivery of regional and sub-regional priorities and programmes.</td>
<td>• Reduced duplication of service provision from regional partners – e.g. in business development support</td>
</tr>
<tr>
<td></td>
<td>• Scaling up of projects and programmes to beneficial levels that achieve scale economies and provide for critical mass in securing benefits;</td>
</tr>
<tr>
<td></td>
<td>• Introducing quality and innovation in RDA and partner interventions through the transfer of good practice, the development and use of benchmarks and the adoption of new processes and methods.</td>
</tr>
</tbody>
</table>

Source: Adapted from the Guidance Note on SAV prepared by SEEDA for the RDAs’ Performance Management Group and from the ECOTEC Scoping Study for emda (2004)
2.22 In later sections of the report and specifically figures 6.4, 7.5 and 8.4 we indicate how SAV could be assessed for different types of intervention. Given that SAV is a relatively new concept, it is understood that the methods of evaluating the impact of SAV will evolve over time and that there are likely to be difficulties in measuring it. At this stage, the evaluation of SAV could be important to provide ‘leading’ qualitative indicators of how RDAs have leveraged funding and influenced partners’ and stakeholders’ behaviour, decisions and outcomes in ways that may not otherwise have occurred.

### Figure 2.4: Examples of SAV at work in different policy fields

<table>
<thead>
<tr>
<th>Policy fields</th>
<th>Examples of RDA SAV activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong></td>
<td>• Promoting increased business energy efficiency, increasing competitiveness and minimising the energy impact of economic growth</td>
</tr>
<tr>
<td><strong>Enterprise</strong></td>
<td>• Working with a range of regional partners to promote enterprise opportunities for disadvantaged and underrepresented groups (e.g. women, ethnic minorities)</td>
</tr>
</tbody>
</table>
| **International trade and foreign direct investment** | • Creating and improving linkages with Higher Education Institutions (HEIs) on inward investment promotion  
 • Promoting cross-RDA collaboration on sector propositional marketing for inward investment |
| **Rural development** | • Rural proofing – ensuring that the policies and programmes of the RDA and its partners secure benefits for rural dwellers, especially the disadvantaged, as much as for urban dwellers |
| **Sustainable development** | • Working in partnership to draw up and deliver regional sustainable development frameworks |
| **Sustainable farming and food strategies** | • Improving business support and raising skill levels in the farming and food industries |
| **Science and technology** | • Improving regional capacity to understand the contribution of an excellent and sustainable knowledge base to regional and national productivity growth, and to develop strategies to support this |
| **Skills** | • Developing and operating effective Regional Skills Partnerships (RSPs) to provide co-ordinated and effective labour market services for the region |
| **Tourism** | • Providing regional delivery structures for implementing Regional Sustainable Tourism Strategies |

Source: Adapted from Corporate Planning Guidance 2005-08
STRATEGIC THEMES, PROGRAMMES AND PROJECTS

2.23 Evaluation can be conducted at the level of individual projects, programmes and/or strategic themes. The RDAs have organised the structure of their activities in different ways with some placing more emphasis on programmes than others. Moreover, there are no hard and fast rules that distinguish programmes from projects in ways that would be generally understood and accepted. So, in order for the evaluation framework to be relevant to all RDAs, it cannot be prescriptive about the appropriate level for the conduct of impact evaluations.

2.24 However, what can be said is that an impact evaluation will need to:

- Build on the evaluated outputs and outcomes from RDA interventions at their smallest organising unit (e.g. projects);
- Sum across the interventions where they support the same objective or objectives to produce aggregate (e.g. programme or thematic) outputs and outcomes – at sub-regional levels (e.g. a regeneration zone) or with respect to a particular aspect of economic development (e.g. tourism);
- Take account of any strategic added value in terms of integrating or coordinating the interventions (e.g. projects) so that they are mutually supportive and/or influencing partners to direct their resources and activities to support the RDA interventions;
- Relate the aggregated outputs and outcomes (at programme or thematic levels) to observed changes in the conditions at the sub-regional or regional levels to assess the extent to which the intervention(s) contributed in the ways and to the extent intended.

2.25 The critical feature of the evaluation of outputs and outcomes at the programme or thematic levels is that they will need to take full account of the last two steps – assessing any SAV influence and relating the outputs and outcomes to changes in sub-regional and regional conditions. The latter will usually require the use of intermediate outcome measures and may involve the use of a theory of change to make the transition to final outcomes and impacts. This is illustrated in Figure 2.5 for a business development intervention.
Projects in support of increased business research & development (R&D) including better links with the UK knowledge base

Programme for increased business R&D in the ICT sector

Strategic theme – building a knowledge based economy

**Outputs**
- Number of businesses assisted to improve their performance
- Number of businesses engaged in new collaborations with the UK knowledge base
- Number of businesses engaging with innovation support initiatives

**Outputs** as above but specific to the ICT sector and more than the sum of the projects through SAV influence – e.g. inter-university collaboration.

**Intermediate outcomes** – e.g. value of increased R&D in the number of businesses engaging with the knowledge base and attributable to the RDA funded projects/programme

<table>
<thead>
<tr>
<th>In the ICT sector</th>
<th>Generally</th>
</tr>
</thead>
</table>

**Outcomes** related to the relevant PSA targets – e.g. increased science and technology outputs from the knowledge base, increased productivity amongst the supported businesses

<table>
<thead>
<tr>
<th>In the ICT sector</th>
<th>Generally</th>
</tr>
</thead>
</table>

**Impacts** on the regional economy in the strength of the knowledge base and its outputs and in the overall use of R&D to enhance the productivity of the business sector, its customers and its supply chain

These overall effects may be inferred from the evaluation but will probably require assumptions based on a theory of change drawn from more general evidence about the relationship between increased business R&D and the development of a knowledge based economy with higher productivity.
EVALUATION OF RDA IMPACTS SINCE THEIR INCEPTION

2.26 The RDAs have been in existence since 1999 but, there have been three broad phases in their development since then which are relevant to the evaluation of their impact:

- **1999/2000-2001/02**: During this period, RDAs’ spend and activities were dominated by ‘legacy’ programmes which they were charged to deliver – each with its own monitoring and evaluation requirements.

- **2002/03-2004/05**: The RDAs were given the flexibility to operate within the Single Programme in which sponsor departments’ budgets could be pooled. They were required to work within a new targetry framework in which Tier 3 outputs were well-defined for output monitoring purposes but with outcomes less closely specified and not linked clearly to PSA targets. They were also allocated new responsibilities, functions and budgets (e.g. with regard to tourism and small business services).

- **2005/06 and onward**: The targetry regime was changed with the new Tasking Framework which specified different Core Outputs for output planning and monitoring purposes and linked, at least in general terms, with revised and new PSA targets (and associated outcome indicators).

2.27 The significance of these phases is that an impact evaluation framework that will be appropriate in guiding the RDAs in their future evaluation efforts (as this framework design is intended to do) may not be suitable in all its aspects for an assessment of the impact achieved by the RDAs in their first phase. Indeed, we would expect that the latter will be so dominated by historical requirements for monitoring and evaluation and that these are likely to vary so much between ‘legacy’ programmes that it will prove difficult to aggregate across the programmes.

2.28 Our suggested approach in these circumstances is that there will have to be a broad-brush approach to aggregation of outputs and, where possible, outcomes over the first phase of RDA development. The impact evaluation framework set out in this report could be applied more fully and systematically over the second phase of development. But, even here, we expect there to be difficulties in estimating outcomes except by inference (using theories of change) from the output aggregates. It is only in the current phase of RDA development that we would hope the proposed framework could be applied in a fully-fledged way following implementation and some further incremental development. We set out these proposals more fully in the final section of our report.
Intervention categories in the context of sustainable development

2.29 The RDAs and their partners have responded to their different regional circumstances by giving a variety of expressions in their Regional Economic Strategies to priority strategic themes and objectives. The evaluation of impacts should be tailored to these priorities.

2.30 However, for the purposes of this general impact evaluation framework, we have defined what we have called “intervention categories” that will be recognisable to the RDAs as being consistent, broadly, with their strategic themes and objectives. The categories also reflect the distinctive theories of change that link RDA interventions with the different Tasking Framework Core Outputs and PSA targets (see Annex A). In turn, the intervention categories lend themselves to broadly different evaluation methods and techniques.

2.31 RDAs are required to contribute to the sustainable development of their regions – i.e. to operate and intervene in ways that contribute to regional economic, social and environmental development. We have reflected this requirement by placing the intervention categories within a broader sustainable development framework.

2.32 However, the state of the art with respect to the evaluation of sustainable development initiatives can best be described as work in progress and, where it has been applied (e.g. in the deployment of Structural Funds), has been focused on the interactions between broad programmes for business, skills and physical development.

2.33 On these grounds, we have provided a general contextual guide to the evaluation of sustainable development (Section 5) with a more detailed account of evaluation methods (Sections 6-8) in the three intervention categories set out in Figure 2.6.

2.34 By way of summary and in anticipation of the proposals set out in Sections 6-8, we provide in Figure 2.7 an account of the key indicators and data requirements needed to address the core evaluation issues (see Figure 2.1) for each of the intervention categories proposed in Figure 2.6.
### Figure 2.6: Intervention categories for the RDA Evaluation Framework

<table>
<thead>
<tr>
<th>RDA activities</th>
<th>RDA core outputs</th>
<th>Commentary on evaluation of the link to outcomes</th>
<th>PSA targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business development and competitiveness</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Start-up assistance</td>
<td>• Jobs created/safeguarded</td>
<td>The basic unit of analysis in the evaluation should be the individual firm and the extent to which it has been assisted to improve critical business processes and subsequent financial and/or growth performance within the region.</td>
<td>• Regional economic performance (esp. work-placed GVA per head)</td>
</tr>
<tr>
<td>• Promotion of spin-outs</td>
<td>• Number of new businesses created and demonstrating growth &amp; businesses attracted</td>
<td>It will be generally important to take account of deadweight and product market displacement and dynamic multiplier effects. However, displacement effects will matter less where intervention is directed at increasing jobs &amp; employment in deprived areas and community enterprises.</td>
<td>• Productivity</td>
</tr>
<tr>
<td>• Support for business growth</td>
<td>• Number of businesses assisted to improve their performance</td>
<td></td>
<td>• Enterprise</td>
</tr>
<tr>
<td>• Cluster strategies</td>
<td>• Number of businesses engaged in new collaborations with the UK knowledge base</td>
<td></td>
<td>• Science and innovation</td>
</tr>
<tr>
<td>• Promotion of BERD</td>
<td>• Jobs created/safeguarded</td>
<td></td>
<td>• International trade &amp; investment</td>
</tr>
<tr>
<td>• Attraction of investment</td>
<td>• Jobs created/safeguarded</td>
<td></td>
<td>• Employment</td>
</tr>
<tr>
<td>• Trade promotion</td>
<td>• Number of businesses engaged in new collaborations with the UK knowledge base</td>
<td></td>
<td>• Neighbourhood renewal</td>
</tr>
<tr>
<td>• Encouraging e business</td>
<td>• Jobs created/safeguarded</td>
<td></td>
<td></td>
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<tr>
<td>• Community enterprise</td>
<td>• Jobs created/safeguarded</td>
<td></td>
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<tr>
<td>• Rural diversification</td>
<td>• Jobs created/safeguarded</td>
<td></td>
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<tr>
<td><strong>Regeneration through infrastructure development</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Investment in physical development, public realm works and infrastructure</td>
<td>• Brownfield land reclaimed and/or redeveloped</td>
<td>The basic units for evaluation will relate to land and property development where issues of displacement are likely to be relevant.</td>
<td>• Regional economic performance</td>
</tr>
<tr>
<td>• Public and private regeneration investment levered</td>
<td>• Brownfield land reclaimed and/or redeveloped</td>
<td></td>
<td>• Sustainable communities</td>
</tr>
<tr>
<td><strong>Human resources and communities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Engagement with individuals to assist them into jobs</td>
<td>• Number of people assisted to get a job</td>
<td>The primary route to outcomes will be through the people whose skills have been enhanced so that their employment, productivity and income earning capacity and performance are increased. There will also need to be a focus on the residents in deprived areas and/or disadvantaged groups who have been assisted by a variety of means to enter/re-enter employment. The evaluative research will need to take account of deadweight, substitution and income multipliers in tracking the gross outputs through to net outputs and outcomes.</td>
<td>• Regional economic performance</td>
</tr>
<tr>
<td>• Supporting community development</td>
<td>• Number of people assisted in their skills development</td>
<td></td>
<td>• Productivity</td>
</tr>
<tr>
<td>• Provision of vocational training or general education courses</td>
<td>• Number of adults gaining basic skills</td>
<td></td>
<td>• Employment</td>
</tr>
<tr>
<td>• Provision of basic skills training to all people over 16 years of age</td>
<td>• Number of adults in the workforce who lack Level 2 who are supported to achieve at least Level 2 or equivalent</td>
<td></td>
<td>• Skills</td>
</tr>
<tr>
<td>• Provision of courses for Level 2 or equivalent qualifications</td>
<td>• Number of people assisted to get a job</td>
<td></td>
<td>• Neighbourhood renewal</td>
</tr>
<tr>
<td>• Provision of courses for Level 2 or equivalent qualifications</td>
<td>• Number of people assisted to get a job</td>
<td></td>
<td>• Enterprise</td>
</tr>
</tbody>
</table>
Recommendation 2: The core evaluation issues which the RDA impact evaluation framework should address are those set out in Figure 2.1.

Recommendation 3: Each of the elements in the additionality logic chain (Figure 2.2) should be assessed in any substantive evaluation carried out by the RDAs of their impact.

Recommendation 4: The theories of change approach should be adopted by the RDAs in their impact evaluations – to recognise the need to engage partners and stakeholders in the evaluation process and to test presumptions about the relationship between RDA interventions and their final impacts against RES and PSA objectives.

Recommendation 5: There should be a particular focus in the implementation of the impact evaluation framework on testing the contribution of RDAs’ strategic added value to meeting regional and national objectives, especially as formulated and implemented through their strategic themes and programmes.

Recommendation 6: The evaluation of the impact of the RDAs should acknowledge that the methods for doing so may need to be more partial and broad-brush for their early phase of development (based on ‘legacy’ programme outputs and inferred outcomes) than will be appropriate in their second and current phases of development.

Recommendation 7: The intervention categories set out in Figure 2.6 should be used to demonstrate the distinctive methods for evaluation within the framework and to provide the basis for aggregation across RDAs – whilst acknowledging that they will not necessarily provide for precise alignment with different RDAs’ strategic themes.
## Figure 2.7: Summary of key indicators and data requirements by intervention category

<table>
<thead>
<tr>
<th>Intervention categories</th>
<th>RDA funding and activities</th>
<th>RDA strategic added value (SAV)</th>
<th>Projects</th>
<th>Programmes</th>
<th>Regional</th>
<th>Supra-regional – key ones are PSAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business development and competitiveness</td>
<td>• Spend, resources allocated by business development theme/issue</td>
<td>• Confidence of businesses both inside and outside of the region.</td>
<td>• Number of businesses created &amp; demonstrating growth after 12 months.</td>
<td>• Increase in business performance, e.g. efficiency, sales, profitability and GVA.</td>
<td>• Workplace-based GVA per head; GVA per hour worked.</td>
<td>• Economic performance: business birth-rates and creation, business performance, workplace-based GVA and employment.</td>
</tr>
<tr>
<td></td>
<td>• Leverage by business development theme/issue</td>
<td>• Perceptions of the region as a place to do business.</td>
<td>• Number of jobs created by new business starts.</td>
<td>• R&amp;D expenditure as a % of GVA.</td>
<td>• Productivity: GVA per hour worked.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Clarity and understanding amongst small businesses as to the services available to them through business support (e.g. Business Link).</td>
<td>• Number of businesses assisted to improve their performance.</td>
<td>• % of businesses introducing new products, services and processes.</td>
<td>• International trade and foreign direct investment: export sales, inward investment enquiries and conversion rates.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Development of partnerships with intermediaries to improve effective use of finance by SMEs.</td>
<td>• Number of businesses within the region engaged in new collaborations with the UK knowledge base.</td>
<td>• HE-business interaction and generation of third stream income.</td>
<td>• Science and innovation: Business expenditure on R&amp;D as a % of GVA; % of businesses having introduced new products, services and processes; University income from collaborative research and IP; number of innovation-active businesses; value of investments resulting from RDA activity.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Indicators demonstrating an enterprise culture in the region.</td>
<td>• Increase in the business birth rate.</td>
<td>• Number of innovation-active businesses.</td>
<td>• Enterprise: Proportion of people considering going into business; self-employment rates (including in deprived areas); productivity of small firms.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Improved linkages with Universities and other organisations to support knowledge transfer.</td>
<td>• Increase in the survival rate of new businesses.</td>
<td>• Contribution to: economic capital element of sustainable development through innovation; environmental element where innovations directly affect this area.</td>
<td>• Rural productivity: Productivity and business performance of firms in rural areas; business birth rates in rural areas.</td>
<td></td>
</tr>
</tbody>
</table>
### Figure 2.7: Summary of key indicators and data requirements by intervention category

<table>
<thead>
<tr>
<th>Intervention categories</th>
<th>RDA funding and activities</th>
<th>RDA strategic added value (SAV)</th>
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<th>Programmes</th>
<th>Regional</th>
<th>Supra-regional – key ones are PSAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regeneration</td>
<td>• Spend, resources allocated by regeneration theme/issue</td>
<td>• Confidence of stakeholders/businesses within the region, and improved perceptions of those outside the region.</td>
<td>• Public and private regeneration infrastructure investment levered (£m/% private);</td>
<td>• Amount of brownfield land developed; % of housing and other development on brownfield land.</td>
<td>• In the longer-term improved economic performance: GVA, investment as a % of GVA, business creation and employment creation.</td>
<td>• Sustainable communities: Employment rates, unfilled vacancies, resident surveys, housing indicators.</td>
</tr>
<tr>
<td></td>
<td>• Leverage by regeneration theme/issue</td>
<td>• Infrastructure being delivered in accordance with businesses', residents' and others' needs.</td>
<td>• Such investment in reclaiming and redeveloping brownfield land.</td>
<td>• Housing/commercial units developed.</td>
<td>• Productivity improvements e.g. through transport improvements and ICT and broadband and rural productivity.</td>
<td>• Productivity (and economic performance): Leverage of investment (aligned with the estimated contribution this makes to increased productivity and on the basis of the different areas where investment is made).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Spill over effects into other regions – especially through shared infrastructure improvements.</td>
<td>• Infrastructure being delivered in accordance with businesses', residents' and others' needs.</td>
<td>• Sustainable communities, e.g. ratio of lower quartile house prices to lower quartile earnings.</td>
<td>• Sustainable development indicators associated with: environmental capital (especially transport, land use and others); economic capital (investment).</td>
<td>• Rural productivity: Commercial and industrial floorspace in rural areas.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Housing/commercial units developed.</td>
<td>• Foreign direct investment: Foreign investment as a result of newly upgraded/developed sites. Perceptions of the region as a place to locate.</td>
<td>• Foreign direct investment:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Sustainable communities: Employment rates, unfilled vacancies, resident surveys, housing indicators.</td>
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</tbody>
</table>

Core evaluation issues and approach
<table>
<thead>
<tr>
<th>Intervention categories</th>
<th>RDA funding and activities</th>
<th>RDA strategic added value (SAV)</th>
<th>Projects</th>
<th>Programmes</th>
<th>Regional</th>
<th>Supra-regional – key ones are PSAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources and communities</td>
<td>• Spend, resources allocated by human resources/communities theme/issue</td>
<td>• Proportion of incumbent/potential businesses recognising region as having a suitably skilled workforce.</td>
<td>• Number of people assisted in their skills development as a result of RDA programmes.</td>
<td>• Employment rate; unemployment rate; economic activity and inactivity rates (particularly in target groups and disadvantaged neighbourhoods).</td>
<td>• Deprivation indicators, and in wider economic/social indicators, e.g. earnings, benefit claimants, and then further effects on health, crime and quality of life (especially in disadvantaged areas).</td>
<td>• Skills: LFS data on levels of qualifications held by the workforce. LSC data on basic skills achievements. Survey data for workforce development. HEI participation data.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Whether Regional Skills Partnerships and employers perceive that there is value-adding impact arising from RSP’s work.</td>
<td>• Number of adults gaining basic skills as part of the Skills for Life Strategy that count towards the skills PSA Target.</td>
<td>• Proportion of adults without basic skills (particularly in disadvantaged neighbourhoods).</td>
<td>• Skills gaps and skills shortages.</td>
<td>• Employment: Overall employment rate; overall worklessness; employment rate in deprived areas; employment rate of particular groups; employment in knowledge intensive industries; quality of employment can also be measured using earnings data (e.g. New Earnings Survey).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increase in the demand for skills (and workforce development) and suitable deployment – e.g. measured by proportion of firms providing training, proportion of labour force seeking higher level qualification, and extent skills gaps.</td>
<td>• Number of adults in the workforce who lack a full Level 2 or equivalent qualification who are supported in achieving at least a full Level 2 qualification or equivalent.</td>
<td>• Proportion of adults with Level 2 qualification, with Level 3 qualification etc (particularly in disadvantaged neighbourhoods).</td>
<td>• Sustainable development indicators associated with: social capital (especially in deprived areas); human capital (associated with knowledge base and skills outcomes).</td>
<td>• Productivity: GVA and business performance – in particular in priority sectors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Recognition of RDA leading partnerships’ work relating to: childcare; schools and colleges; identification of priority disadvantaged groups.</td>
<td>• Number of people assisted to get a job.</td>
<td>• Individual and employer satisfaction with training.</td>
<td>• Individual and employer satisfaction with training.</td>
<td>• Productivity: GVA per hour worked.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Drop-out/retention rates.</td>
<td></td>
<td>• Neighbourhood renewal: Employment rate in deprived areas; benefit claimant rates.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Rural productivity: key indicators broken down for rural areas.</td>
</tr>
</tbody>
</table>
3 The evaluation process

Introduction

3.1 Government guidance and good practice require that the RDAs carry out assessments of their interventions following their completion. HM Treasury makes clear that evaluation of any public sector intervention should be integrated within the project development, implementation and review cycle\(^{35}\) to inform the more effective design and implementation of future policy, programmes and projects. The DTI provides guidance on the preparation of evaluation plans for all interventions that it funds\(^{36}\) and OffPAT offers advice on the conduct of evaluations by the RDAs.\(^{37}\)

3.2 Within the framework of guidance on offer, the RDAs are responsible for designing their own evaluation systems and processes to fit their particular organisational structures and requirements. These evaluation processes will need to sit alongside their project/programme development, appraisal and delivery systems to provide an integrated performance management system.

3.3 Therefore, it is not appropriate for this RDA impact evaluation framework to be prescriptive about the particular way that the evaluation process should be designed within an individual RDA. But, what it can do is identify the generic principles that should underpin the evaluation process to provide for effective implementation of the framework in future. There are five key operating principles:

- Planning and preparing for evaluation;
- Committing corporate resources and support for evaluation;
- Managing evaluation cost-effectively;
- Ensuring transparency, independence and inclusiveness in the conduct of evaluation;
- Disseminating the results of evaluation and learning from them.

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Planning and preparation

3.4 There are three levels of planning and preparation for project/programme evaluations:

- **Setting strategic priorities for evaluation:** Whilst guidance requires that every project/programme should be evaluated, RDAs will need to consider how to use their limited resources for evaluation to best effect. We recommend that the RDAs establish a corporate evaluation plan and budget as part of the corporate planning process that is driven by:

  - **Bottom-up considerations** – based on specific evaluation proposals logged at the time of project/programme appraisal and approval. Each will carry their own evaluation imperatives. For example, a large programme with innovative elements should not be allowed to run for too long without at least an independent interim evaluation. Projects/programmes that are high profile, complex and risky might need continuous evaluation linked closely to monitoring to provide “real time” feedback and learning about the effectiveness of their implementation. Pilot or demonstration projects/programmes, by their very nature, should have an in-built evaluation component to assess the potential for scaling up to larger volumes of activity or for replication in other parts of the region. On the other hand, some projects may be small and routine and could be subject to self-evaluation.  

  - **Top-down strategic considerations** – based on the priorities for evaluation feedback and learning at RDA corporate level. For example, there may be a need to assess the contribution and impact of the RDA in particular parts of the region (e.g. within a specific regeneration area) prompted by events such as a closure of a major firm or one of its establishments. Or there may have been lobbying by partners for an assessment of the RDA contribution in particular policy areas (such as tourism or inward investment). The requirements for the implementation of the RDA impact evaluation framework proposed in this report will need to enter into corporate consideration of evaluation priorities – e.g. giving priority to evaluation of those programmes that have represented a large proportion of total RDA funding over a specific period and/or required high profile exercise of the RDA’s SAV influence.

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38 OffPAT Project Advice Note 4/2005 defines self evaluation as evaluation “by groups, organisations or communities which participate directly in its implementation… self evaluation is especially suited to assist managers, promoters and immediate stakeholders improve their own performance and steer their programmes in the course of implementation.”
The need for a corporate approach to annual planning and budgeting for evaluation will be reinforced when the proposals for IPA/CPA are implemented. Both evaluation and the IPA/CPA will form integral parts of RDA performance measurement and management and will need to be coordinated, especially where one requires consultations with partners and stakeholders that might also be necessary for the other. The potential for such duplication will need to be avoided and the two parts of performance management made mutually reinforcing.

**Setting out evaluation plans for projects/programmes at the point of their appraisal and approval:** An evaluation plan for a project/programme should be developed and signed off by all the partners and reflected in contracts or funding agreements at the point of approval. This is to ensure that partners are aware of their obligations especially with regard to data gathering and provision. The plan should identify the appropriate form, schedule and budget for the evaluation – determined by the nature of the project/programme and the complexity of the required evaluation method. It will be particularly important to do this where the evaluation is to involve the tracking of beneficiaries – e.g. people assisted to enter training, education and/or employment (i.e. longitudinal research).

The main elements of the evaluation plan for each project/programme should be logged centrally within an RDA so that the overall volume and pattern of prospective evaluations (and the costs involved) can be projected over the forthcoming year and reviewed for their consistency with the RDA’s top-down budget constraints and evaluation priorities.

**Specifying the data requirements for evaluation:** The evaluation plan should address practical issues most notably with regard to the generation of baselines and monitoring data.

- **Baselines:** The effectiveness of evaluation will be severely hampered where the baseline conditions that provide the rationale and objectives of an intervention are inadequately specified. The evaluation cannot under these circumstances say very much about changes that have occurred and what the contribution of the intervention might have been to them.

- **Monitoring data:** Project/programme contracts and funding agreements should set down monitoring requirements. These will have to reflect RDA Tasking Framework requirements for the monitoring of Core Outputs and their distribution (e.g. by rural and urban location of the beneficiaries). However, evaluation will carry its own monitoring requirements. When monitoring, RDAs should make sure that they collect data that enables them later to:

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39 See the OffPAT Project Advice Note on project evaluation and the DTI guide to the preparation of evaluation plans for helpful guidance on the way to set up project evaluations.
• Characterise the population of the beneficiaries of a project/programme in ways that allows for selection of a representative sample according to variables relevant to the evaluation purposes (e.g. location, size and sector of the businesses assisted);

• Link the data to ONS data sources in order to set up the potential for selection of a control sample of non-beneficiaries with the same characteristics as the beneficiaries (e.g. post-code, name and company registration number); and

• Analyse relevant secondary data sources, for example, location, sector, occupations or qualifications that the project/programme was seeking to influence.

Commitment of corporate resources and support to evaluation

3.5 Planning and preparing for evaluation in the ways just described will involve a corporate commitment on the part of the RDAs to evaluation that respects its role within performance management and provides budgets, resources and support for the establishment and maintenance of a capacity and system for evaluation. The extent and manner of such resource commitments are for each RDA to decide but the following should feature in the development of the RDAs’ capacity and support for evaluation:

- An evaluation strategy, action plan, budget and reporting arrangements determined and required at senior corporate levels;

- Ownership of evaluation vested in a performance management team or its equivalent;

- Supportive processes and systems – such as guidance manuals, forms to record project/programme evaluation plans and their outcomes;

- Training and advice provision to generate a capacity for the intelligent procurement, management and interpretation of evaluations; and

- Review, feedback and reporting mechanisms for the generation of a knowledge base, networks and comparative benchmarking.

Effective and cost-effective management of evaluations

3.6 As the OffPAT Project Advice Note points out, “while all Agency projects are to be evaluated, the effort should be proportional to the scale of the project and the Agency’s financial contribution.” It identifies a set of factors that should be taken into account when setting the evaluation budget as part of the evaluation plan agreed at the point of project/programme appraisal and approval (such as the extent to which the project is innovative and requires more in-depth evaluation).
3.7 However, as suggested earlier, the priorities for evaluation may also have to be determined by top-down considerations. That being so, another set of factors should come into play to ensure that the evaluation process is managed in a cost-effective and effective way. For example, the team with ownership of the evaluation process may want to or be required to review the pipeline of evaluation proposals emerging from the bottom-up process to assess whether:

- Evaluation priorities should be determined primarily at programme level so that interactions and synergies between constituent projects can be assessed and/or so that only a sample of such projects need to be selected for evaluation purposes;
- Evaluation methods (such as beneficiary surveys or analysis of secondary data sources) can be applied to more than one project operating in the same context with the same target beneficiary groups;
- Evaluations can be jointly organised and financed by the RDA and partners with benefits, not only in reduced costs but also in shared learning opportunities – this is likely to be particularly relevant where there is a close relationship between RDA projects/programmes and mutually supportive activities by partners;
- The technical complexity of the evaluations might justify working with partners and/or sponsor departments to draw on previous evaluation experience and lessons and/or to carry out joint evaluative research; and
- Certain projects/programmes warrant priority evaluation because of their particular nature (e.g. highly contentious and risky) or because of specific events or concerns in the region or because key future policy choices need to be informed by evaluative evidence.

**Transparency, independence and inclusiveness of evaluation**

3.8 Transparency, independence and inclusiveness are characteristics of evaluation which the OffPAT Project Advice Note suggests are needed for evaluations to be credible and authoritative regardless of the particular form they might take.

3.9 It will be for each RDA to determine the most effective way of ensuring that its evaluations have these features. But the following general principles will be relevant especially for the evaluation of significant projects and programmes:

- Ensure *transparency* by setting out a clear specification of the evaluation objectives, the schedule and methods by which it will achieve them and the evidence that it will be expected to generate to inform judgement on the impact of the intervention being evaluated – and do so in good time for consultation before the evaluation is initiated;
• Guarantee *independence* by vesting responsibility for the evaluation in RDA executives who have not been responsible for the relevant project/programme design or delivery and, consistent with the principle of proportionality, procure the services of independent evaluation experts and/or an expert panel to provide the judgements on the balance of evidence;

• Make the evaluation *inclusive* by engaging project/programme designers, managers, partners and delivery agents in the specification of the evaluation, in the consultations carried out as part of the evaluation and in commenting on the evaluation reports – this will be particularly important where there may be different views about the theories of change that should be tested in the evaluation; and

• Combine transparency, independence and inclusiveness by engaging the target beneficiaries (and non-beneficiaries) in the evaluative process not just as sources of evidence but explicitly as participants in the process.

### Dissemination of evaluation results and learning

3.10 Evaluation can have both backward and forward looking purposes. It can be designed to tell us what outputs and outcomes were generated by a project/programme (what is called *summative* evaluation\(^\text{40}\)). But, it can also explain how, why, and under what conditions a policy intervention worked, or failed to work (i.e. *formative* evaluation). Formative evaluations are important for determining the reasons for effective implementation and delivery of policies, programmes or projects.

3.11 This distinction between summative and formative evaluations is not really as rigid as it might appear. Determining whether or not a policy has had an impact often involves asking questions about how it has done so, for whom, why, and under what conditions it has had/not had the effect. So, learning from past experience in order to do things better in the future is a critical function of evaluation.

3.12 But, this is not a passive process. Effective dissemination of evaluation findings requires them to be couched in terms that are relevant to the current and future policy agenda. This means that the RDA must take custody of the findings, provide comparisons with the findings from evaluations of similar projects/programmes in the past or delivered by other RDAs and/or other agencies and draw out comparative lessons on what interventions work well, for whom, in what contexts and why. The effectiveness of this learning process will depend in large part on the

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investment that is made by the RDAs in their formal learning capacities and systems for transmission of good practice lessons to internal RDA audiences, their partners and stakeholders.

**Recommendation 8:** Formal evaluation structures, systems and processes should be established and maintained in each RDA in future so that there is:

- Formal planning and preparation for evaluation that takes account of top-down as well as bottom-up priorities;
- Commitment of corporate resources, budget and support to evaluation;
- Effective and cost-effective management of evaluation;
- Transparency, independence and inclusiveness in the conduct of evaluations; and
- Dissemination of and learning from the results of evaluation in formal ways that inform and influence future interventions by RDAs and their partners and provide benchmarks of good practice.
4 Evaluation methods

Introduction

4.1 This section will provide a general introduction to the methods that can be used to address the core issues in the evaluation framework. It will draw on existing guidance on the use of the methods – for example, as set out in HM Treasury’s ‘Green Book’, ODPM’s 3Rs guidance, the Magenta Book, DTI guidance on preparing evaluation plans, evaluation guidance available from the devolved administrations and the EC post-MEANS guidance on the Evaluation of Socio-Economic Development.

4.2 The methods will be introduced and briefly explained in four categories representing the different stages in evaluation – planning, obtaining data, analysing information and drawing conclusions/making judgements.

Planning and structuring evaluation

4.3 The design and planning of RDA evaluations will be a critical stage in the process especially where the interventions in question required close engagement of partners and stakeholders in their development and delivery (e.g. in a programme intervention). Partners and stakeholders should be involved in these circumstances and there are some well-developed tools and techniques that can be used to this end:

- **Partner/stakeholder consultations** require deliberative effort to ensure that the preferences, interests and perspectives of different stakeholders are given systematic consideration in the evaluation at an early stage. This will often be important in establishing the credibility of an evaluation by addressing and being seen to address issues identified to be significant by the partners and stakeholders concerned. There is an array of methods for eliciting stakeholders’ preferences and priorities in evaluation planning, ranging from specific techniques and procedures through to more participatory forms of facilitated face-to-face discussion and dialogue (see Figure 4.1).

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41 HMT Green Book; op cit.
42 ODPM op cit.
Concept mapping is a general term that embraces logic chain and theory of change approaches that were introduced in Section 2 as methods to define the effects that are to be evaluated and, in cases where these have not yet been established, the associated indicators. The tool is suited to evaluation in a partnership context because it is based on the aggregation of individual points of view for the purpose of reaching consensus between the partners.

The technique can be based on the use of various sources of information which could be used to undertake the mapping – such as policy documentation, historical records, previous research/evaluation, scoping exercises, interviews, briefings etc. It involves a structured process, and can be applied to individuals, stakeholders working in facilitated groups, or through the application of statistical (multivariate) methods to aggregate views from different stakeholders.

**Figure 4.1: Techniques for stakeholder consultations**

Techniques involving formal data collection that can be used iteratively include surveys of stakeholders by interview or questionnaire in which they provide information about their perceptions of the programme being evaluated, their strategic interests and priorities, the kinds of questions they want answered, and how evaluation findings can best inform their decision-makings.

The data are analysed, and sometimes a summary is returned to respondents asking for reactions and further comments. Through iterative inquiry, a priority list is generated about the issues that various groups would like the study to address.

The Delphi survey is a specific iterative consultation procedure by means of a postal/email survey that allows for the clarification of differences between stakeholders about their perceptions of the programme's underlying theory of action, its objectives, and the purposes of the evaluation.

4.4 It will be particularly important that RDAs pay formal attention to the engagement of partners and stakeholders in the planning and design stage of their evaluations given the significance that is attached by many of them to the contribution of their strategic added value (SAV) in meeting RES objectives. In the formulation given to SAV in Section 2, its functions and outputs imply a specific set of relationships with partners and stakeholders which justify the engagement of partners/stakeholders in the evaluation design process.

**Obtaining data**

4.5 Evaluation depends on obtaining data relevant to the objectives and targets of the intervention in question and in ways and to an extent that is commensurate with the scale, complexity and novelty of the intervention. As the purpose of this report is to set out an evaluation framework to help the RDAs assess their overall impact, its coverage of the methods for obtaining data will be comprehensive even if this means including
methods that may not always be possible or appropriate at the level of a specific RDA project or programme.

4.6 The methods for evaluative data collection will vary depending on:

- The significance of the intervention in question – as measured by the RDA spend, the extent to which it has brought its SAV influence to bear, and the risks and exposure of the RDAs and their partners;
- The particular point of investigation in the evaluation framework – thus, data on RDA financial allocations can be drawn from monitoring and management information systems whilst deriving evidence about its effects on beneficiaries will probably require primary research (such as surveys);
- The costs of, and practical constraints on, certain forms of data collection – e.g. surveys of beneficiaries and ‘control groups’;
- The strength of, and ease with which, causal inferences can be drawn about the outputs and outcomes from the intervention – thus, data collection methods will need to be more robust where such inferences are harder to make; and
- The number of beneficiaries involved – interventions with substantial numbers of ‘clients’ will require different evaluative methods from ones where there are few.

4.7 The different methods of data collection will vary according to their relevance to the various stages in the RDA evaluation framework. Thus, data from the RDAs’ financial, performance monitoring and management information systems should enable consideration of the levels, trends and patterns of RDA spend and activity without any additional monitoring and evaluation research. But, surveys of beneficiaries from RDA interventions are not likely to be an ongoing feature of the RDAs’ monitoring systems and will need to be specified and carried out as part of the evaluation process.

4.8 We have allocated the methods of data collection to the various stages in the evaluation framework – see Figure 4.2 where we have shaded the area that we suggest should be the main focus of impact evaluation.
4.9 We provide a brief account of each data collection method in Figure 4.3.

4.10 Some of the methods for data collection listed in Figure 4.3 are less robust than others but may nevertheless be sufficient where there is a clear and close relationship between the intervention and the outcomes. As a broad rule of thumb (see Figure 4.4), an intervention is more likely to warrant stronger methods of data collection where:

- There is a longer lag between the intervention and the outcomes (e.g. some educational and training programmes) and/or there will be difficulties in establishing causality because the existing evidence base is weak; and

- The interventions in question are significant in terms of the scale and/or risk of RDA/partner spending and/or SAV commitment, the number of beneficiaries is large and/or they constitute a strategic priority group and/or the intention is to expand the intervention if it is successful and/or roll it out elsewhere.
### Figure 4.3: Methods of collecting evaluative data

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Literature and document reviews</strong></td>
<td>Reviews of academic and empirical literature to provide insights into the contextual changes that might have occurred since the intervention in question was agreed and whether the changes might have altered its continuing relevance – either because it had done its job or because things had got better (or worse).</td>
</tr>
<tr>
<td><strong>Financial and monitoring data</strong></td>
<td>Profile of RDA (and partners) spend and activities and associated outputs (including any information on beneficiaries) to assess progress against objectives &amp; targets and levels of achieved economy in the delivery of activities and outputs, and to determine the appropriate evaluation methods and tools (e.g. the structure of samples for surveying of beneficiaries and non-beneficiaries).</td>
</tr>
<tr>
<td><strong>Action learning</strong></td>
<td>Ongoing focused evaluation activities (e.g. workshops and learning sets) designed to engage project or programme participants (including intended beneficiaries) as an intervention unfolds in ways that enable them to learn and adjust its targets and/or mechanisms and/or to alter their responses to it.</td>
</tr>
<tr>
<td><strong>Partner consultations &amp; other reviews</strong></td>
<td>Engagement of partners and stakeholders in deliberative and participative ways (such as surveys and use of Delphi techniques) to evaluate the progress achieved in RDA SAV activities. Supplemented with data on citations, web-site use and from bibliometric analysis to assess the extent to which RDA influence and outputs has been formerly applauded (or denied) by partners and stakeholders.</td>
</tr>
<tr>
<td><strong>Case studies</strong></td>
<td>In-depth investigations of a small sample of intervention activities (including SAV) involving those engaged in the delivery of the intervention, beneficiaries (direct and indirect), expected (but non-participating) beneficiaries, and experts and representative bodies in the field – conducted through face-to-face interviews, telephone, email or postal consultations, document reviews, literature searches and direct observation of intervention outputs (e.g. physical artefacts) to provide a narrative description of the way the intervention was delivered and its outputs and, possibly, its outcomes. Case studies can provide rich explanations of how the intervention does or does not work in specific cases but it is difficult to generalise results – unless the number of intervention ‘clients’ is small and/or the case studies selected carefully to reflect prime examples of successful or unsuccessful interventions (which can be difficult to judge prior to selection).</td>
</tr>
<tr>
<td><strong>Experimental, quasi-experimental and non-experimental surveys</strong></td>
<td>Experimental survey design with random assignment: Surveys of people or organisations in two groups – those who benefit from the intervention and those who do not – with every person or organisation having an equal chance of being selected for either group. Random assignment helps guarantee that the two groups are similar in aggregate – any extraneous factors that might influence outcomes are present in both groups. This method is the most sophisticated in terms of identifying the counterfactual (what would have happened without the intervention). But, it is costly, difficult to administer in terms of maintaining experimental conditions and potentially seen as inequitable (some groups of potential beneficiaries may have to be denied the assistance/support that is being evaluated).</td>
</tr>
</tbody>
</table>
### Quasi-experimental survey design with non-random assignment:

A non-random comparison or control group is selected to ensure that it has the characteristics of the group of intervention beneficiaries. This has its difficulties – most notably, knowing enough about the characteristics of the beneficiary group to be able to select a comparison or control group that avoids selection bias – i.e. those who do not benefit from an intervention have particular characteristics that prompt them not to engage.

However, this design is particularly useful where causal inferences are likely to be weak because of long gestation periods between the intervention and the generation of outputs and outcomes and, so, where the evaluation survey is distant from the time and place of the intervention.

### Non-experimental survey design:

This is the most common form of evaluation survey design used in the fields in which RDAs operate. It relies on ‘before and after’ self-assessment by intervention beneficiaries and, therefore, is very dependent on their personal or corporate ‘memory’, the absence of other major events or factors influencing behaviour and performance, and the use of ‘smart’ surveying methods. The technique is most useful where outcome causality associated with the intervention is strong and where the survey is carried out in close proximity to the time and place of the intervention.

### Longitudinal surveys of beneficiaries

Longitudinal surveys provide repeated observations over time on a set of variables for the beneficiaries targeted by a policy, programme or project. This method is most often used with regard to individuals because it is difficult to define a longitudinal family, household or establishment in a rigorous way which would enable such units to be followed over time. Different ways of deriving the repeated observations on the same people distinguish the different types of longitudinal surveys – e.g. cohort surveys, rotating panel surveys, record linkage studies. The advantage of the approach is that it can provide direct observations of changes in behaviour and performance. The disadvantages are that they are costly and are subject to attrition of the sample.

### Surveys of non-beneficiaries in the target group, potential indirect beneficiaries and ‘outsiders’

Non-beneficiaries within the target group of the intervention may be informative about deadweight or additionality – i.e. they can provide insights into the counterfactual (what would have happened without the intervention. So, it may be worthwhile to explore the experience of this group and their views of the intervention although care will need to be taken to avoid selection bias in establishing the sample.

Displacement, substitution and multiplier effects are experienced by non-beneficiaries of the intervention but they may be indirectly influenced adversely or beneficially by it. Some evidence on these effects can be inferred from surveys of beneficiaries. But, surveys of third parties will be particularly important sources of evidence for interventions whose rationale is based on beneficial multiplier effects for third parties (e.g. dynamic effects down the supply chain or in attracting businesses and people to the locality or the region) or where particularly adverse effects in terms of displacement might be expected (especially amongst competitors in product markets).
Figure 4.3: Methods of collecting evaluative data continued

- There are broadly three ways by which to identify these potentially indirect beneficiaries or ‘outsiders’:
  - Iteratively from the evidence provided by direct beneficiaries about others who might benefit from, or be adversely affected, by their improved fortunes from the intervention – this is most likely to be the case where there are existing linkages (e.g. a supply chain);
  - Analytically from what is known from the academic and other empirical literature about the market and other contextual conditions in which the intervention beneficiaries are located (e.g. major competitors or suppliers);
  - Randomly by appealing to those who might be expected to have a view or might want to express a view about the indirect effects of the intervention (e.g. canvassing the property agents and developers or the training providers in the area of the intervention about its effects without any prior knowledge of the extent to which they might have been affected by the intervention or have any relationship with its direct beneficiaries).

- Surveys of resident organisations and households
  Specially commissioned surveys (primary research) may be needed to supplement standard statistical sources (secondary data) to provide insights into the conditions which may have justified an intervention. For example, it may be that insufficient is known from available statistical sources about the conditions in a very local area or in a newly emerging technology (such as broadband) or sector but enough evidence of problems or challenges to justify a special survey. These surveys can be cross-sectional (carried out at one point in time) and repeated for a different sample of people or households or repeated with the same sample (i.e. longitudinal surveys).

- Trend and cross-sectional patterns in secondary and administrative data
  Such surveys will be particularly useful if their results can be compared with the findings of a baseline survey structured in the same way in terms of sample and questionnaire design. This will enable observations of change to be made and commentary on the contribution of the intervention to any observed changes. Samples should be sufficiently large to facilitate investigations of any statistically significant variations within the sample (e.g. by size of firm) – this will be helpful where sub-sets of the sample can be drawn from those targeted by the intervention.

  Sources of secondary data (e.g. the Labour Force Survey) and administrative data (e.g. educational attainment rates, recorded crime) provide information on the conditions prevailing in the target areas, sectors, households, groups of people, skills and/or qualifications that a policy, programme or project is designed to influence. These data are essential in depicting the baseline conditions and changes in ways that are comparable across time (trends) and across different locations, sectors etc (cross-sectional). They can be analysed to see whether the influence of the intervention is discernible in the way the trend and/or cross sectional patterns change – although often other factors can mask the effects of intervention.
NOTES AND SOURCES

More information on data collection methods and data sources can be found in the following:

• The Magenta Book in which there is a discussion of qualitative and quantitative methods of data collection and of the differences between experimental and quasi-experimental design – http://www.policyhub.gov.uk/evalpolicy/magenta/chapter6a.asp


• The EU Source Book on Evaluating Socio-Economic Development – http://www.evalsed.info/downloads/sb2_secondary_data.doc – which considers the secondary and other data sources for evaluating at programme and spatial levels;

• The statistical divisions and directorates of RDA sponsor and funding departments – such as the DTI Statistics Directorate – http://www.dti.gov.uk/sd/ – as well as the regional observatories established by the RDAs and partners – see the Association of Regional Observatories – http://www.regionalobservatories.org.uk/.

The ESRC United Kingdom Longitudinal Studies Centre at the University of Essex http://www.iser.essex.ac.uk/ulsc/about/ aims to:

• Promote the use of the rich portfolio of longitudinal data sets in the UK

• Support users of those data through the provision of advice, information, training in longitudinal analysis and the provision of resources to make data easier to use

• Improve longitudinal survey: methods, carry out methodological research and promote best practice in the production of high quality data for users
4.11 The stronger data collection designs will tend to be more expensive. For example, a survey of 500 households or businesses using face-to-face interviews lasting 20 minutes is likely to cost in the region of £25-30k before any analysis and reporting of the results. Clearly, adding a longitudinal element to the survey would increase the costs – not just to accommodate the second wave of interviews but to cover the costs of tracking the same individuals interviewed in the first wave. A budget of £25k could probably purchase 10-15 in-depth case studies in which consultations were held with third parties as well as potential beneficiaries of the intervention being evaluated.

4.12 Moreover, it is rare that an effective evaluation can rely on a single data source. There are difficulties with each of the data sources listed in Figure 4.3. It will usually be necessary to seek two or three perspectives on an intervention using different data sources and considering whether there is convergence about its observed impact.

4.13 This demonstrates that careful consideration needs to be given to the robustness that will be required of evaluation and to the potential for cost control through effective management of the evaluation process (see Section 3).
Analysing information

4.14 Just as there are weaker and more robust methods of generating evaluative data, so there are also weaker and stronger means of analysing the data to enable conclusions to be reached and judgements made on the impact and effectiveness and cost-effectiveness of RDA interventions. In ascending order of robustness, the following are the available tools for analysing evaluative data:

- **Meta-evaluation and analysis** is based on summarising the results of project evaluations from a variety of sources and periods within a particular policy theme (such as business development and competitiveness). It is a relatively weak form of analysis because, in practice, the evaluation results on which they are based tend to have been derived using different and not necessarily consistent methods – which may not lend themselves to ‘adding up’ without adjustments being made to compensate for these differences.

- **Descriptive analysis** uses the results from non-experimental design methods, case studies, primary research (such as household surveys) and secondary data sources to select and display statistical data in tables or graphical form to show, for example, baseline levels of given indicators, changes over time or differences across sectors. It can be particularly valuable in setting a context (‘performance has improved’), in identifying questions that we wish to answer (‘why has performance improved?’) or suggesting hypotheses to be tested (‘performance has improved because a policy has been implemented’). It generally is weaker in enabling causality to be demonstrated or in showing how much of any change might have been attributable to the intervention. However, it is possible to infer attribution where the techniques by which non-experimental methods are applied are ‘smart’ (e.g. in survey questionnaire design) and where different sources of evidence converge on the same conclusions.

- **Statistical analysis** is the use of techniques to detect and quantify an association between one indicator and another, and to test the extent to which this association could have been due to random variation. In general terms, statistical analysis to evaluate the impact of an intervention on a given outcome indicator requires a modelling procedure in which intervention ‘on’ and ‘off’ and/or the outputs generated by the intervention can be combined with other variables that may influence the value of the relevant outcomes. It then applies techniques, such as regression analysis, which, given the model, produce estimates of the difference, on average, that the intervention made to the outcome and seeks to demonstrate that the estimated impact of the intervention was not due simply to random variation.
The effectiveness (precision) of statistical analysis is greater when:

- the number of observations is larger (so that the influence of any particular observation on the conclusions is small)
- the model includes the main factors which, in practice, determined the outcome (so that the model accounts for most of the variation in the outcome indicator)
- the measure of the policy intervention is not highly correlated in the data set with another factor (so that its influence can be distinguished).

4.15 The extent to which statistical analysis has been used in the policy field in which the RDAs operate has been limited primarily because the conditions (as above) in which it is most effective have not often prevailed. However, there is a strong case for this method of analysis to be deployed in the fields of skills and business development where the population of beneficiaries tends to be large and where outcomes are increasingly being tracked through non-experimental or quasi-experimental methods (such as longitudinal surveys – tracking cohorts of beneficiaries over time).

Using tools to inform evaluative judgements

4.16 The final stage in any evaluation is to draw on the evidence it has generated and the results of the analyses carried out on the evaluative data to reach judgements on the overall impact and value for money of the interventions in question. The tools available to inform such judgements are as follows:

- **Benchmarking** is a technique adopted from the private sector that has become an increasingly popular tool for improving the policy implementation processes and outcomes of public sector interventions. It is based on the exchange and comparison of information between and within organisations in a given field, one or more of which is regarded as an example of good or best practice. Benchmarking is a way of learning from others’ experience and, in its most effective form, would involve mutual learning amongst the RDAs – not simply a one-way transfer of ‘best’ practice within an RDA or between one RDA and another.

- **Expert panels** are specially constituted for evaluation purposes and usually comprise independent specialists recognised in the fields covered by the evaluated intervention and reflective of a range of views and disciplines relevant to it. They provide a mechanism for synthesising information from a variety of sources, drawing on a range of viewpoints, in order to arrive at an overall judgement on the conclusions that the evaluation is required to draw. The panel does not necessarily have to explain its judgement references or its trade-off between criteria.
However, it could choose or be required to adopt **multi-criteria analysis** which is a technique that can be used more generally (e.g. by intervention partners) to structure and combine the conclusions of an evaluation about the different achieved outputs and outcomes of an intervention. This is likely to be a particularly useful tool in the evaluation of RDA programmes which will tend to have multiple strands of activities, outputs and outcomes (e.g. an area regeneration programme) and where weights will have to be attached to the different achieved outcomes. Multicriteria analysis highlights the reasoning and subjective convictions of the different stakeholders with respect to the different outcomes. It is usually used to synthesise the judgements of the stakeholders in order to come to conclusions on the priority to be given to particular parts of the programme.\(^{47}\)

**Cost-effectiveness analysis** is a tool for making judgements from the results of evaluations of interventions with the same objectives and with the same intended outputs and outcomes. For example, it will involve consideration of the output/cost ratios associated with different interventions to support businesses to improve their performance. Cost-effectiveness analysis will often provide the foundation for benchmarking and performance scorecards.

It is used when measurement of benefits in monetary terms is impossible, or the information required to do so is difficult to acquire or could be open to legitimate dispute. It does not take into account subjective judgements and is not helpful in the case of projects with multiple objectives where a more sophisticated version of the tool could be used, the weighted cost-effectiveness analysis, which gives weights to objectives to measure their priority scale – as in multi-criteria analysis.

**Cost-benefit analysis** seeks to quantify in monetary terms as many of the costs and benefits of an intervention as feasible including items for which the market does not provide a satisfactory measure of economic value. The HM Treasury ‘Green Book’ is effectively a detailed argument for the use of cost-benefit analysis in both the appraisal and evaluation of interventions involving public expenditure. Its requirements and recommendations for imputing money values to inputs, outputs and outcomes should be considered closely by the RDAs in their evaluative studies and the way their results are presented.

Concluding observations on use of evaluation methods by the RDAs

4.17 Our review of the range of possible methods of evaluation available and relevant to RDA interventions demonstrated that some lend themselves quite readily to a project driven and responsive approach to intervention. The methods include case studies, non-experimental methods focused on specific projects and descriptive analysis of secondary and primary data. However, it became clear from our consultations with the RDAs that they were consistently and systematically shifting away from this intervention approach towards one that was more strategic, outcome based and programme and partnership driven. In our view, this warrants a complementary transformation in the RDAs’ evaluative methods – to larger scale, more ambitious, technically more demanding programmes of evaluation.

Figure 4.5: Transforming RDA evaluative methods

4.18 We depict this transformation in Figure 4.5 from the prevailing position of the RDAs in the lower left hand quadrant to the top, right hand quadrant.

4.19 The current position as we have depicted it is consistent with our observation from the workshop with evaluation practitioners that RDA evaluation activity has been and still is largely focused on assessing project gross and net outputs. In large part, this can be done through the weaker forms of evaluative data collection and analysis. However, we also
observed that the direction of travel of the RDAs was towards more strategically embedded approaches to evaluation that were focussed much more on assessing the contribution of the RDAs to sub-regional, regional and national impacts.

4.20 This will require the adoption of the stronger forms of data collection and analysis set out in this section – especially with regard to programmes of intervention (rather than single projects or amalgams of projects) – accompanied by more formal assessments of the RDAs’ SAV contribution. This is not likely to be achieved in one step, but progression towards it could be made by the design and implementation of quasi-experimental techniques, more systematic benchmarking and formal processes of partner and stakeholder consultations using multi-criteria assessment techniques.

**Recommendation 9:** RDAs should adopt increasingly robust evaluation methods and forms of analysis (especially for their major programmes and projects) which provide different perspectives on their outputs and outcomes and, when taken together, offer the prospect of estimating the contribution of the RDAs to changes in the sustainable economic development conditions in their regions and sub-regions.

Specifically, they should consider greater use of:
- Longitudinal surveys of beneficiaries;
- Surveys of non-beneficiaries;
- Data linking to the ONS; and
- Multi-variate analysis of secondary data sources.

Evaluation methods and their application to the intervention categories

4.21 We have summarised the potential contribution that the different evaluation methods set out in this section can make to address the core evaluation issues (see Figure 4.6). The figure indicates the relevance of the methods to the intervention categories introduced in Section 2. Note that, as the issues become more focused on impacts, the appropriate evaluation methods become more reliant on secondary data sources and descriptive and statistical analysis.

4.22 The application of the methods is more fully explored in Sections 6-8 (each of which describes the use of the methods for each of the categories). These sections are preceded by an account of the evaluation method that European Commission guidance suggests for the overall assessment of sustainable development impacts of interventions and has been tested in the context of the Structural Funds (Section 5).

48 See the EC guide to the Evaluation of Socio-Economic Development – http://www.evalsed.info/frame_themes.asp
### Figure 4.6: Evaluation methods and their relevance in addressing the core evaluation issues

<table>
<thead>
<tr>
<th>Evaluation methods</th>
<th>RDA funding and activities</th>
<th>RDA strategic added value (SAV)</th>
<th>Projects</th>
<th>Programmes</th>
<th>Regional</th>
<th>Supra-regional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Document and literature reviews</td>
<td>Informative about available knowledge on the rationale and objectives for intervention, its progress, any changes occurring in the conditions that gave rise to the intervention in the first place and the factors that are influencing observed changes – helping to build an overall picture of the additionality logic chain and theories of change.</td>
<td></td>
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</tr>
<tr>
<td>Analysis of financial and monitoring data</td>
<td>Trends &amp; patterns of spend, activity &amp; leverage</td>
<td>Trends &amp; patterns in core &amp; supplementary outputs</td>
<td></td>
<td></td>
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<tr>
<td>Partner consultations</td>
<td>Form &amp; robustness of SAV influence</td>
<td>Delivery of economy &amp; effectiveness</td>
<td>Effectiveness of partnership working</td>
<td></td>
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</tr>
<tr>
<td>Case studies</td>
<td>Transition from RDA spend and SAV influence to estimated outputs, additionality and net outputs with inferences drawn for outcomes for the selected case studies – particularly suitable for business development and regeneration interventions</td>
<td></td>
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</tr>
<tr>
<td>Beneficiary surveys</td>
<td>RDA spend per beneficiary, RDA influence on behaviour, gross and inferred net outputs and outcomes for sample and, if representative, grossing up to population – most applicable for business beneficiaries from RDA programmes</td>
<td></td>
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<tr>
<td>Longitudinal surveys of beneficiaries</td>
<td>As above – most appropriate for skills development and social inclusion interventions where the beneficiaries are individuals and households</td>
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<tr>
<td>Surveys of non-beneficiaries</td>
<td>Counterfactual – displacement – multipliers – wider effects &amp; perceptions of RDA programme influence</td>
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</table>
### Figure 4.6: Evaluation methods and their relevance in addressing the core evaluation issues

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<thead>
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<th>Projects</th>
<th>Programmes</th>
<th>Regional</th>
<th>Supra-regional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surveys of households, firms</td>
<td>What is the pattern of RDA spend, activities and leverage?</td>
<td>What is the nature and scope of the RDAs’ strategic added value?</td>
<td>What are the gross and net outputs from RDA funded projects and what can be said about their outcomes – individually and collectively?</td>
<td>What has the RDA achieved through its programmes (with partners as appropriate) in meeting RES objectives?</td>
<td>How far have the regions moved towards meeting the RES objectives? What has been the impact of the RDA in contributing to RES objectives?</td>
<td>How far have the regions moved towards meeting national &amp; wider objectives (such as relevant PSA targets)? What has been the influence of the RDAs in this?</td>
</tr>
<tr>
<td>Secondary data sources</td>
<td></td>
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<tr>
<td>Descriptive analysis</td>
<td>Analysis of spending patterns by beneficiary and their characteristics</td>
<td>Analysis of outputs – e.g. characteristics of those benefiting most</td>
<td>Descriptive analysis of changes in trends and cross-sectional comparisons with an account of the influence of main drivers and possible inferences drawn about the role of the RDA</td>
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<tr>
<td>Multi-variety analysis</td>
<td>As above but linked analytically with evidence on project/programme outputs and changed conditions</td>
<td>As above but linked analytically with RDA spend and activity patterns</td>
<td>As above but analysis of changing conditions linked analytically with outputs/outcomes from RDA interventions along with other variables to reflect the relevant drivers of change</td>
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PART 2: APPLYING THE EVALUATION FRAMEWORK
Application of the evaluation methods to assess sustainable development impacts

1. Evaluation of the sustainable development effects of intervention programmes must be regarded as ‘work in progress’. Section 5 of the framework sets out a possible evaluation method that draws heavily on the work done for the European Commission by GHK on the sustainable development contribution of the Structural Funds. It uses a formulation of sustainable development based on the notion of there being four forms of capital where asset management need to be kept in balance.

2. The approach is very much a top-down one (its stages are set out in the figure below). Clusters of programmes are formed with related objectives and/or overlapping spatial and beneficiary footprints and are assessed in terms of their contribution to the four forms of capital – economic, natural (or environmental), human and social capital.

<table>
<thead>
<tr>
<th>Evaluating sustainable development</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Clustering</strong> programmes with related objectives and/or that share the same spatial or beneficiary footprint with the potential for positive/negative trade-offs</td>
</tr>
<tr>
<td>2. <strong>Mapping</strong> the likely scale and nature of effects on the sustainable development components and the potential for cumulative and interactive effects</td>
</tr>
<tr>
<td>3. <strong>Assessing</strong> the extent to which anticipated scale and nature of effects materialised – and any unexpected effects</td>
</tr>
<tr>
<td>4. <strong>Reviewing</strong> trends in relevant sustainable development indicators for the programme footprints to assess likely trajectory</td>
</tr>
<tr>
<td>5. <strong>Analysing</strong> the likely contribution of the programme effects to any changes observed in the sustainable development indicators (using scores where necessary)</td>
</tr>
</tbody>
</table>

3. At the end of the process, the qualitative assessment provides a picture of the trade-offs that delivery of the programmes was designed to achieve and has achieved, either by design or accident, in the development of the different forms of capital. For example, the GHK evaluation concluded that the use of Structural Fund programmes in one part of the Union had not been associated with resource efficient strategies that de-coupled economic development from the use of natural capital. Consequently, it suggested that a different strategic trade off was required if the programmes were to provide for sustainable development.
Application of the evaluation methods to the three intervention categories

4. Each of the sections on the use of application of evaluation methods to the intervention categories is organised in the same way – reflecting both the bottom up and top down approach to evaluation that is proposed. The sequencing of the sections is summarised in the figure but is not meant to suggest a chronology. However, it requires that a view is reached about the cumulative outputs and outcomes from RDA spend and SAV across projects and programmes before it is possible to reach conclusions on the extent to which any changes in regional and other performance indicators are likely and can be attributed to the influence of the RDA.

5. Sections 6-8 on the intervention categories are not step-by-step guides to implementing the framework but provide general guidance and advice on how the evaluation methods can be used to assess project and programme gross and net outputs and regional and national outcomes. They identify the indicators available for deriving project gross outputs (in addition to the RDA Tasking Framework Core Outputs) and the indicators for capturing regional and national outcomes and impacts associated with PSA targets and the HMT productivity drivers.

6. The sections provide signposts to analyses and evaluations that may be useful in making the transition from cumulative net outputs across RDA projects to regional and national outcomes. In illustrating the use of particular methods, the sections draw on available evaluation guidance, benchmarks and evidence to demonstrate practitioner “top tips”.

<table>
<thead>
<tr>
<th>Evaluating impact in the intervention categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Mapping</strong> the pattern of RDA project spend</td>
</tr>
<tr>
<td>2. <strong>Mapping</strong> the nature &amp; scope of RDA SAV</td>
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<tr>
<td>3. <strong>Assessing and summing</strong> the gross and net outputs from RDA funded projects and drawing inferences about outcomes</td>
</tr>
<tr>
<td>4. <strong>Understanding and evaluating</strong> the logic and added value of programmes, the cumulative and interactive effects across projects and strategic added value and their intermediate and final outcomes</td>
</tr>
<tr>
<td>5. <strong>Reviewing</strong> changes and trends in regional and sub-regional performance indicators relevant to RES objectives and <strong>analysing</strong> the relationship between estimated RDA outcomes and any changes observed in the relevant indicators</td>
</tr>
<tr>
<td>6. <strong>Reviewing</strong> changes and trends in national and other supra-regional indicators relevant to PSA and other targets and <strong>assessing</strong> the contribution of the RDA(s) to any observed changes</td>
</tr>
</tbody>
</table>
5 The sustainable development context for RDA impact evaluation

Introduction

5. The primary question which the evaluation framework is designed to address was drawn from the statutory obligation on the RDAs to improve their regions’ economic performance and competitiveness and to secure sustainable economic development, regeneration and business growth in the region. This is equivalent to what has been described as a ‘weak’ interpretation of the concept of sustainable development in that it inserts the word economic between the terms sustainable and development. It contrasts with the ‘strong’ interpretation of sustainable development that identifies the need to preserve a critical stock of natural resources or environmental capital as the primary goal – failure in this respect being seen to compromise the achievement of all other goals over the medium term and into the next generation.

5.2 Some RDAs – in conjunction with their partners – have integrated the regional economic strategies with sustainable strategies for the region whilst others have kept them separate but sought coordination between the strategies. However, all RDAs acknowledge that stronger versions of sustainable development need to be built into their priorities and operations. So, as well as enabling the evaluation of the impact of RDAs in their three main areas of policy interventions, the evaluation framework also needs to facilitate consideration of their impact on sustainable development – in its stronger interpretation.

5.3 Although RDAs should make some assessment as to the consistency of their programmes with sustainable development principles and targets, they should not be judged on the impact that their historical activity and legacy programmes have had on revised or new objectives. However, in evaluating impact, it is still important to consider any unintended effects (e.g. on sustainable development prospects). This will contribute to the understanding of the alignment and interplay between sustainable development objectives and other RDA programme objectives – informing future priorities and activities.

Formulations of sustainable development

5.4 Formulations of sustainable development have developed over recent years from an initial specification based on the ‘three pillars’ approach – integrating economic, social and environmental considerations – often
depicted in terms of overlapping templates as in Figure 5.1. A more recent formulation\(^{49}\) adds two additional dimensions. First, it suggests that the notion of investment in, depreciation of and renewal of ‘capital assets’ should be introduced into the specification and, second, that concern with the individual should be included but separated from social considerations. This formulation leads to a specification of sustainable development in which development leads to an increase in the overall stock of assets per capita with the four types of capital in question being defined as:

- **Economic capital** infrastructure – both soft (e.g. the knowledge stock) and hard (e.g. the transport infrastructure);
- **Natural (or environmental) capital** covering all forms of eco-systems and natural resources;
- **Human capital** that relates to the stock of human productivity potential of individual people based on their health, motivation, talents and skills;
- **Social capital** as reflected in the structures and procedures providing for social trust, norms and formal and informal networks that people can draw on to access resources and solve common problems.

**Figure 5.1: The three components of sustainable development**

49 See the EC guide to the Evaluation of Socio-Economic Development – http://www.evalsed.info/frame_themes.asp
5.5 The second formulation can be depicted as in the concept map at Figure 5.2 which suggests that some of the categories of capital (such as economic and human capital) are more amenable to traditional methods of measuring ‘wealth’ – as in GDP – than environmental or social capital.

5.6 This poses a problem because the formulation of sustainable development implies the need for trade-off between its components and this will be difficult where they are measured in different ways. The ‘weaker’ view of sustainable development could envisage the total stock of capital being maintained or, indeed, increased with substitution between the various forms of capital – some increasing and others declining. Stronger interpretations of sustainable development would see there being limits to this substitution – determined by critical thresholds below which one form of capital (most notably natural or environmental capital) cannot be replicated by another because of its unique contribution to the enhancement of welfare.

5.7 The challenge for evaluation of the sustainable development impacts of intervention programmes or projects is, therefore, to establish the existence and nature of trade-offs between the components when they cannot easily be measured in the same way and to assess whether declines in particular forms of capital are a threat to sustainable development.50

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5.8 The most recent formulation by the UK government – in its framework for sustainable development (see Figure 5.3)\textsuperscript{51} – adds further dimensions to the concept of sustainable development which acknowledge:

- the importance of **good governance** – “actively promoting effective participative systems of governance in all levels of society – engaging people’s creativity, energy and diversity”;

- **environmental limits** which have to be respected – i.e. critical thresholds that should not be breached; and

- the role of the **scientific evidence** base in developing policies – particularly in triggering the precautionary principle where there is uncertainty about the scale and significance of potential outcomes.

**Figure 5.3: The shared UK framework for sustainable development (One future – different paths – 2005)**

5.9 Accompanying this most recent formulation of sustainable development is a set of high-level indicators – the UK Framework Indicators – designed to provide an overview of sustainable development progress and priority areas in the UK. These 20 indicators are listed in Figure 5.4 but there are another 48 indicators which the government intends to use to monitor progress against key measures of impacts or drivers for the priorities of the strategy.\textsuperscript{52} Where assessments are being made of RDAs’ contribution to sustainable development, their activities should be considered in terms of their likely effects across this range of indicators.


5.10 The list of Framework indicators provides further demonstration of the point made earlier that the trade offs between the various components of sustainable development are likely to be difficult to make because the relevant variables cannot easily be reduced to common measurable units. Moreover, the list also makes it clear that appraisal, monitoring and evaluation of the sustainable development impacts of RDA interventions – particularly in programme form – are likely to require considerations of the following types of effects:\(^{53}\)

**Figure 5.4: UK Framework Indicators**

<table>
<thead>
<tr>
<th>UK Framework Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Greenhouse gas emissions</strong>: Kyoto target and CO(_2) emissions</td>
</tr>
<tr>
<td>2. <strong>Resource use</strong>: Domestic Material Consumption and GDP</td>
</tr>
<tr>
<td>3. <strong>Waste</strong>: arisings by (a) section (b) method of disposal</td>
</tr>
<tr>
<td>4. <strong>Bird populations</strong>: bird population indices (a) farmland birds (b) woodland birds (c) birds of coasts and estuaries</td>
</tr>
<tr>
<td>5. <strong>Fish stocks</strong>: fish stocks around the UK within sustainable limits</td>
</tr>
<tr>
<td>6. <strong>Ecological impacts of air pollution</strong>: area of UK habitat sensitive to acidification and eutrophication with critical load exceedences</td>
</tr>
<tr>
<td>7. <strong>River quality</strong>: rivers of good (a) biological (b) chemical quality</td>
</tr>
<tr>
<td>8. <strong>Economic output</strong>: Gross Domestic Product</td>
</tr>
<tr>
<td>9. <strong>Active community participation</strong>: civic participation, informal and formal volunteering at least once a month</td>
</tr>
<tr>
<td>10. <strong>Crime</strong>: crime survey and recorded crime for (a) vehicles (b) domestic burglary (c) working age</td>
</tr>
<tr>
<td>11. <strong>Employment</strong>: people of working age in employment</td>
</tr>
<tr>
<td>12. <strong>Workless household</strong>: population living in workless households (a) children (b) working age</td>
</tr>
<tr>
<td>13. <strong>Childhood poverty</strong>: children in relative low-income households (a) before housing costs (b) after housing costs</td>
</tr>
<tr>
<td>14. <strong>Pensioner poverty</strong>: pensioners in relative low-income households (a) before housing costs (b) after housing costs</td>
</tr>
<tr>
<td>15. <strong>Education</strong>: 19 year olds with level 2 qualifications and above</td>
</tr>
<tr>
<td>16. <strong>Health inequality</strong>: (a) infant mortality (by socio-economic group) (b) life expectancy (by area) for men and women</td>
</tr>
<tr>
<td>17. <strong>Mobility</strong>: (a) number of trips per person by mode (b) distance travelled per person per year by broad trip purpose</td>
</tr>
<tr>
<td>18. <strong>Social justice</strong>: (social measures to be developed)</td>
</tr>
<tr>
<td>19. <strong>Environmental equality</strong>: (environmental measures to be developed)</td>
</tr>
<tr>
<td>20. <strong>Well being</strong>: (well being measures to be developed if supported by the evidence)</td>
</tr>
</tbody>
</table>

\(^{53}\) These effects are defined and exemplified in ODPM; Sustainability Appraisal of Regional Spatial Strategies and Local Development Frameworks: Consultation Paper (September 2004) – http://www.odpm.gov.uk/stellent/groups/odpm_planning/documents/page/odpm_plan_030923.pdf
Secondary or indirect effects may arise in the form of effects that were not integral to the intervention objectives and at some distance in terms of space and/or time from the initial intervention – e.g. a development that changes a water table and affects the ecology of a nearby wetland;

Cumulative effects may be generated where each of several interventions has modest effects but together have a significant effect or where several particular effects of an intervention (e.g. in terms of noise, dust emissions and noise) have a combined more significant effect on welfare of particular groups of residents;

Synergistic effects may arise as one intervention or effect interacts with another intervention or effect to produce an effect greater and/or different from the sum of the individual effects – such effects often happen as habitats get close to capacity when the interaction of effects can cause a threshold to be breached so that an area becomes too small to support the species that inhabits it.

5.11 It is evident from the above that minimising the possible adverse consequences of interventions and maximising the positive is likely to be an appropriate objective and function of RDAs’ strategic added value (SAV) influence – see Figures 2.3 and 2.4 in Section 2.

Evaluating sustainable development effects

5.12 An evaluation of the contribution to sustainable development of RDA projects or programmes will require the following steps to be taken (each of which is likely to involve deliberative engagement with partners as active participants in the evaluation):

‘Clustering’ of interventions relevant to the projects/programmes being evaluated in terms of their potential commonality, accumulation and/or interaction of effects – e.g. pooling projects and programmes for evaluation purposes where they share a geographical focus and/or a target group of beneficiaries;

Mapping the likely effects of each of the interventions in the ‘cluster’ on the sustainable development components and the potential for cumulative and interactive effects between the interventions (identifying those that were intended);

Assessing the extent to which potential direct and indirect effects materialised from the implementation of the programmes and projects;

Reviewing the trends in the relevant sustainable development indicators at spatial and other levels as coincident as possible with the scope of the interventions; and

Analysing the overall contribution of the interventions to changes in each of the relevant sustainable development variables or indicators and in aggregate.
CLUSTERING INTERVENTION PROGRAMMES AND PROJECTS

5.13 The clustering of RDA interventions for this particular evaluation purpose will be important where they take the form of projects – both to achieve economies of scale in the evaluation and to capture the indirect, cumulative and interactive effects between projects that are likely to be a feature of sustainable development impacts. Even where an RDA is proposing to evaluate one or more of its programmes (either as a simple amalgam of projects or more strategically designed and directed), it will need to consider whether there are other programmes or interventions that might need to be evaluated alongside them. It should consult with partners in doing this to ensure that their policies and interventions are brought within the cluster as appropriate.

5.14 The rationale for clustering the interventions of both RDAs and their partners could be, as already noted, that they have potentially significant areas of commonality or overlap or interaction in terms of their objectives, spatial and/or beneficiary focus and/or implementation mechanisms.

5.15 It should be possible after a series of cluster evaluations to aggregate them to the level of the RDA strategic themes or, indeed, the RDA as a whole to provide an overall assessment of the nature and scope of its contribution to sustainable development alongside that of its partners.

MAPPING AND ASSESSING THE MOST SIGNIFICANT EFFECTS

5.16 The mapping of anticipated effects may already have been carried out where a programme has been designed strategically to provide for beneficial cumulative and synergistic effects both between programme constituent activities and with other interlocking programmes. However, where this has not been done, it should be incorporated as an early stage in the specification of the evaluation.

5.17 A combination of methods can be used for this purpose including consultations with partners and stakeholders, drawing on expert opinion, using logic chains/theories of change and deploying modelling techniques where possible. The outcome could be expressed through overlay mapping (using GIS) to identify superimposition of effects by spatial areas and/or summarised in the framework exemplified in Figure 5.5.

54 Such frameworks and the methods/techniques for populating them are described in the EU Guide and the ODPM guidance on sustainable appraisal and in the EC Guidelines for the assessment of indirect and cumulative impacts as well as Impact Interventions (1999) – http://www.dhi.dk/Courses/AlumniCafe/LectureNotes/EU%20guideline%20on%20assessment.pdf
5.18 Assessment along the above lines should enable ‘hot-spots’ to be identified where programmes may not be working consistently with each other and where the evaluation should be particularly focused in order to assess the combined net effects of the programmes and to consider whether the current trade-offs should be reformulated.

5.19 Once the potential impacts and interactions have been identified, the next step will be to ascertain the extent and significance of the impacts and interactions that materialised. The techniques for doing this tend to rely heavily on qualitative rather than quantitative methods – such as surveys of and focus groups with partners, stakeholders and beneficiaries (or receptors), expert opinion, case studies and the completion of checklists and matrices (along the above lines). The programme or cluster assessment based largely on qualitative methods should be compared and integrated with trends analysis of changes in the conditions as reflected in selected sustainable development indicators.

**REVIEWING TRENDS IN SECONDARY DATA**

5.20 Trend analysis of the selected sustainable development variables will need to use data over a long time period and as coterminous with the spatial and other objectives of the programme(s) being evaluated as possible. However, it is important to bear in mind that it is very unlikely that even the most sophisticated analytical methods will enable the impact of the RDA interventions on sustainable development to be established with any certainty or precision. What it can do is to suggest whether the contribution of the RDA interventions towards sustainable development is in the ‘right’ direction with an ‘appropriate’ balance between the components of development in the light of the evidence from the trend analysis.
5.21 For example, if the trend analysis indicated that, say, air pollution in the areas where the programmes were focused increased over the period of the intervention, then it could reasonably be concluded that the intervention was pushing in the wrong direction if its evaluation scored it badly on its contribution to reduced air pollution.

5.22 So, the purpose of the trend analysis is to set the sustainable development context in which the RDA and its partners are intervening and to provide the basis for assessing the consistency (or otherwise) of the interventions with the sustainable development needs of the region or sub-region. Whilst the analysis needs to be quantitative, it can use descriptive rather than statistical analysis (see Section 4) and its results summarised and depicted in ways that make it possible to compare with the results of the programme assessments.

5.23 Thus, the Sustainable Quality Management approach\(^\text{55}\) suggests the expression of both the quantitative and qualitative assessment of sustainable development conditions and trends in the form of a SWOT (strengths, weaknesses, opportunities and threats) matrix which is populated with scores for the various sustainable development components. It is advisable for comparison purposes if the regional trend and programme assessments are summarised and expressed for the same categories of sustainable development and in the same format. That is why the four ‘capitals’ framework for sustainable development assessment currently proposed in EU guidance is attractive because of the harmonised approach to evaluation that it facilitates.

5.24 The application of econometric modelling to the assessment of sustainable development trends has been explored recently and has enabled some assessment to be made of the contribution of interventions (in the form of Structural Funds) to changes in sustainable development prospects. The approach produced estimates of the changes in a number of indicators measuring three types of capital stocks – manufactured or economic, human and natural or environmental capital. It did not allow estimates of the changes in social capital given the difficulty in identifying variables to represent this form of capital.\(^\text{56}\)

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ASSESSING THE CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

5.25 The final step in the evaluation is to come to an overall assessment of whether RDA interventions are contributing to sustainable development by addressing those elements where the region or sub-region is weak and/or under threat and reinforcing those elements where it is strong and/or there is an opportunity. The approach adopted in the various evaluations and guidance reviewed for this part of the framework is to provide a qualitative assessment based on a scoring approach. The most comprehensive approach along these lines is the evaluation of the sustainable development contribution of the Structural Funds for the European Commission. The overall assessment of the contribution was summarised as in Figure 5.6.

Figure 5.6: Overall summary assessment of the contribution of Structural Funds to Sustainable Development

<table>
<thead>
<tr>
<th>Types of SF Interventions</th>
<th>Sustainable Development Trends</th>
<th>Overall Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Manufactured Capital</td>
<td>Human Capital</td>
</tr>
<tr>
<td>Basic Infrastructure</td>
<td>Positive</td>
<td>Positive</td>
</tr>
<tr>
<td>Business Services</td>
<td>Positive</td>
<td>Positive</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Positive</td>
<td>Positive</td>
</tr>
<tr>
<td>Community Initiatives</td>
<td>Positive</td>
<td>Positive</td>
</tr>
<tr>
<td>Overall Assessment</td>
<td>Positive</td>
<td>Positive</td>
</tr>
</tbody>
</table>

Source: GHK report to the EC: Thematic evaluation on the contribution of the Structural Funds to sustainable development (2002)

5.26 The assessment enabled the identification of trade-offs between increases in regional economic development (as captured by increases in manufactured-economic capital and human capital) and declining natural and social capital in the different case studies explored in the evaluation. Thus, the evaluation concluded, for one area of the European Union, that the deployment of the Structural Funds had represented a case in which investment in the expansion of towns and cities on greenfield sites had adverse impacts on bio-diversity, increased travel distances and increased emissions.
5.27 It suggested that the trade-offs were largely recognised and accepted as necessary consequences of regional economic development and that, at project level, mitigation measures were taken to minimise the adverse effects of this particular trade-off. Even so, the evaluation drew the conclusion that the overall consequence was that the programme had not provided for resource efficient strategies that de-coupled economic development from the use of natural capital. It concluded that a more fundamental shift of strategic trajectory was required if increased economic development was to be associated with non-declining natural capital.

Concluding observations

5.28 The evaluation method proposed in the EU guidance demonstrates:

- the feasibility of evaluating the contribution of regional economic development interventions to sustainable development (using primarily qualitative methods of assessment); and

- the importance of seeking to do so in order to understand the nature of the trade-offs involved and the mitigation measures that might be required to shift the trajectory of regional and sub-regional development to a path that provides for more sustainable development.

**Recommendation 10:** RDAs should increasingly take into account the sustainable development context in which their impacts are being evaluated particularly by considering the consistency of their programmes, individually and jointly, with sustainable development principles and targets and carrying out evaluations of their impacts in these terms across their programmes.
6 Evaluating the RDAs’ impact on business development and competitiveness

Objectives and forms of intervention

6.1 This section examines how to evaluate the contribution of an RDA to business development and competitiveness in its region. All of the RDAs have objectives designed to strengthen their regional business base, in both rural and urban areas in order to produce improvements in one or more of the following:

- quantity, quality and/or regional distribution of employment in the private sector;
- enterprise through higher business birth and survival rates;
- number of people considering setting up their own businesses especially in disadvantage communities;
- performance and productivity of firms, particularly in small and medium sized enterprises;
- managerial and workforce learning and skills;
- overseas trade and inward investment;
- community enterprises and rural diversification;
- business spend on investment and R&D to sustain long-term growth.

6.2 To deliver these objectives, RDAs use a number of forms of interventions such as research and feasibility studies, information provision, awareness raising and promotion activities, financial assistance, provision of guidance, advice and mentoring, network and capacity building, provision of training and learning, direct provision of facilities and equipment and direct funding through grants or subsidised loans. These are largely project-based forms of intervention and in many cases the RDAs have integrated them into programmes directed at business development and competitiveness – e.g. sector or cluster based strategies and programmes.
6.3 Note that many business support products are designed centrally, with RDAs used to deliver them at the regional level. As a result, RDAs may be confined to evaluation plans for particular interventions.57

6.4 In addition or as part of their strategies and programmes, the RDAs have exercised strategic added value to engage with:

- regional partners to foster and support an enterprise culture within the region;
- Regional Skills Partnerships to build and develop management and leadership capacity to promote increased productivity;
- Business Link and other partners to reduce confusion in the supply and delivery of business support products and services;
- financial and business services to improve the supply and effective use of finance by SMEs and to develop partnerships with key intermediaries; and
- higher education and research institutions to increase the knowledge transfer to businesses and to encourage spin-out businesses.

6.5 The purpose of this section is to set out how RDAs can approach the evaluation of such initiatives in a consistent way, progressing from monitoring the gross outputs of projects to establishing net outputs and outcomes. We then comment on how programmes – which incorporate specific projects and RDA strategic added value (SAV) – might be examined and how the contribution of those constituent projects and programme toward regional objectives might be assessed and understood.

Mapping RDA funding and activities

Core evaluation question: What is the pattern of RDA activities, spend and leverage?

6.6 The starting point is to define the RDA’s activities in this business area, the resources committed by the RDA and those levered-in from partners. It is therefore important to define for each key objective what the RDA has sought to achieve in terms of:

- delivering projects entirely, or playing a key part in project delivery;
- influencing the actions and spend of key partners, e.g. the Higher Education sector (at local, regional and national level) and the LSCs (at local level);

57 Details of evaluation at the DTI can be found at http://www.dti.gov.uk/about/evaluation/ and for the Small Business Service at http://www.sbs.gov.uk/sbsgov/action/layer?f.r.s=sl&topicId=7000011724.
working with partners in setting an agenda, e.g. Regional Skills Partnerships in improving the skill levels of small business in particularly important sectors.

6.7 A concept/issue map can be used to identify the core elements within the business-related policy area and how they interrelate with each other. Figure 6.1 provides an example of a broad map that covers a range of business development themes on the supply and demand sides and distinguishing between flows of resources services (i.e. a quantity and quality issue) and the structure, capacity and processes by which resources and services are procured and provided. The RDA activities, objectives and spend can be mapped against these core issues, and so illustrating the pattern of activity and spend against key themes. The lines around the themes in Figure 6.1 are dashed indicating that there may be linkages within the intervention category and to other categories.

**Figure 6.1: Concept/issue map for business development and competitiveness**

<table>
<thead>
<tr>
<th>DEMAND SIDE</th>
<th>SUPPLY SIDE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market structure</strong></td>
<td><strong>Level and nature of resources</strong></td>
</tr>
<tr>
<td>• Competition – especially SMEs</td>
<td>• Skills</td>
</tr>
<tr>
<td>• Purchasing practices – especially public sector</td>
<td>• Investment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Level and nature of demand</strong></th>
<th><strong>Supply structure</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Overseas</td>
<td>• Stock of enterprise – start-ups and inward investors</td>
</tr>
<tr>
<td>• Deprived areas</td>
<td>• Clusters &amp; supply chain</td>
</tr>
<tr>
<td>• High technology and knowledge intensive</td>
<td>• Community enterprises</td>
</tr>
</tbody>
</table>

6.8 This can allow the RDA to start answering questions such as:

- What projects does the RDA have to increase the business base, and what is the split between encouraging indigenous enterprise and inward investment?

- In what ways does the RDA promote the use of knowledge and technology to improve business performance?

- How does the RDA work with and influence partners with regard to business development issues?

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58 This is only an illustration and RDAs and partners will want to develop their own concept maps. However, it is useful to distinguish interventions on the demand and supply side of the markets in question.
• In what ways does the RDA target and work with underrepresented groups through its activities?

6.9 Analysis of financial data can then indicate the broad level of spend under this policy area and its various components. Meta-evaluation and analysis can be used to examine specific points within this, e.g. spend by sub-region, spend on moving manufacturing businesses up the value chain etc. The specific points are likely to depend on the RDA’s key objectives.

6.9 The key value of this stage is to:

• Tease out the precise nature of the market failures which are the rationale for the RDAs’ interventions and assess whether they make sense given the current evidence base;

• Set the context in order to help target scarce evaluation resources on assessing the impact of those activities most important to the objective (since resources are unlikely to permit RDAs to evaluate everything at once), including the broad requirements of assessing SAV, and project and programme evaluation;

• Establish the broad costs behind different blocks of activity that can later – once outputs and outcomes are established – provide some understanding of which types of interventions are giving the best value for money.

Mapping the nature and scope of RDA strategic added value (SAV)

Core evaluation question: What is the nature and scope of the RDAs’ SAV?

6.11 In Section 2 we described the nature of SAV in general terms and how consideration of the concept might aid the design of an evaluation. The more general RDA performance assessment and management system will be informative about the development of the RDAs’ strategic added value capacity and activities. In addition, it will be important in the context of impact evaluation to consider the contribution of SAV to the generation of outputs and outcomes through the design and delivery of projects and programmes and in its own right through the influence on partner and stakeholder behaviour and performance. The evidence on SAV can then be used to help decipher the RDA contribution to outcomes through either projects or an overall programme or to the wider strategic objectives of the RDA.

6.12 In the context of business development interventions there are a number of forms that SAV might take. Some of these are suggested in Figure 6.2 along with evidence of delivery and methods.
### Figure 6.2: Possible forms of RDA Strategic Added Value in business development

<table>
<thead>
<tr>
<th>Dimensions of strategic added value</th>
<th>What this might mean in a business development context</th>
<th>Example</th>
<th>Evidence that SAV has been delivered (outputs/outcomes)</th>
<th>Evaluation methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic leadership &amp; catalyst</td>
<td>Articulating the region’s requirements in terms of business development, e.g. the need for particular support for sectors or spatial areas. Communication and understanding of incumbent businesses – e.g. making it easy for them to expand, and difficult to withdraw from the region.</td>
<td>RDA’s role in retaining a key employer in the region, who was thinking of relocating abroad – assessed through consultation with the business and the RDA.</td>
<td>Businesses in the region are advocates of the RDA and the region more widely as a place to do business. Business confidence in the growth potential of the region.</td>
<td>Survey of confidence and satisfaction of stakeholders and businesses, in particular relating to how their needs are met (including survey of non-participants). Consultations with businesses and case studies.</td>
</tr>
<tr>
<td>Strategic influence</td>
<td>Setting the business development agenda generating stakeholder interest, activity and cooperation.</td>
<td>RDA’s contribution to greater collaboration between a major University in the region and businesses through knowledge transfer – assessed via a case study involving consultations with businesses and the University, and through available data on collaborations over time.</td>
<td>Generating formal and informal groups of stakeholder working, e.g. specific Knowledge Transfer networks. Stakeholders’ objectives, priorities and investment plans interlock and/or complement with each other as well as the RES (or informing the RES).</td>
<td>Consultation with stakeholders and RDA, including case studies. Document review analysing investment plans, business plans and strategies.</td>
</tr>
<tr>
<td>Leverage</td>
<td>Drawing in the resources of stakeholders (national and regional) to support business development programmes. This could be linked with strategic influence e.g. through influencing stakeholder agendas that result in resources pulled towards meeting RES objectives.</td>
<td>Influencing stakeholder strategies and action plans to draw more resources towards particular business development objectives. E.g. leverage of funding to support a programme to develop business strategies of firms in the manufacturing sector so that they are higher on the value chain.</td>
<td>Levered funding and other resources from stakeholders in support of business development activities.</td>
<td>Examination/ assessment of leveraged funds and resources against business development needs and objectives. Consultation/case studies with stakeholders and resource providers.</td>
</tr>
</tbody>
</table>
### Figure 6.2: Possible forms of RDA Strategic Added Value in business development continued

<table>
<thead>
<tr>
<th>Dimensions of strategic added value</th>
<th>What this might mean in a business development context</th>
<th>Example</th>
<th>Evidence that SAV has been delivered (outputs/outcomes)</th>
<th>Evaluation methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergy</td>
<td>Using intelligence and expertise within the RDA to communicate to stakeholders, incumbent and potential businesses. This is particularly associated with sharing what works in business development, what needs are and what else is going on.</td>
<td>Inward investment activity e.g. from particular counties, sectors etc.</td>
<td>Increased generation of inward investment enquiries and conversion rates. More joint working on initiatives. Optimisation of the scale of interventions. Reduced/no duplication of activities. Delivery that is more innovative and uses learning from elsewhere.</td>
<td>Examination of inward investment databases. Consultation/survey of stakeholders and businesses exploring the ideas of synergy. Results of consultations and surveys used to develop case studies to ensure that what works and the reasons why are understood.</td>
</tr>
<tr>
<td>Engagement</td>
<td>Working with other RDAs on common themes, e.g.; • Geographical clusters • Common issues such as rural business and rural diversification. Bringing stakeholders together who are working in the business development context.</td>
<td>Two RDAs working together to develop a key cluster common to both regions – assessed through examination of the activities undertaken, the relative importance to the sector (e.g. business participation) and data on sector performance.</td>
<td>RDAs' contribution to success of sectors cross-regionally – as evidenced by cross-regional linkages through supply chains; knowledge transfer; innovation; business performance. Partnerships between RDAs and stakeholders, including sharing of good practice and intelligence – and use of this having an impact on the issue being tackled.</td>
<td>Secondary data sourcing and analysis on key clusters, and on any common issues being tackled. Consultation with RDAs to find out about joint working: consultations/case studies involving relevant partners (i.e. businesses as well as other relevant organisations) to determine RDAs' contribution.</td>
</tr>
</tbody>
</table>
The Independent Performance Assessment (IPA) being developed and tested for the RDAs may involve some of the above research activities to establish the nature and strength of the RDAs’ SAV. Any evaluation work should make use of this information and any data the IPA might generate rather than duplicate it. Conversely, assessments of project and programme impact should be drawn upon in the context of an IPA. This would suggest a degree of co-ordinated planning with RDA evaluation teams once the full nature and timing of the IPA is known.

Evaluation of project net outputs and contribution to outcomes

Core evaluation question: What are the gross and net outputs from RDA funded projects and what can be said about their outcomes – individually and collectively?

RDAs will, as a matter of routine, be monitoring the outputs of the projects which they support. Some of these outputs are ‘core’ as defined by the Tasking Framework. Others are ‘supplementary’ – defined by the RDA itself. Core output indicators and a list of potentially relevant supplementary outputs are provided in Annex C. Monitoring should also be carried out by the RDAs to ensure that they collect data that will allow them later to link the monitoring data to secondary data from Office for National Statistics (ONS) sources. This will require the monitoring data to include postcode, business name and company registration number.

The key evaluation challenge is to progress from gross outputs to net outputs, as discussed in Section 2. Figure 6.3 shows, for key types of business development intervention, the potential nature of the additionality logic chain involved, the key evaluation methods and some of the specific evaluation issues that will need to be considered. There may also be a requirement, in the case of larger and more ambitious projects, for the evaluation to provide the basis for inferences about the outcomes of projects. Consideration of how this particular challenge can be addressed is also included in Figure 6.3 as is consideration of the possible contribution of SAV to project outcomes (although some RDAs may see SAV as being more appropriately considered in programme evaluations and in the assessment of the RDA contribution to regional objectives).

### Figure 6.3: Illustration of the logic chain for business development interventions

<table>
<thead>
<tr>
<th>Additionality logic chain</th>
<th>Indicators</th>
<th>Key methods &amp; data sources</th>
<th>Key evaluation issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(A) Gross attributable outputs</strong></td>
<td><strong>Gross attributable outputs</strong>&lt;br&gt;<strong>Business start-up/attraction</strong>&lt;br&gt;Number of businesses created &amp; demonstrating growth after 12 months.&lt;br&gt;Number of jobs created by new business starts.</td>
<td>Monitoring data.&lt;br&gt;Tracking of supported businesses.</td>
<td>Important to have clarity if the project is targeted at a location (e.g. rural or urban, disadvantaged areas) or particular sector.</td>
</tr>
<tr>
<td></td>
<td><strong>Business process support and using knowledge &amp; technology</strong>&lt;br&gt;Number of businesses assisted to improve their performance.</td>
<td>Monitoring data.</td>
<td>Important to have clarity if the project is targeted at a location (e.g. rural or urban, disadvantaged areas), particular sector or aspect of business support/knowledge transfer.</td>
</tr>
<tr>
<td></td>
<td>Number of businesses within the region engaged in new collaborations with the UK knowledge base.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(B) Gross direct outputs</strong></td>
<td><strong>Deadweight</strong>&lt;br&gt;<strong>Business start-up/attraction</strong>&lt;br&gt;Businesses that would have become established in the region without RDA support.</td>
<td>Survey of sample of supported businesses.&lt;br&gt;Tracking of supported businesses.</td>
<td>Surveys should try to assess whether there was no/partial/full additionality associated with RDA activity. Questions need to probe: what support received and when from RDA; what support was received from elsewhere; how key was the (RDA/non-RDA) support to the start-up/location decision; what key elements of the business was shaped by the advice given, how important has that advice been given for on-going evaluation. Sample should cover a range of types of business start-ups (e.g. in line with support available, types of beneficiary businesses etc) – this will allow lessons to be drawn on this basis and ensure representative results.</td>
</tr>
<tr>
<td></td>
<td><strong>Leakage</strong>&lt;br&gt;New businesses assisted but locating outside the region (or targeted sub-region).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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60 DTI's Business Support Monitoring Survey has examples of questions that can be used. There are also explanations for the different kinds of additionality: input, activity, output, behavioural and outcome additionality.
**Figure 6.3: Illustration of the logic chain for business development interventions continued**

<table>
<thead>
<tr>
<th>Additionality logic chain</th>
<th>Indicators</th>
<th>Key methods &amp; data sources</th>
<th>Key evaluation issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(B) Gross direct outputs</strong> continued</td>
<td><strong>Deadweight</strong>&lt;br&gt; <em>Business process support and using knowledge &amp; technology</em>&lt;br&gt; Businesses where RDA support has not been additional/partially additional.</td>
<td>Survey of sample of supported businesses. or Experimental or quasi-experimental approaches, i.e. assessing behaviour of businesses supported versus a control group. Monitoring data.</td>
<td>As above.</td>
</tr>
<tr>
<td><strong>Leakage</strong>&lt;br&gt; Businesses assisted that are located outside the region (or targeted group/sub-region).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(C) Net direct outputs</strong>&lt;br&gt; Equal to (B) less displacement</td>
<td><strong>Displacement</strong>&lt;br&gt; <em>Business start-up/attraction</em>&lt;br&gt; Estimation of existing businesses likely to fold due to increased competition by new business starts. Also the number of other businesses who would have set up, but will now not do so. Estimation of existing jobs likely to be lost as a result of increased competition from new business starts.</td>
<td>Estimate through: Surveys of direct beneficiaries and third parties; Analysis of secondary data sources; and/or Use of available evaluation evidence.</td>
<td>Displacement will vary by sector, tending to be greater in service businesses than elsewhere. There may also be extra-regional displacement effects especially from interventions targeted at areas or businesses located adjacent to regional boundaries. The type of displacement defined as “the number of other businesses who would have set up, but will now not do so” is difficult to ascertain due to it being highly hypothetical.</td>
</tr>
<tr>
<td><strong>Displacement</strong>&lt;br&gt; <em>Business process support and using knowledge &amp; technology</em>&lt;br&gt; Estimation of number of business-knowledge base collaborations likely to be lost due to e.g. competition for University resources.</td>
<td>Survey of sample of collaborations or consultation with research institutions.</td>
<td>Needs to assess the reference case, i.e. what would the level of activity be in terms of collaborations involving research bodies without RDA intervention.</td>
<td></td>
</tr>
</tbody>
</table>
Figure 6.3: Illustration of the logic chain for business development interventions  

<table>
<thead>
<tr>
<th>Additionality logic chain</th>
<th>Indicators</th>
<th>Key methods &amp; data sources</th>
<th>Key evaluation issues</th>
</tr>
</thead>
</table>
| (D) Net outputs           | **Income multipliers**  
  *Business start-up/attraction*  
  Number of jobs created through expenditure associated with additional income to those employed by business starts (income multipliers).  
  **Supply multipliers**  
  Number of jobs created in the supply chain through expenditure of business starts | Use available evaluation evidence and guidance on multipliers.  
  and/or  
  Survey of sample of supported businesses, with appropriate calculations of multipliers. | Survey to include questions on: number of employees; business expenditure on employee salaries; business expenditure to suppliers. Survey needs to be of a representative sample (by size and type) to enable accurate grossing up.  
  There may also be extra-regional multiplier effects especially from interventions targeted at areas or businesses located adjacent to regional boundaries. |
|                           | **Supply multipliers**  
  *Business process support and using knowledge & technology*  
  Number of jobs created/lost in the supply chain through additional/reduced expenditure of businesses as a result of changes in processes/production. | Use available evaluation evidence and guidance on multipliers.  
  and/or  
  Survey of sample of supported businesses, with appropriate calculations of multipliers. | Some evidence indicates high multiplier effects associated with business development programmes due to strong backward supply links with other businesses – these businesses benefit from the improvements in performance of the beneficiary businesses involved.  
  Survey to include questions on: business expenditure to suppliers before and after intervention. Survey needs to be of a representative sample (by size and type) to enable accurate grossing up. |
| (E) Total net outputs and outcomes | **Dynamic multiplier effects**  
  *Business start-up/attraction*  
  *Business process support and using knowledge & technology*  
  Extra economic activity associated with longer term development effects through number of jobs or amount of expenditure, i.e. dynamic effects such as crowding in of private expenditure or inward migration. | Estimate through:  
  Survey of beneficiaries and third parties;  
  Analysis of secondary data sources;  
  and/or  
  Use of available evaluation evidence. | These effects can be difficult to measure due to the time lag, and the establishment of a causal trail – implies use of secondary data on longer term effects, and pointing to ways in which RDA has contributed to creating a suitable environment for these effects.  
  Particular outcomes relevant here are: business birth rate; business survival rate; business retention (logic model is developed later – see Figure 6.4). |
There is now a body of evaluation evidence available on the gross and net outputs that can be expected from largely project based interventions in support of business development and competitiveness. For example, there is a meta-evaluation by EKOS which drew on the evidence from Objective 2 Programmes in the UK to produce a set of benchmarks of unit costs and other value for money measures for a range of different types of business support interventions. Benchmarks such as these can be used as useful information and guidance on what has worked well and cost-effectively and what not so well. However, any use of benchmarking to derive estimated impacts or cost-effectiveness or to provide a comparison with estimates obtained in other ways has to be done robustly and with care to ensure that ‘like is compared with like’ – i.e. interventions that are similar in design and objectives. Simplistic benchmarking without due care and attention to the basis of comparison can be counter-productive.

Evaluation of programmes

Core evaluation question: What has the RDA achieved through its programmes (with partners as appropriate) in meeting RES objectives?

At its simplest a programme can be regarded as a combination of:

- A collection of projects which are related insofar as they support the same objective(s) and some of which may be mutually reinforcing. As such, a programme can be defined quite broadly, e.g. business and enterprise (and so encompass most or all of the business development interventions described in this section), or more narrowly, e.g. encouraging a specific cluster development; and

- The strategic added value (SAV) of the RDA particularly in terms of influencing partners to direct their activities and resources behind programme goals, sharing related knowledge, and creating an atmosphere of confidence which will encourage the desired economic activities.

See SQW for AWM – “Identification of performance benchmarks”, report to Advantage West Midlands (2003). The report provides evidence on the values for deadweight, leakage and displacement according to different types of intervention drawing on both original studies and meta-evaluation studies by EKOS and PACEC.
6.18 The key stages in evaluating business related programmes are:

- establish the programme logic including the strategic role applied by the RDA;
- summing the impact of component projects (as discussed in Figure 6.3 above), and including any synergy effects which would not be captured by individual project evaluations;
- assessing the SAV applied by the RDA; and
- relating the total contribution of the programme to the objectives of the RDA.

UNDERSTANDING THE PROGRAMME LOGIC

6.19 The first stage of the evaluation process is to establish and understand the programme intervention’s logic via a logic model. It is important to identify all of the objectives (general, specific, operational) and the actual outputs, expected impacts (results, outcomes) as well as the principal relationships between the outputs and impacts. It will also be necessary to understand the extent and nature of any potential unintended consequences. A report from the DTI on evaluating industry and business support shows that the process does not need to be overly complicated in examining actual outputs (defined by the DTI as “activity output measures” and “activity output targets”), expected results (defined as “intermediate economic outcomes”), and expected outcomes (defined as “high level economic outcomes”).

6.20 Figure 6.4 presents a logic model for business development interventions and the steps in moving from programme activities and net outputs to high level economic outcomes. The figure demonstrates this for two types of business development intervention identifying their different routes to both intermediate and high level economic outcomes. It illustrates the relationship that is likely between projects and programmes. Through project evaluations there will be an assessment of net outputs and, where a collection of projects forms a programme, these can be summed. There may also be some aspect of SAV associated with the projects depending on their nature and the extent to which an RDA sees the design and/or delivery of projects as an appropriate focal point for its value adding activities. Programmes are much more likely to involve the exercise of these activities and the mapping of a programme logic model should seek to establish the expected role and contribution of RDAs’ SAV in bringing about programme synergies that could not be achieved through a set of isolated projects.

6.21 The programme logic should plot the translation from net outputs to intermediate and higher level outcomes. At this stage it will be important to take into account wider effects such as crowding in/out and Figure 6.4 identifies what some of the effects might be under business development.

6.22 The DTI has a set of impact indicators that it suggests are appropriate for assessing the effects of industrial support policies.63 This useful source sets out indicators that could be adopted to examine intermediate and higher level outcomes including indicators to capture immediate effects (such as increased sales), intermediate outcomes (e.g. innovation and market access), business capacity and capability (e.g. improved adoption and use of ICT), improved business practices (e.g. supply chain management) and improved performance (e.g. productivity).

---

**Figure 6.4: Programme logic models for business development**

### Business start-up

**Activity**
- Project examples: Financial assistance; entrepreneurial skills development; start-up support.
- Strategic role: Working with local LSCs and local authorities to set the agenda; encouraging entrepreneurial activity through Universities; sharing intelligence on where, who and why people start businesses.

**Net outputs**
- Net number of businesses created and demonstrating growth after 12 months.
- Net number of jobs created.

**Intermediate outcomes**
- Increase in the business birth rate.
- Increase in the survival rate of new businesses.
- Satisfaction with support received.

**Wider and higher level outcomes including sustainable development outcomes**
- Proportion of people considering going into business.
- Self-employment rates.
- Productivity of small businesses, e.g. GVA.
- Employment rate (especially if we consider attraction of businesses to the region).
- Contribution to: economic capital element of sustainable development through enterprise; social capital element where benefits are in deprived areas.

### Knowledge Transfer

**Activity**
- Project examples: Encouraging businesses to innovate; business networks to exchange ideas.
- Strategic role: Influence to make Universities more accessible to business; promoting the link between knowledge/innovation and business performance.

**Net outputs**
- Net number of businesses within the region engaged in new collaborations with the UK knowledge base.
- Other less tangible outputs (e.g. SAV-related)
  - Supporting initiatives (e.g. formal/informal networks) that promote knowledge transfer.
  - Increased demand by businesses for services available from knowledge transfer providers.
  - Business confidence in being able to access people/institutions in order to engage in innovation and knowledge transfer.

**Intermediate outcomes**
- Increase in business performance, e.g. efficiency, sales, profitability and GVA.
- Number of new products brought to the market.
- Business satisfaction with engagement with Universities.

**Wider and higher level outcomes including sustainable development outcomes**
- Workplace-based GVA per head; GVA per hour worked.
- R&D expenditure as a % of GVA.
- % of businesses introducing new products, services and processes.
- HE-business interaction and generation of third stream income.
- Number of innovation-active businesses.
- Contribution to: economic capital element of sustainable development through innovation; environmental element where innovations directly effect this area.
COLLATING PROJECT IMPACTS TO BUILD A BOTTOM-UP PROGRAMME ASSESSMENT

6.23 Through summation of relevant project evaluations, it is possible to obtain an indication of the net outputs associated with a whole programme – to the extent that a programme equates to the sum of projects. Therefore, there will be a set of outputs associated with business development and competitiveness (if this was a whole programme). However, this roll-up simplifies the evaluation of the programme, because:

- there is/should be added value from the delivery of a programme – linked to SAV; and
- the objectives of the projects may be defined more narrowly than the programme objectives – hence success will be measured differently.

6.24 So, reliance cannot be placed on simply adding up project outputs to yield programme impacts. If we refer back to the business start-up example in the programme logic model in Figure 6.4, it can be seen that, whereas under projects the focus was on the net number of businesses created, under the programme the emphasis is on the achieved increase in the overall business birth rate. This might be attributable to the activities of RDA partners (which the RDA might have striven to influence) as well as to increased confidence in the way potential start-ups perceive the overall climate for success – a climate which the RDA might have influenced.

6.25 Therefore, summing the net outputs of projects provides only one aspect to the programme evaluation. We also need to assess programme impact by trying to determine how RDA activities have had an impact on economic outcomes (rather than just outputs). This is discussed when relating impact to RES and national objectives (see below). In addition, we need to think about the SAV of the RDA in the programme’s delivery and the effect of the programme in terms of outcomes.

Evaluation of the contribution to the RES objectives

Core evaluation questions: How far have the regions moved towards meeting the RES objectives? What has been the impact of the RDA in contributing to RES objectives?

6.26 Evaluating the contribution of intervention programmes to high level RES objectives is an under-developed area and one where joint DTI and RDA research and developmental work seems likely to be fruitful. This area of analysis and assessment is bound to be problematic since other factors will be at play that will affect business development in ways that will often be more profound than any influence exerted by the RDA, e.g. interest rates, exchange rates and other macro-economic conditions.
6.27 However, some assessment of the programme’s contribution can be obtained by looking at:

- changes in the relevant business indicators for the region or sub region over the period preceding, during and following the programme;
- the wider influences that might have affected achievement of the key RES goals – e.g. economic trends, other policy impacts;
- the scale and direction of movement in the net impacts of the programmes and how they stand in relation to the aggregates and the trend; and
- the significance or otherwise of the changes attributable to the RDA to the overall changes in the key (independent) performance indicators (e.g. by means of descriptive or statistical analysis – see Section 4).

6.28 This approach can be followed at different levels of sophistication as appropriate. Figure 6.5 shows that even a simple assessment can provide an indication of the strength and direction of an RDA’s impact.

**Figure 6.5: Illustration of relating programme achievements to RES objectives**

**Hypothetical example – Enterprise and business start-up programme**

1. The key RES objective is to increase the business birth rate. In the region VAT registrations as a proportion of the VAT registered stock has increased over the time period of the programme from 6.5% to 8.2%, and per 10,000 of the population from 30 to 34. Business survival rate is another objective, and this has increased slightly from 65% to 67.5%.

2. Summation of projects under this programme indicates an estimate of net outputs of 1,000 business starts that demonstrated growth after 12 months.

3. VAT registration data indicates 90,000 VAT registrations over the course of the programme, and with survival rate at trend (66.6%), this indicates 60,000 business starts demonstrating growth after 12 months.

4. The survival rate of businesses supported by projects under the programme is 80% – obtained from monitoring data.

5. The RDA has been active in working with partners to share intelligence on what kinds of people are more likely to go into business and be successful, and sharing lessons on how to target particular people. Partners have indicated that this has been useful in shaping their activities, and increasing their success.

6. From the evidence, we can say that the RDA’s programme activity has made a contribution to the achievement of a higher business birth rate – as evidenced by the VAT registration data. Although the contribution is quite small (1,000 out of 60,000 business starts), survival rates are significantly above trend, and the RDA has contributed to the wider achievements of partners through intelligence and sharing good practice.
Evaluating the RDAs’ supra-regional contributions

Core evaluation questions: How far have the regions moved towards meeting national & wider objectives (such as relevant PSA targets)? What has been the influence of the RDAs in this?

6.29 This is as much an area for development as the assessment of the RDAs’ contribution to RES objectives and should also be a priority for further methodology development work between the DTI and the RDAs. Until then, a more rough and ready approach needs to be adopted in order to make some judgement as to how far the regions have moved towards meeting national and wider objectives and the role of the RDAs in this.

RELEVANT PSA TARGETS FOR BUSINESS DEVELOPMENT AND COMPETITIVENESS

6.30 There are a number of relevant PSA targets under this intervention category including those relating to regional economic performance, productivity, international trade and foreign direct investment, science and innovation, enterprise and rural productivity. The full list can be found in Annex C. Figure 6.6 provides a table of the key PSA targets under this intervention category and identifies what indicators can be used and the evaluation judgements that will need to be made. It also suggests where there needs to be reference to the RDA’s contribution to HM Treasury’s five productivity drivers.  

64 These are skills, investment, innovation, enterprise and competition. Source: “Productivity in the UK – regional dimension”, HM Treasury, November 2001.
### Figure 6.6: Assessing RDA contribution to wider effects of business development and competitiveness

<table>
<thead>
<tr>
<th>PSA target area</th>
<th>How business development and competitiveness contributes</th>
<th>Indicator(s) for assessing contribution</th>
<th>Judgement on contribution of RDA to initial area under consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional economic performance</td>
<td>Through improvements in business performance, leading to productivity gains, business creation, employment and income.</td>
<td>Intermediate outcome indicators: business birth-rates and creation, business performance. Higher level indicators associated with workplace-based GVA and employment.</td>
<td>RDA contribution to any improvements in birth rates and business performance, and whether RDA activity is bucking trends. For higher level, contribution to employment through business creation, and use of evidence base on links between business performance and productivity.</td>
</tr>
<tr>
<td>Productivity – five productivity drivers</td>
<td>GVA per hour worked through improved business performance</td>
<td>Evidence of improved business performance, and the links with productivity.</td>
<td>RDA contribution to business performance, aligned with evidence available on links to productivity.</td>
</tr>
<tr>
<td>International trade and foreign direct investment</td>
<td>Where business development activity is contributing to ability to export. Directly to inward investment through this particular activity.</td>
<td>Evidence of increased sales through exports. Inward investment enquiries, and conversion rates.</td>
<td>Judgement on RDA contribution to exports via trade promotion. Effectiveness of RDA in generating and converting inward investment enquiries, plus role in promoting the agenda with other stakeholders.</td>
</tr>
<tr>
<td>Science and innovation – one of the five productivity drivers</td>
<td>Through activities designed to promote use of the knowledge base, innovation and business expenditure on R&amp;D.</td>
<td>Business expenditure on R&amp;D as a % of GVA; % of businesses having introduced new products, services and processes; University income from collaborative research and IP; number of innovation-active businesses; value of investments resulting from RDA activity.</td>
<td>Assessment of contribution of RDA direct activity (or investigation in bucking trends) to this area. Judgement on importance of RDA as a catalyst in this agenda more widely.</td>
</tr>
<tr>
<td>Enterprise – one of the five productivity drivers</td>
<td>In terms of activities to ‘animate’ people into considering going into business. Contribution via activities that help small firms improve performance.</td>
<td>Proportion of people considering going into business; self-employment rates (including in deprived areas); productivity of small firms.</td>
<td>Role of RDA in creating a more entrepreneurial culture (both direct project activity and in setting the agenda e.g. through schools). Role of support activities in helping small business performance (including links to productivity).</td>
</tr>
<tr>
<td>Rural productivity</td>
<td>Particular business development activities that are delivered in or support rural areas.</td>
<td>Productivity and business performance of firms in rural areas; business birth rates in rural areas.</td>
<td>Breakdown of activities by rural areas, and assessment of contribution of RDA in supporting rural business.</td>
</tr>
</tbody>
</table>
6.31 Figure 6.7 demonstrates that even a relatively broad-brush approach can provide insights into the RDA's contribution to the achievement of the PSA target relating to workplace based GVA per head.

**Figure 6.7: Assessing RDA contribution to PSA targets**

<table>
<thead>
<tr>
<th>Example: Workplace based GVA per head</th>
</tr>
</thead>
<tbody>
<tr>
<td>The RDA sought to increase business competitiveness through business support and the promotion of knowledge transfer.</td>
</tr>
<tr>
<td>We need to examine:</td>
</tr>
<tr>
<td>• The change in workplace based GVA per head in the region</td>
</tr>
<tr>
<td>• If possible (e.g. through survey), the change in workplace based GVA per head in businesses supported by RDA activity</td>
</tr>
<tr>
<td>• The level of additionality of RDA support in achieving this improvement</td>
</tr>
<tr>
<td>• Other impacts of the RDA, e.g. in improving the responsiveness of Universities to businesses, and associated with this the number of collaborations with the UK knowledge base by businesses</td>
</tr>
<tr>
<td>On the basis of the evidence, we can examine trends in improvements in GVA in the region compared to the businesses supported by the RDA (incorporating additionality). We can comment on the proportion of regional businesses supported and their likely strategic and statistical significance in terms of the regional economy. We can also look at other activities of the RDA (in particular through exerting its SAV) that might have made a difference on a broader base of business.</td>
</tr>
</tbody>
</table>

**BUSINESS DEVELOPMENT AND COMPETITIVENESS AND PRODUCTIVITY**

6.32 The method illustrated at Figure 6.7 will provide a rough and ready assessment of the scale and direction of the impact of the RDA. It may be possible to refine this analysis by drawing on the evidence that has been advanced by HM Treasury and others on the relationship between improvements in productivity and the productivity drivers most relevant to business development interventions – i.e. enterprise, innovation and competition. Figure 6.8 summarises some of this evidence.
Figure 6.8: Evidence and policy on productivity relating to business development

**Innovation**

- HM Treasury (2000) states that “Productivity growth relies on a continual stream of inventions and innovations of both new technologies and improved working practices. New ways of working provide a source of efficiency gains, enabling workers to operate more effectively and providing firms with greater opportunities to use labour and capital inputs in ways which maximise their productive potential”.

- US experience of ICT is cited as an example of how ICT innovations have contributed to growth in total factor productivity (TFP) (though in the UK ICT use in this way has lagged behind). “ICT and its associated technological developments, most notably the internet and e-commerce, have the potential to affect growth, not only through increased labour productivity as a result of increased investment, but also as a general purpose technology, through its effects on the way businesses operate and compete”.

- HM Treasury (2000) refers to endogenous growth theory, which complicates the process by which innovation impacts upon productivity. It states that “new technologies are embodied in new forms of human and physical capital”, which means that investing in physical and human capital contributes to “knowledge capital” by “stimulating the creation and dissemination of innovations”.

- A further HM Treasury paper (2001) indicates that some studies show that there are barriers that prevent the effective dissemination of technologies, meaning that the spread of efficient and innovative ideas can be highly localised. The data shows that proxies for innovation (R&D spend as a % of GVA and the proportion of employment in high-technology sectors) indicate that this is the case in the UK’s regions. In order to close this difference, the HM Treasury paper (2001) indicates the importance of improving the ability of these regions to adopt new innovations. Key areas cited are: skills of the workforce; investment in appropriate R&D (e.g. ICT); investment in appropriate capital (e.g. new machinery).

**Competition**

- HM Treasury (2000) recognises that competition plays an important role in generating productivity growth. This is due to the encouragement to firms to innovate by reducing slack, which puts pressure on costs and incentivises efficiency gains.

- Blundell, Griffith and Van Reenen (1995) and Nickell (1996) find that various measures of competitive pressure in a sector have a positive impact on firm efficiency and productivity growth rates. They find that increases in the size of market shares and the size of supernormal profits earned by firms, both of which are positively associated with market power, have a negative impact on future productivity growth.

- HM Treasury (2001) recognises that competition varies by region, citing that in poorer or more remote regions markets may be dominated by fewer large firms, whereas in large and densely populated regions with good access to markets there is likely to be greater competition. One indicator of competition is the level of start-up rates as this is a signal of low barriers to entry. Therefore there is a link to another productivity driver, with competition being about ensuring the necessary conditions for enterprise.
The important question for the evaluation framework is whether and how this evidence can be used in the evaluation of the RDAs’ contribution to PSA targets now and in the future. The answer is three-fold:

- First, the RDAs should draw on the evidence to provide inferences on the likely extent to which improvements in, say, start-up and survival rates attributable to them knock-on into productivity improvement effects – importing the ‘coefficients’ from national and regional analysis to do this and assuming ‘other things equal’.

- Second, the RDAs should carry out or commission analyses of the contribution of the drivers to productivity growth in their regions and sub-regions. By taking account of their specific circumstances, they will be in a better position to make inferences about the final link in the logic chain to regional and national outcomes and to qualify the conclusions of more general analyses of the relationship between the drivers and productivity growth.
• Thirdly, there is a role for RDAs to work together and with DTI and HM Treasury to explore further the links between RDA interventions, the drivers of productivity and productivity growth. This should include how interventions may affect more than one of the productivity drivers. This will help to advance the state of the art, and, further develop the ‘library’ of evaluation evidence.

CROSS-REGIONAL EFFECTS

6.34 Finally, evaluation in the supra-regional context may need to take account of any cross-regional effects. This could be important where interventions are targeted on key clusters and priority sectors that cut across regional boundaries. Under these circumstances, it will be important to consider key outcomes for a wider spatial area and possibly in conjunction with the evaluation work undertaken by adjacent RDAs.

6.35 There are other instances where cross-regional effects may need to be considered when addressing the supra-regional impact of the RDA, for example:

• RDA activity that has supported the business development of firms that subsequently move out of the region
• University activity in collaborating with firms outside of the region, but whose knowledge transfer capacity has been helped with the support of the RDA.

6.36 Given that cross-regional effects are largely new ground for RDA evaluation activities, and are likely to pose particular measurement complexities, these may be best tackled through a joint programme of research between RDAs and DTI.

**Recommendation 11:** In their evaluation of interventions designed to increase business development and competitiveness, RDAs should investigate the potential to work individually or collectively with the ONS’s business data linking and microdata research lab.

**Recommendation 12:** Cost-effectiveness in surveys of businesses should be achieved where possible, in particular through joint-commissioning with other RDAs, DTI and SBS – e.g. with a core section and specific regional section.
7 Evaluating the RDAs’ impact on regeneration through infrastructure development

Objectives and forms of intervention

7.1 RDA activities under regeneration and renewal can be diverse, on the one hand, focusing on neighbourhood and community renewal, and, on the other, physical regeneration through the reclamation and redevelopment of brownfield land. The focus of this section is on the physical regeneration that aids economic development through the provision of infrastructure and renewal of the region’s cities and towns, villages and neighbourhoods. The next section on human resources and communities examines the former aspect through the treatment of interventions aimed at people and labour markets.

7.2 Regeneration through infrastructure development can have wider spill-over effects on the rest of the local and regional economy. This is because it can set the economic conditions that alter the path of economic development through fostering business confidence and creation, revitalising the land and property markets, improving income and employment prospects for resident businesses and households and providing the foundation for more sustainable forms of economic development.

7.3 The rest of this section suggests how the impact of RDAs in this field can be evaluated in a consistent way.

Mapping RDA funding and activities

Core evaluation question: What is the pattern of RDA spend, activities and leverage?

7.4 In order to address this question and inform the rest of the evaluation, the starting point and building block is to define the RDAs’ activities in the area of regeneration, both the resources committed by the RDA itself and those levered-in from stakeholders and others. A useful breakdown of activities might be where the RDA has:

- an active role in project or programme delivery – responsible for entire delivery or a significant proportion of it, e.g. projects to help deliver rural renaissance;
• a key function in informing and galvanising actions and spend of key stakeholders, e.g. engaging Urban Regeneration Companies (URCs) to help with the successful generation and design of projects that lever in significant private sector funding and interest, particularly where key objectives align with those in the RES;

• a central role in working with stakeholders to set an agenda, e.g. the Regional Spatial Strategy and site development strategies of local authorities.

7.5 In defining the RDAs’ activities it is worth considering them against RES themes and objectives – and so illustrating how they map across the areas of the regeneration category that are pertinent to the particular region. Figure 7.1 illustrates a summary concept map through which regeneration activities could be understood – in this example the RDAs’ focus is on land and property infrastructure and communications infrastructure. The lines around the different themes highlight that there are likely to be links with other interventions within the them and in other intervention categories – e.g. between regeneration interventions and those that support skills and community development (see Section 8).

**Figure 7.1: Concept/issue map for regeneration and renewal**

<table>
<thead>
<tr>
<th>LAND AND PROPERTY INFRASTRUCTURE</th>
<th>COMMUNICATIONS INFRASTRUCTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land &amp; property for business</strong></td>
<td></td>
</tr>
<tr>
<td>• Private sector is key – RDA role in leverage and supporting</td>
<td></td>
</tr>
<tr>
<td>• Right products for clusters</td>
<td></td>
</tr>
<tr>
<td><strong>Renaissance</strong></td>
<td></td>
</tr>
<tr>
<td>• Supporting market towns</td>
<td></td>
</tr>
<tr>
<td>• Supporting URCs, towns and cities</td>
<td></td>
</tr>
<tr>
<td>• Sustainable development</td>
<td></td>
</tr>
<tr>
<td><strong>E-technology</strong></td>
<td></td>
</tr>
<tr>
<td>• E-enabled property and areas e.g. wi-fi</td>
<td></td>
</tr>
<tr>
<td>• Address market failures including disadvantaged communities</td>
<td></td>
</tr>
<tr>
<td><strong>Regeneration through infrastructure development</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Transport and accessibility</strong></td>
<td></td>
</tr>
<tr>
<td>• Leverage to deliver transport priorities</td>
<td></td>
</tr>
<tr>
<td>• Sustainable development</td>
<td></td>
</tr>
</tbody>
</table>

7.6 Figure 7.2 goes into more detail by highlighting key issues that will be faced in undertaking evaluation on the basis of the concept map. In addition to the particular areas noted in Figure 7.2, the RDAs may be engaged as statutory consultees for major development proposals of economic significance to the region, to assist in the delivery of the Regional Economic Strategy.
### Figure 7.2: Key issues in evaluating regeneration and renewal activities

<table>
<thead>
<tr>
<th>Examples of specific areas within the RES/regional objective</th>
<th>Examples of roles and activities</th>
<th>Examples of outputs and outcomes</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land and property infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renaissance</td>
<td>• RDA (with Local Authorities) supporting and investing in the Urban Regeneration Companies, the region’s key cities and major towns, and in market towns. • Local Authorities and Countryside Agency tackling issues of rural access to services and social exclusion (with some RDA involvement in the agenda).</td>
<td>• Direct outputs associated with amount of public/private investment levered in, and amount used for brownfield land reclamation. Outcome example is proportion of new housing on previously developed brownfield land. • Later additional effects leading to business creation, job creation and economic performance.</td>
<td>• As well as direct outputs, activity mapping will be important in looking at what the RDA has done in supporting others in this area, and so its actual impact – may require stakeholder consultation and particular case studies.</td>
</tr>
<tr>
<td><strong>Land and property for business</strong></td>
<td>• Private sector is key in delivering this. However, the RDA may have a role in influencing and informing provision. Some of this will be leverage of investment, though other elements may include ensuring the products are right for key clusters, and intelligence on the current state of the market (e.g. rents, provision, take-up levels etc).</td>
<td>• Direct outputs associated with amount of public/private investment levered in, and amount used for brownfield land reclamation – later additional effects leading to business creation, job creation and economic performance.</td>
<td>As well as direct outputs, activity mapping will be important in looking at what the RDA has done in working with the private sector in ensuring alignment with RES objectives, and so its actual impact – may require stakeholder/private sector consultation and particular case studies.</td>
</tr>
<tr>
<td><strong>Communications Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport provision and accessibility</td>
<td>• RDA (and Regional Assembly) action on transport priorities – including lobbying national spending.</td>
<td>• Direct outputs associated with amount of public/private investment levered in. Additional effects to be considered in relation to ascertaining the contribution of transport infrastructure to e.g. economic performance and productivity; and then the RDAs’ contribution in bringing about infrastructure improvements.</td>
<td>• Understanding activities and contribution of RDA important in assessing overall impact in this particular area – especially as much is to do with influencing decision-making. • The EC post-MEANS guidance has information on undertaking transport-related impact assessments.65</td>
</tr>
<tr>
<td>Develop connectivity to enable use of e-technology</td>
<td>RDA working with private sector and others to ensure market failures in access to Internet are addressed (including addressing digital divide); and that property/ areas maximise connectivity including use of e.g. Wi-Fi.</td>
<td>• Direct outputs associated with amount of public/private investment levered in. Additional effects to be considered in relation to ascertaining the contribution of ICT to e.g. economic performance and productivity; and then the RDAs’ contribution in bringing about connectivity.</td>
<td>Understanding activities and contribution of RDA important in assessing overall impact in this particular area – especially as much is to do with influencing decision-making and investment.</td>
</tr>
</tbody>
</table>

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7.7 Figure 7.2 goes beyond answering the core evaluation issue, though it illustrates how the issue can be addressed in a way which can usefully inform the rest of the evaluation. The template provided by Figure 7.2 can be used to look at the pattern of RDA spend, activities and leverage in the field of regeneration. The key sources of data will be financial and monitoring data from the RDA, and also the roles and activities of particular teams within the RDA (e.g. the urban renaissance and the property development team). This exercise will then enable the RDA to think about, for example, the following:

- What projects does the RDA deliver to help bring about rural renaissance? In what ways does it inform/influence the agenda in this area by supporting and working with rural market towns and local authorities?
- What has been the investment in terms of funding and human capital in supporting Urban Regeneration Companies, cities and towns in the region?
- In what ways has the RDA worked with the private sector to inform and influence their spending on property development and other forms of infrastructure?

7.8 The key elements of this stage of the evaluation are to:

- Examine the areas of intervention and the rationale for RDA activities, and the areas where RDA activity is direct through project/programme delivery, or more indirect via informing or through setting the agenda
- Set the context to allow evaluation resources to be allocated to key areas of activity
- Illustrate some of the key issues in approaching the evaluation of different areas of activity.

Mapping the nature and scope of RDA strategic added value

Core evaluation question: What is the nature and scope of the RDAs’ strategic added value?

7.9 Figure 7.2 illustrated the variety of ways in which the RDAs might intervene strategically in regeneration – rather than through single project delivery. This suggests that consideration and assessment of the RDA’s strategic added value in regeneration interventions will be important in the application of the evaluation framework. Figure 7.3 provides some examples of how an RDA may exert SAV in this specific area, with suggested methods on how they might be identified and assessed.
Figure 7.3: Possible forms of RDA Strategic Added Value in regeneration

<table>
<thead>
<tr>
<th>Dimensions of strategic added value</th>
<th>What this might mean in a business development context</th>
<th>Example</th>
<th>Evidence that SAV has been delivered (outputs/outcomes)</th>
<th>Evaluation methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic leadership &amp; catalyst</td>
<td>Articulating the region’s requirements to the relevant bodies and stakeholders in terms of:</td>
<td>Communicating and promoting the region’s transport infrastructure needs (and the justification and evidence base) to stakeholders in the region (local and regional transport organisations) and elsewhere (e.g. Department for Transport, Highways Agency).</td>
<td><strong>Immediate</strong> The requirements of the region in terms of regeneration are being developed and actions are being taken. <strong>For the longer-term</strong> There is confidence in the region’s direction, and a belief that the region has/will have the capacity to deliver improved economic performance.</td>
<td>Analysis of action plans, and analysis of these against regional needs. Survey of confidence of stakeholders and businesses, in particular relating to the infrastructure, cities, towns and communities of the region. Consultations with key stakeholders as to the role of the RDA in communicating requirements.</td>
</tr>
<tr>
<td>Strategic influence</td>
<td>Setting regeneration agenda that generates stakeholder interest, activity and cooperation. Acting as a statutory consultee on major development proposals to ensure consistency with regional strategies.</td>
<td>Setting an agenda that places the region’s cities as drivers of regional development. Consequently bringing stakeholders from the cities together to discuss individual and collective priorities, which can feed into shared objectives.</td>
<td>Generating formal and informal groups of stakeholder working. Stakeholders’ objectives, priorities and investment plans interlock and/or complement with each other as well as the RES (or informing the RES).</td>
<td>Consultation with stakeholders and RDA. Document review analysing investment plans, business plans and strategies.</td>
</tr>
</tbody>
</table>
### Figure 7.3: Possible forms of RDA Strategic Added Value in regeneration continued

<table>
<thead>
<tr>
<th>Dimensions of strategic added value</th>
<th>What this might mean in a business development context</th>
<th>Example</th>
<th>Evidence that SAV has been delivered (outputs/outcomes)</th>
<th>Evaluation methods</th>
</tr>
</thead>
</table>
| **Leverage**                       | This is a key part of regeneration and forms part of output measurement through the amount of public/private investment levered. In addition, this leverage is important in wider economic effects in the region including meeting regeneration requirements (as noted under strategic leadership and catalyst) by providing incentives to bring about:  
  - Investment to provide infrastructure  
  - Expert opinion and help in bringing innovative design  
  - Investor and developer interest in key cities and towns. | Financial and other incentives (e.g. funding) to developers in order to produce land and property that meets the needs of the region’s key clusters. | Levered funding and other resources from stakeholders in support of regeneration activities. | Tasking framework requires outputs on levered investment from public and private sector. Will be worth breaking this down to assess the success in levering funding against the different regeneration objectives and needs. |
| **Synergy**                        | Using intelligence and expertise within the RDA to communicate to stakeholders, and enabling stakeholders to communicate between themselves. | Coordination of activities in order to move towards consistent and joint objectives. E.g. urban regeneration may require joining-up with Local Authorities, private developers, community groups, businesses, residents etc in order to ensure common objectives and activities that are mutually consistent. | More joint working on initiatives. Optimisation of the scale of interventions. Reduced/no duplication of activities. Delivery that is more innovative and that uses learning from elsewhere. | Consultation/survey of stakeholders exploring the ideas of synergy. Results of consultations and surveys used to develop case studies to ensure that what works and the reasons why are understood. |
Figure 7.3: Possible forms of RDA Strategic Added Value in regeneration continued

<table>
<thead>
<tr>
<th>Dimensions of strategic added value</th>
<th>What this might mean in a business development context</th>
<th>Example</th>
<th>Evidence that SAV has been delivered (outputs/outcomes)</th>
<th>Evaluation methods</th>
</tr>
</thead>
</table>
| Engagement                         | Bringing stakeholders together who are working in the regeneration context – especially Local Authorities, URCs, investors, developers, businesses, community representatives and other regions (especially in the case of transport infrastructure improvements) etc. | Setting up mechanisms that bring stakeholders and others together (e.g. Local Authorities, local businesses, urban designers etc) to regenerate the region’s towns, e.g. through the formation of Town Teams. | Activities and intervention engage all of the key stakeholders. Intervention is tailored or meets local needs. | Variety of methods:  
• Stakeholder analysis  
• Consultation with stakeholders  
• Case studies. |
7.10 Some of the sources of evidence and methods of evaluation suggested in Figure 7.3 might be drawn on as part of the proposed Independent Performance Assessment (IPA) and any evaluation work should make use of the results of this rather than duplicate it. Conversely, the findings of the evaluation could be drawn upon in the context of the IPA. This further underlines the need for co-ordinated planning between the work on the IPA and the impact evaluation so that they become mutually reinforcing over time.

**Evaluation of project net outputs and contribution to outcomes**

**Core evaluation question:** What are the gross and net outputs from RDA funded projects and what can be said about their outcomes – individually and collectively?

7.11 A key evaluation challenge will be to progress from project gross outputs (routinely monitored as required by the RDA Tasking Framework) to net outputs with some account of the contribution of projects or groups of projects to outcomes. Figure 7.4 sets out the additionality logic chain by which this can be accomplished for the Tasking Framework core outputs).
**Figure 7.4: Illustration of the additionality logic chain for regeneration and renewal interventions**

<table>
<thead>
<tr>
<th>Additionality logic chain</th>
<th>Indicators</th>
<th>Key methods &amp; data sources</th>
<th>Key evaluation issues</th>
</tr>
</thead>
</table>
| (A) Gross attributable outputs | Gross attributable outputs  
Public/private investment levered  
Public and private regeneration infrastructure investment levered (£m/% private); including such investment in reclaiming and redeveloping brownfield land. | Monitoring data. | Disaggregate outputs by rural/urban and by disadvantaged areas. |
| (B) Gross direct outputs | Deadweight  
Public/private investment levered  
Actual investment that would have occurred without RDA intervention. | Survey of sample of investors.  
and/or  
Consultations with the RDA, and other relevant stakeholders. | Surveys should try to assess whether there was no/partial/full additionality associated with RDA activity. Questions need to probe how the decision to invest was made and the role of the RDA in informing/influencing the decision. Sample should cover a range of different types of investors, and it should be emphasised that answers will be strictly confidential.  
Investors may not be willing to partake in such survey/consultative work. Therefore, as a second best scenario, consultations could be undertaken with key parties in the RDA and other stakeholders to estimate the contribution of the RDA to leverage of investment. |
| (C) Net direct outputs | Displacement  
Public/private investment levered  
Investment, which would have been undertaken by others, that is now lost. | Estimate through:  
Surveys of beneficiaries and third parties;  
Analysis of secondary data sources.  
and/or  
Use of available evaluation evidence. | Examination of market trends. There is a time dimension to this as well: for example, in some cases it is not a case of if investment would have taken place, but when, i.e. RDA acts as a catalyst to investment. This requires use of discount rates. |
### Figure 7.4: Illustration of the additionality logic chain for regeneration and renewal interventions

**Additionality logic chain**
- **(D) Net outputs**
  - Equal to (C) plus multiplier effects
  - Supply and income multipliers
  - Public/private investment levered
  - N/A
  - Equal to (D) plus crowding in/out and dynamic effects and including links with outcomes

**Indicators**
- **(E) Total net outputs and outcomes**
  - Wider & longer term dynamic effects
    - Public/private investment levered
    - Crowding in of economic activity through businesses attracted/created, jobs created and additional investment.
    - Key outcomes here are: proportion of new housing and other development on previously developed brownfield land; investment using total investment figures and investment as a proportion of GVA.
    - Additional spill-over effects
      - Investment can set/change the economic conditions resulting in crowding in (above) and then further spill-over effects, including job and business creation, earnings, business performance, unemployment

**Key methods & data sources**
- Estimate through:
  - Surveys of beneficiaries and third parties;
  - Analysis of secondary data sources;
  - and/or
  - Use of available evaluation evidence.

**Key evaluation issues**
- There are several issues to bear in mind:
  - Construction jobs may be created, although these are likely to be only temporary
  - The role of investment in crowding in additional economic activity is important, though difficult to measure and operates with varied and significant time lags.
  - Analysis of this will require some kind of statistical story-telling and analysis of trend data.
  - The key measurable things include housing and other development on brownfield land, changes in commercial and industrial floorspace levels, changes in property values, new businesses.

**Sources of information**
- Two key sources of information for this are the EC post-MEANS guidance http://www.evalsed.info/ and the additionality guide from English Partnerships at http://www.englishpartnerships.co.uk/images/C799363E2FFF45B789F70168169EBEE8.pdf
Evaluation of programmes

Core evaluation question: What has the RDA achieved through its programmes (with partners as appropriate) in meeting RES objectives?

7.12 Programmes are likely to be important for regeneration interventions combining, as they often do, the design, development and delivery of projects of different infrastructural types (e.g. public realm, transport and land decontamination and clearance) with other forms of intervention (e.g. business and skills development). They will, therefore, at their simplest involve:

- A collection of projects which are related in so far as they support the same objective(s) and some of which are mutually reinforcing. As such, a programme can be defined quite broadly, e.g. regeneration (and so encompass most or all of the interventions described in this section), or more narrowly, e.g. transport infrastructure development.
- The additional strategic added value of the RDA particularly in terms of influencing partners to direct their activities and resources behind programme goals, sharing related knowledge, and creating an atmosphere of confidence which will encourage the desired economic activities.

7.13 The key stages in evaluating regeneration programmes are to:

- establish the programme logic, including the strategic role applied by the RDA;
- sum the impact of component projects (as discussed in Figure 7.2) and including any synergy effects which would not be captured by individual project evaluations;
- assess the strategic added value applied by the RDA; and
- relate the total contribution of the programme to the objectives of the RDA.

7.14 There is an additional element that adds complexity to the evaluation of regeneration programmes. This is the role that regeneration can play in wider economic development and in meeting the objectives of the RDA and the Regional Economic Strategy, for example regeneration and renewal may be vital in setting the economic conditions that enable other economic development to take place. This will need to be considered in establishing the programme logic.

Evaluating the RDAs’ impact on regeneration through infrastructure development
PROGRAMME LOGIC IN REGENERATION

7.15 In Figures 7.2 (e.g. the “later additional effects” under outputs and outcomes for renaissance) and 7.4 (especially in identifying additional and spill-over effects in row E) it was noted how regeneration can lay the foundations and create the economic and infrastructural conditions for economic development. In Figure 7.5, therefore, the programme logic is deliberately set as being wide-ranging in terms of potential impacts. For this kind of evaluation activity it can be quite difficult to establish the causal logic and it will be necessary to utilise more advanced methods as described in section 4, e.g. multi-variate analysis and theory of change specifications (where assumptions are tested in order establish the causal logic). Note that there may be key sustainable development outcomes to consider, in particular the balance that is being struck between economic, environmental and social capital (as outlined in Figure 5.2).

COLLATING PROJECT INFORMATION

7.16 Through summation of relevant project evaluations, it is possible to obtain an indication of the net outputs associated with a whole programme – to the extent that a programme equates to the sum of projects. Therefore, there will be a set of outputs associated with ensuring the region has the appropriate infrastructure (if this was a whole programme).

7.17 However, this roll-up simplifies the evaluation of the programme, because:

- there is/should be added value from the delivery of a programme – linked to the strategic added value and the wider activities of the programme; and
- the objectives of the projects may be defined more narrowly than the objectives of programmes – hence success will be measured differently.

7.18 The second point above emphasises that, for a regeneration programme, the impact evaluation focus is likely to be much broader than a concern, for example, with the amount of private sector leveraged funding. In addition, the interest will be in whether development meets particular needs and will provide the foundation for the appropriate form of economic development. Linked to this, RDAs are likely also to have a role as a statutory consultee for major development proposals, ensuring consistency with the Regional Economic Strategy and particular economic needs (exerting SAV in ensuring development is consistent with regional strategies). When we move onto consideration of these higher level outcomes, the types of things we are interested in are vastly different, e.g. economic performance and sustainable communities.
Figure 7.5: Programme logic models for infrastructure development

**Activity**
Project examples: Funding and other incentives to influence private and public investment; connectivity projects; strategic property-related projects; Urban renaissance projects aiding regeneration in towns and cities; Rural renaissance projects aiding development of market towns and other rural areas.
SAV: leadership, influence, leverage, synergy and engagement (see Figure 5.5 for examples and more detail).

**Net outputs**
- Private/public investment levered
- Amount of investment used to develop previously developed brownfield land
Other less tangible outputs (e.g. SAV-related)
- Action plans to deliver requirements of the region
- Integrated economic, spatial and other strategies and plans
- Urban renaissance action plans

**Intermediate outcomes**
- Amount of brownfield land developed; % of housing and other development on brownfield land
- Housing/commercial units developed
- Infrastructure being delivered in accordance with businesses’, residents’ and others’ needs

**Wider and higher level outcomes including sustainable development outcomes**
- In the longer-term improved economic performance: GVA, investment as a % of GVA, business creation and employment creation
- Productivity improvements e.g. through transport improvements and ICT and broadband and rural productivity
- Sustainable communities, e.g. ratio of lower quartile house prices to lower quartile earnings
- Spill over effects into other regions – especially through shared infrastructure improvements
- Improved confidence of stakeholders/businesses within the region, and improved perceptions of those outside the region
- Sustainable development outcomes associated with: environmental capital (especially transport, land use and others); economic capital (investment)

7.19 Therefore, summing the net outputs of projects in the case of regeneration interventions will provide only one rather narrow window on impact. Broadening the perspective will be particularly challenging especially in relating the narrow programme outputs to the broader outcomes relevant to the RES objectives.
Evaluation of the contribution to RES objectives

**Core evaluation questions:** How far have the regions moved towards meeting the RES objectives? What has been the impact of the RDA in contributing to RES objectives?

7.20 The key steps in this process are to address the following questions:

- what changes have there been in the region relating to regeneration, and in particular in terms of RES objectives?
- what wider changes in economic performance could be attributed to regeneration activities?
- what wider influences might there have been – e.g. economic trends, other policy impacts – likely to affect the key RES goals?
- how does the net impact of the programmes stand in relation to the aggregate changes in relation to regeneration in the region and the trends, i.e. how does the net impact compare to the counterfactual?

7.21 In examining the last point, it is important that all RDA activities are taken into consideration requiring both quantitative assessment (through the outcomes and impacts of programmes) and qualitative assessment (through the ways in which the RDA has contributed to other areas e.g. stakeholder behaviour and actions via strategic added value). Figure 7.6 indicates how this assessment could be done in relation to renaissance in urban and rural areas.
### Hypothetical example – renaissance

RES objectives include:

- Generating civic pride in the region’s towns and cities
- Ensuring that towns and cities are key drivers of the economy
- Ensuring a broader and stronger economic base for rural communities
- Ensuring people in rural areas have access to employment and services

**What has been the achievement against these objectives, e.g.:**

- Indicators of civic pride etc, e.g. from surveys of residents regarding their town/city
- Indicators of redevelopment in towns/cities e.g. number of commercial/industrial units, hectares of brownfield land developed
- Economic structure of rural communities
- Accessibility for rural people, e.g. via survey

**How do programme net impacts compare to aggregate changes and in relation to wider trends and policies, e.g.:**

- The total number of additional commercial and industrial units in towns and cities is \( x \), and \( y \) of these is down to RDA activity/intervention through the projects making up the programme.

**What have been wider trends and policies that may have impacted upon the achievements?**

- Trends in higher level economic indicators been affected in towns and cities and in rural areas
- Trends prior to intervention
- Contribution of intervention to any changes in trends and the direction of the ‘economic development path’, i.e. impact of development (apportioned to RDA intervention) compared with counterfactual.

**What has the RDA done more widely to contribute, e.g.:**

- Local Authorities have been catalysed into action to revitalise their town centres. There is much more stakeholder engagement in this process, and a refreshed confidence amongst businesses and residents. This would then need some qualitative assessment of the nature and extent of the RDA’s role in creating this.
Evaluation of the RDAs’ supra-regional contributions

**Core evaluation questions:** How far have the regions moved towards meeting national & wider objectives (such as relevant PSA targets)? What has been the influence of the RDAs in this?

**RELEVANT PSA TARGETS FOR REGENERATION**

7.22 The key dimension to this is how the RDA has supported progress towards the PSA targets and HM Treasury productivity drivers. The PSA target that is most relevant here is:

- Sustainable communities – number of Local Authority areas where a basket of house price comparison measures is substantially lower than equivalent national house price figures; ratio of lower quartile house prices to lower quartile earnings in the regions characterised by high demand.

7.23 In addition, more indirectly, regeneration, through creating the right economic conditions and infrastructure, will contribute to other PSA targets such as foreign direct investment, productivity, rural productivity and economic performance. Furthermore, regeneration and renewal may also enable improvements in the five productivity drivers (innovation, competition, skills, investment, and enterprise).

7.24 The key question is:

- How has regeneration and renewal created the necessary infrastructure and economic conditions to deliver PSA targets and improvements in productivity drivers?

7.25 Figure 7.7 illustrates the areas that should be considered. This kind of analysis and assessment will be very difficult and is an area likely to warrant joint work between central government departments and the RDAs to advance the evaluation methods.
### Figure 7.7: Assessing RDA contribution to wider effects of regeneration

<table>
<thead>
<tr>
<th>PSA target area</th>
<th>How regeneration and renewal contributes</th>
<th>Indicator(s) for assessing contribution</th>
<th>Judgement on contribution of RDA to initial area under consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable communities</td>
<td>Flexible labour markets; transport infrastructure; local environments (e.g. affordable housing, public space)</td>
<td>Employment rates, unfilled vacancies, resident surveys, housing indicators</td>
<td>Judgement required by the particular themes of sustainable communities, to include how the RDA has played a role in setting this relatively new agenda.</td>
</tr>
<tr>
<td>Economic performance</td>
<td>Through enabling productivity improvements</td>
<td>See productivity drivers</td>
<td>See productivity drivers</td>
</tr>
<tr>
<td>Productivity – five productivity drivers</td>
<td>Investment driver is the key area (e.g. in infrastructure – transport, premises and ICT/broadband)</td>
<td>Leverage of investment (aligned with the estimated contribution this makes to increased productivity, and on the basis of the different areas where investment is made)</td>
<td>Contribution of RDA to bringing about increases in investment and in investment as a proportion of GVA</td>
</tr>
<tr>
<td>Rural productivity</td>
<td>Through rural renaissance</td>
<td>Commercial and industrial floorspace in rural areas</td>
<td>Net outputs/outcomes associated with these indicators through rural projects, and how SAV has been used.</td>
</tr>
<tr>
<td>Foreign direct investment</td>
<td>Developing sites and premises suitable for inward investors</td>
<td>Foreign investment as a result of newly upgraded/developed sites Perceptions of the region as a place to locate</td>
<td>Additional work required to survey new firms entering the region, and the reasons for this – are they associated with the strategic and more direct property-related work of the RDA? Are they associated with wider regeneration efforts in the region? Alternatively use views on region as a place to located, and reasons for this – associated with RDA projects and other activity?</td>
</tr>
</tbody>
</table>
REGENERATION AND PRODUCTIVITY

7.26 Figure 7.7 identifies productivity as a relevant PSA target for regeneration and renewal. The key productivity driver affected by regeneration interventions is investment. HM Treasury (2001)\(^66\) indicates that improvements in infrastructure have a direct economic effect by reducing transportation costs for firms, workers and consumers. Falling transportation costs also increase the effective size of regional and local markets, thereby expanding the opportunities of firms and intensifying competition. Useful indicators include: railway track per million population by region; air travel passengers by region as a proportion of the UK total. The Treasury’s paper notes that, whilst transport infrastructure is a key economic development tool, some evidence suggests that it may be more effective as a response to increasing demand by firms and workers\(^67\) than as an effective tool in depressed areas.\(^68\)

7.27 As indicated in section 6 in relation to business development and competitiveness, there are three key aspects to consider here:

- RDAs should demonstrate logically, on the basis of available evidence, how their interventions may impact upon the productivity driver of investment drawing on national ‘coefficients’ if none are available from their own region;
- They should add to the knowledge base by examining the relationships between infrastructure regeneration and investment in their region and sub-regions and the region’s overall growth potential – hence, providing the basis to track outputs to outcomes in their specific regional context; and
- RDAs need to work together and with DTI, HM Treasury and others where appropriate on generating more understanding of the links between regeneration interventions, investment and productivity. This could include techniques such as multi-variate analysis in order to understand the relationships between key variables. In addition, the exploration of this should lead to the development of a ‘library’ of evaluation evidence.

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CROSS-REGIONAL EFFECTS

7.28 The final element of supra-regional contribution that may need to be considered as part of the evaluation relates to possible cross-regional effects. Given the primarily local focus of this area of intervention, there are unlikely to be many aspects of cross-regional effects except with regard to the transport infrastructure. As well as having benefits within the region, improvements in the transport infrastructure will also have an important spill over effects in helping economic development in neighbouring and other regions. To evaluate these kinds of effects, it is necessary to examine their geographical extent and undertake an assessment along the lines suggested in the EC post-MEANS guidance (which provides advice on the evaluation of transport interventions, including the impacts in terms of traffic (or passenger) flows, indirect economic effects on firms, as well as potential adverse effects).

7.29 Given that cross-regional effects are largely new ground for RDA evaluation activities and present particular measurement problems and complexities, the evaluation issues and solutions may be best tackled through a joint programme of research between RDAs, DTI and other government departments.

Recommendation 13: Regeneration activities should not be considered in isolation. As part of evaluation activities, RDAs should consider the role that regeneration has in contributing more widely to economic development, and the impact on sustainable development objectives. This is complex and likely to require joint RDA and departmental research.

69 See http://www.evalsed.info/frame_themes_policy1_9.asp
8 Evaluating the RDAs’ impact on human resources and communities

Objectives and interventions

8.1 RDA interventions under this category focus on factor markets and, in particular, target an individual’s accumulation of human capital as well as relevant workforce skills. They are also directed at addressing the market failures and distributional issues that have the effect of disadvantaging people simply on the basis of where they happen to live. There is a range of possible activities within this intervention category, including:

- ensuring people have the necessary basic skills/skills for life
- increasing people’s skills so that they can access employment
- supporting people into employment, in particular those in disadvantaged communities
- improving skills in areas such as ICT and languages
- addressing the generic and specific skills development needs of the region’s priority sectors and key clusters.

8.2 The rest of this section suggests how the impact of RDAs in this field can be evaluated in a consistent way. First there is an overview of how to map and assess RDA funding and strategic added value activities. Next, there is an illustration of how to progress from gross outputs of projects to establishing net outputs and outcomes. This is then followed with guidance on how to translate the results from individual projects into programme level impact (using consistent outcome indicators), through collating project information and incorporating strategic added value effects. Finally, there is an exploration of how the evidence of programme impact can be used to assess RDA contribution to regional and higher level (e.g. PSA) objectives and targets.
Mapping RDA funding and activities

Core evaluation question: *What is the pattern of RDA spend, activities and leverage?*

8.3 To address this question and inform the rest of the evaluation, the first building block is to define an RDA's activities in the area of human resources development and communities, both the resources committed by the RDA itself and those of stakeholders where the RDA plays a key role in setting the agenda and interventions. This could be categorised according to whether the RDA:

- plays a key active role in the delivery of projects, including with partners
- has the key function of informing and influencing the actions and spend of key stakeholders, e.g. providing intelligence and input towards the action plans of local LSCs
- works with stakeholders in setting an agenda, e.g. the Regional Skills Partnerships or the neighbourhood renewal agenda through Local Strategic Partnerships.

8.4 In paragraph 8.1, we saw that interventions span a range of different activities. In understanding the pattern of RDA spend, activities and leverage, it is worth considering them against RES themes and objectives, thereby illustrating how RDA activities map across the issues that are key to the particular region.

**Figure 8.1: Concept/issue map for human resources and communities**
8.5 Figure 8.1 shows an example of a concept map which could be used to understand RDA interventions for human resource and community development. In the example, the RDA activity is divided between the demand side and the supply side. On the demand side, it seeks to ensure that skills needs are articulated and understood – as well as increasing the demand for learning. On the supply side, its interventions are designed to optimise the level and quality of learning provision and to enhance individuals’ skills and employability. The dashed lines around the themes indicate that there may be linkages within the intervention category and to other categories.

8.6 Using this tool, the RDA can then start to map its activities against the core issues, drawing on, for example financial and other monitoring data (including that which can be gathered from partners) and meta-evaluation using the existing evaluation evidence base. This will enable the RDA to start thinking about, for example, the following:

- What projects/programmes does the RDA deliver to ensure that skills requirements are being met for the region’s key clusters and priority sectors? In what way does the RDA work to support and influence Regional Skills Partnerships?
- What initiatives have been developed to increase the demand for skills by communicating the benefits of learning?
- What activities are delivered by the RDA, and in conjunction with other partners, to support people from disadvantaged communities into employment? How is this having an impact in helping to transform disadvantaged communities?
- How is the RDA working to ensure provision is fit for purpose? How is the RDA working with the HE sector and businesses in ensuring graduates stay in the region and find appropriate employment?

8.7 This part of the evaluation is the first stage in gathering information for later stages of the evaluation process. The key elements here are to:

- Examine the areas of intervention and rationale for RDA activity, including where the RDA intervenes directly or more indirectly via informing and influencing the agenda elsewhere.
- Set the context for human resources development, and identify the priority areas so that scarce evaluation resources can be allocated appropriately.
- Start to note some of the key issues in approaching the evaluation of different areas of activity.
Mapping the nature and scope of RDA strategic added value

Core evaluation question: What is the nature and scope of the RDA’s strategic added value?

8.8 RDA strategic added value can sit alongside or be interwoven with its project and programme interventions. Either way, it needs to be mapped in order that the evaluation can be guided as to where to look for evidence on both impacts and on what works, for whom and why. There is no reason why the concept map illustrated at Figure 8.1 cannot be used for this purpose. Indeed, it would be sensible to do so to see where RDA project funding and SAV were working in harness – or possibly against each other or, at least, without any overt coordination.

8.9 Figure 8.2 shows what RDA strategic added value might mean in the context of interventions in the category of human resources and communities. The table also provides some examples of how strategic added value may be exerted and the outputs/outcomes it might generate. Some guidance is provided on the relevant evaluation evidence and methods.
### Figure 8.2: Possible RDA Strategic Added Value in human resources and communities

<table>
<thead>
<tr>
<th>Dimensions of strategic added value</th>
<th>What this might mean in a human resources and communities context</th>
<th>Example</th>
<th>Evidence that SAV has been delivered (outputs/outcomes)</th>
<th>Evaluation methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic leadership &amp; catalyst</td>
<td>Articulating the region’s needs to the relevant bodies and stakeholders in terms of, e.g.: • sector-specific needs • skills needs to help with inclusion and employability.</td>
<td>Communicating the region’s need regarding a particularly prominent sector and mobilising the resources of key stakeholders to help meet the needs – e.g. from stakeholders such as the Sector Skills Councils, local LSCs and Business Link organisations.</td>
<td>The requirements of the region in terms of skills development are being developed and actions are being taken. Region is recognised for its skilled workforce, which meets employer skills needs.</td>
<td>Analysis of action plans, and analysis of these against regional needs. Survey of confidence of stakeholders and businesses, in particular relating to skills of workforce, or use of employer skills survey data. Consultations with key stakeholders as to the role of the RDA in communicating requirements.</td>
</tr>
<tr>
<td>Strategic influence</td>
<td>Setting skills agenda that generates stakeholder interest and cooperation.</td>
<td>Setting the agenda relating to ICT skills; formulating an ICT skills action plan and gaining stakeholder buy-in.</td>
<td>Generating formal and informal groups of stakeholder working. Stakeholders’ objectives, priorities and investment plans interlock and/or complement with each other as well as regional strategies/plans e.g. the ICT Skills Action Plan.</td>
<td>Consultation with stakeholders and RDA. Document review analysing investment plans, business plans and strategies.</td>
</tr>
<tr>
<td>Leverage</td>
<td>Leverage of resources in the region to promote skills development.</td>
<td>Contributing to the Higher Education capacity in the region through leverage of additional resources to support the region’s Universities, and so their ability to deliver high level skills.</td>
<td>Levered funding and other resources from stakeholders in support of skills development activities, e.g. role of RDA in helping to lever funds to support the region’s Universities.</td>
<td>Consultations (or surveys) with key stakeholders to find out any role the RDA has played in leverage of funding and other resources.</td>
</tr>
</tbody>
</table>
## Figure 8.2: Possible RDA Strategic Added Value in human resources and communities continued

<table>
<thead>
<tr>
<th>Dimensions of strategic added value</th>
<th>What this might mean in a human resources and communities context</th>
<th>Example</th>
<th>Evidence that SAV has been delivered (outputs/outcomes)</th>
<th>Evaluation methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergy</td>
<td>Using intelligence and expertise within the RDA to communicate to stakeholders, and enabling stakeholders to communicate between themselves. This can be associated with sharing what works in helping disadvantaged communities.</td>
<td>Coordination of activities addressing disadvantaged areas, through for example highlighting areas of joint-working between stakeholders, sharing good practice, and ensuring interventions are tailored to local/neighbourhood needs.</td>
<td>More joint working on initiatives. Optimisation of the scale of interventions. Reduced/no duplication of activities. Delivery that is more innovative and that uses learning from elsewhere.</td>
<td>Consultation/survey of stakeholders exploring the ideas of synergy. Results of consultations and surveys used to develop case studies to ensure that what works and the reasons why are understood.</td>
</tr>
<tr>
<td>Engagement</td>
<td>Bringing stakeholders together who are working in skills development.</td>
<td>Regional Skills Partnerships. Activities and intervention engage all of the key stakeholders. There is greater coordination amongst stakeholders, and consideration of business views. Intervention is tailored or meets local needs.</td>
<td>Variety of methods: • Stakeholder analysis • Consultation with stakeholders/ businesses • Case studies.</td>
<td></td>
</tr>
</tbody>
</table>
8.10 The Independent Performance Assessment (IPA) that is being developed and tested for the RDAs may involve some of the above research activities to establish the nature and strength of the RDAs’ strategic added value. Any evaluation work should make use of the results of this rather than duplicate it. Conversely, the IPA could usefully draw on the evaluations of RDA project and programme impact. This would suggest a degree of co-ordinated planning between the implementation of the IPA and the impact evaluation could be useful in making sure that both are carried out efficiently.

Evaluation of project net outputs and contribution to outcomes

Core evaluation question: What are the gross and net outputs from RDA funded projects and what can be said about their outcomes – individually and collectively?

8.11 RDAs will routinely monitor the outputs of the projects that they support. Some of these outputs are defined as ‘core’ by the Tasking Framework, others are ‘supplementary’ – defined by the RDA itself. Core output indicators and a list of potentially relevant supplementary outputs are provided in Annex C. When monitoring, RDAs should make sure that data are collected that will allow them to later link the data to secondary data sources such as the Office for National Statistics (ONS) – this should include postcode and demographic characteristics (where possible).

8.12 A key challenge for the impact evaluation is to progress from gross to net outputs and to assess contributions to outcomes. Figure 8.3 suggests what this might involve for the core outputs under human resources development and the two mandatory supplementary outputs. These are:

- number of people assisted in their skills development as a result of RDA programmes (core);
- number of people assisted to get a job (core);
- number of adults gaining basic skills as part of the Skills for Life Strategy that count towards the skills PSA Target (supplementary);
- number of adults in the workforce who lack a full Level 2 or equivalent qualification who are supported in achieving at least a full Level 2 qualification or equivalent (supplementary).

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### Figure 8.3: Illustration of the additionality logic chain for skills development

<table>
<thead>
<tr>
<th>Additionality logic chain</th>
<th>Indicators</th>
<th>Key methods &amp; data sources</th>
<th>Key evaluation issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) Gross attributable outputs</td>
<td><strong>Gross attributable outputs</strong>&lt;br&gt;<strong>Core skills outputs</strong>&lt;br&gt;Number of people assisted in their skills development as a result of RDA programmes.&lt;br&gt;&lt;br&gt;<strong>Supplementary skills outputs</strong>&lt;br&gt;Number of adults gaining basic skills as part of the Skills for Life Strategy that count towards the skills PSA Target.&lt;br&gt;&lt;br&gt;Number of adults in the workforce who lack a full Level 2 or equivalent qualification who are supported in achieving at least a full Level 2 qualification or equivalent.&lt;br&gt;&lt;br&gt;<strong>Employment support</strong>&lt;br&gt;Number of people assisted to get a job.</td>
<td>Monitoring data.</td>
<td>Outputs disaggregated by rural/urban area, disadvantaged areas, and by VCS involvement in delivery.</td>
</tr>
<tr>
<td>(B) Gross direct outputs</td>
<td><strong>Deadweight</strong>&lt;br&gt;<strong>Core skills outputs</strong>&lt;br&gt;People who would have developed their skills without RDA support.&lt;br&gt;&lt;br&gt;<strong>Leakage</strong>&lt;br&gt;People who develop their skills, but who are located outside of the region (or targeted group/spatial area etc).</td>
<td>Survey of beneficiaries to assess level of additionality. Tracking of beneficiaries or use of monitoring data.</td>
<td>Surveys should try to assess whether there was no/partial/full additionality associated with RDA activity. The survey needs to find out the importance of RDA support in decisions to develop skills, and what other support may have been used (potential here to use partners’ monitoring data). Sample should cover a range of beneficiaries.</td>
</tr>
</tbody>
</table>
### Figure 8.3: Illustration of the additionality logic chain for skills development continued

<table>
<thead>
<tr>
<th>Additionality logic chain</th>
<th>Indicators</th>
<th>Key methods &amp; data sources</th>
<th>Key evaluation issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>(B) Gross direct outputs continued</td>
<td><strong>Deadweight Employment support</strong>&lt;br&gt;People who would have entered employment without RDA support.</td>
<td>Survey of sample of supported people.</td>
<td>Surveys should try to assess whether there was no/partial/full additionality associated with RDA activity. Questions need to probe: what support was received and when via the RDA; what support was received from elsewhere (e.g. Jobcentre Plus, other local initiative, local LSC); how key was each type of support to obtaining employment. Sample should cover a range of different types of people, and in line with the different types of support given. (^{71})</td>
</tr>
<tr>
<td>(C) Net direct outputs</td>
<td><strong>Core skills outputs</strong>&lt;br&gt;No issues of displacement.</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Equal to (B) less displacement</td>
<td><strong>Supplementary skills outputs</strong>&lt;br&gt;No issues of displacement.</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td><strong>Substitution Employment support</strong>&lt;br&gt;Number of people previously in employment who will have lost their jobs as a result of new entrants into employment.</td>
<td>Survey of sample of businesses where those supported have entered employment. and/or&lt;br&gt;Use of available evaluation evidence.</td>
<td>Those assisted into employment could simply be replacing others who now find themselves without jobs. Surveys of businesses benefiting (e.g. from job brokerage or employment subsidies) could be surveyed to estimate this effect. Alternatively (or to back this up), available evaluation evidence can be used. The issue is complicated by the fact that even though there may be short-term substitution, in the longer-term the natural rate of unemployment (or NAIRU) is actually reduced. (^{72})</td>
</tr>
</tbody>
</table>

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71 There are different types of employment support along the pathway to employment, from initial labour market orientation and engagement with the disaffected, through equipping people with entry level skills to job brokerage. In addition tools such as employment subsidies can be used. The EC post-MEANS guidance on the evaluation of socio-economic development contains more information: [http://www.evalsed.info/frame_themes_policy1_11.asp](http://www.evalsed.info/frame_themes_policy1_11.asp)

## Figure 8.3: Illustration of the additionality logic chain for skills development continued

<table>
<thead>
<tr>
<th>Additionality logic chain</th>
<th>Indicators</th>
<th>Key methods &amp; data sources</th>
<th>Key evaluation issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>(D) Net outputs</td>
<td><strong>Income multiplier effects</strong>&lt;br&gt;<strong>Core skills outputs</strong>&lt;br&gt;Indirect multiplier effect – number of jobs created through expenditure associated with any additional income as a result of people having greater skill levels (income multipliers).</td>
<td>Survey of sample of beneficiaries with appropriate calculations of multipliers. <strong>and/or</strong> Use available evaluation evidence and guidance on multipliers.</td>
<td>Multiplier effects may be difficult to estimate for skills outputs and little evidence or guidance exists for this specific intervention category. Survey to include questions on progression in employment, associated increases in earnings and importance of new skills. Sample should cover a range of beneficiaries.</td>
</tr>
<tr>
<td></td>
<td><strong>Income multiplier effects</strong>&lt;br&gt;<strong>Supplementary skills outputs</strong>&lt;br&gt;Indirect multiplier effect – number of jobs created through expenditure associated with any additional income as a result of people having greater skill levels (income multipliers).</td>
<td>Use of available evaluation evidence and guidance on multipliers.</td>
<td></td>
</tr>
<tr>
<td>(E) Total net outputs and outcomes</td>
<td><strong>Income multiplier effects</strong>&lt;br&gt;<strong>Employment support</strong>&lt;br&gt;Number of jobs created through expenditure associated with additional income to those now in employment (income multipliers).</td>
<td>Use of available evaluation evidence and guidance on multipliers.</td>
<td>The “Additionality Guide”, by English Partnerships contains guidance and ready reckoners on the use of income and supplier multipliers.</td>
</tr>
<tr>
<td></td>
<td><strong>Supply multiplier effects</strong>&lt;br&gt;Number of jobs created in the supply chain through additional output and expenditure associated with business vacancy filled/ created (supplier multipliers).</td>
<td>Use of available evaluation evidence and guidance on multipliers. <strong>and/or</strong> Survey of sample of benefiting businesses.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Wider and longer term dynamic affects</strong>&lt;br&gt;<strong>Core skills outputs</strong>&lt;br&gt;Potential dynamic effects associated with productivity and business performance improvements. Potential crowding in of business investment due to presence of skilled workforce.</td>
<td>Use of available evaluation evidence. <strong>and/or</strong> Surveys of businesses.</td>
<td>Difficult to assess. There is some evidence/literature on the links between skills and productivity, but it is inconclusive and imprecise (see table note below). Surveys would need to find out from businesses the extent to which higher skill levels have resulted in improvements in performance and how.</td>
</tr>
</tbody>
</table>

**Indicators**

- **Core skills outputs**
- **Supplementary skills outputs**
- **Supply multipliers**
- **Employment support**
- **Income multiplier effects**
- **Wider and longer term dynamic affects**
### Figure 8.3: Illustration of the additionality logic chain for skills development

<table>
<thead>
<tr>
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</tr>
</thead>
</table>
| (E) Total net outputs and outcomes continued | Wider and longer term dynamic affects
*Supplementary skills outputs*
Potential dynamic effects associated with productivity and business performance improvements.
Potential crowding in of business investment due to presence of skilled workforce. | Use of available evaluation evidence. and/or Surveys of businesses. Estimate through analysis of secondary data sources, along with surveys of new and potential businesses. | For crowding in: Statistical story-telling of increases in the number of firms, backed up by the reasons for being attracted to the region – specifically whether a skilled workforce was vital, and to what extent. Outcomes linked to this: adults with particular skill levels; investment in workforce development; skills shortages/gaps; social outcomes, especially relating to equality; productivity. |

| Wider and longer term dynamic affects
*Employment support*
Key outcomes here are: increase in the employment rate; reduction in unemployment rate; reduction in proportion of people economically inactive; outcomes associated with low incomes and disadvantaged communities. | Estimate through analysis of secondary data sources. | This will require some statistical story-telling on how outputs have made a difference to local economic conditions. |

### Sources of information
The EC post-MEANS guidance contains a section on education and training, see http://www.evalsed.info/frame_themes_policy1_10.asp
Keep, E., Mayhew, K. and Corney, M. (2002), “Review of the evidence on the rate of return to employers of investment in training and employer measures”, SKOPE Research Paper No. 34. This paper indicates that the overall conclusion of studies is that there is a positive relationship between skills and productivity, but little agreement about the magnitude of the effect. It also says that the relationship between skills, productivity and firm-level profitability is unclear. It also points to the need to understand relationships in the context of other business practices. Other literature backs this up, indicating that other elements such as product market strategies and people management practices have a bearing on whether increased skills drives up productivity and profitability. See http://www.economics.ox.ac.uk/SKOPE/Working%20Papers/SKOPEWP34.pdf for the full paper.
Evaluation of programmes

Core evaluation question: What has the RDA achieved through its programmes (with partners as appropriate) in meeting RES objectives?

8.13 At its simplest a programme within human resources and communities is a combination of:

- A collection of projects which are related in so far as they support the same objective(s) and some of which are mutually reinforcing. As such a programme can be defined quite broadly, e.g. skills development (and so encompass many interventions), or more narrowly, e.g. ICT skills development.

- The additional strategic added value of the RDA, particularly in terms of influencing partners to direct their activities and resources behind programme goals, sharing related knowledge, and creating an atmosphere of confidence which will encourage the desired economic activities.

8.14 The key stages in evaluating programmes are to:

- establish the programme logic, including the strategic role applied by the RDA;
- sum the impact of component projects (as discussed in Figure 8.3 above), and including any synergy effects which would not be captured by individual project evaluations;
- assess the strategic added value applied by the RDA; and
- relate the total contribution of the programme to the objectives of the RDA.
PROGRAMME LOGIC IN HUMAN RESOURCES AND COMMUNITIES

8.15 In Figure 8.4 two programme logics are developed, one relating to skills for employers, and one relating to supporting people from disadvantaged communities. Both follow the same logic from activity to net outputs through to intermediate outcomes and then wider and higher level outcomes (including those relating to sustainable development outcomes). As assessments are made as to intermediate and higher level outcomes it is important to take into account wider effects such as crowding in/out.

8.16 Under supporting people from disadvantaged communities, the focus is on the individual beneficiaries, with outputs and outcomes associated with the number of people supported in their skills development, the number supported into employment and the proportions of adults with certain levels of qualifications. The importance of tailored delivery is highlighted with outcomes associated with satisfaction and retention rates. Higher level outcomes are associated with improving the quality of life in disadvantaged communities (as measured by indicators such as income, health and crime). The key challenge for evaluation is to be able to demonstrate a causal link between employment and skills support to individuals and improvements in quality of life in the communities – perhaps through multi-variate analysis of available indicators. This must also take account of leakage – do supported people move to more attractive areas once they have become more secure in their new employment? A spill-over effect may also be a reduction in skills shortages and skills gaps.

8.17 Under skills for employers, it is both individuals and employers who benefit. As a result outcomes can be fairly broad for example, the recognition of the region having a skilled workforce, and improvements in productivity and business performance.
### Figure 8.4: Programme logic models for human resources and communities

#### Supporting people from disadvantaged communities

**Activity**
- Project examples: Basic skills initiatives; skills for employability; support into employment.
- Strategic role: Working with local LSCs to set the agenda; Promoting learning as a means of economic and social progression.

**Net outputs**
- Number of people supported in their skills development – including number supported to gain basic skills qualifications, and number supported to gain Level 2 qualifications.
- Number of people supported into employment.

Other less tangible outputs (e.g. SAV-related)
- Training tailored to meet learners’ and local needs.
- Stakeholder (e.g. local LSC) plans and objectives align with regional action plans/strategies.
- Use of innovative delivery.

**Intermediate outcomes**
- Employment rate; unemployment rate; economic activity and inactivity rates (particularly in target groups and disadvantaged neighbourhoods).
- Proportion of adults without basic skills (particularly in disadvantaged neighbourhoods).
- Proportion of adults with Level 2 qualification, with Level 3 qualification etc (particularly in disadvantaged neighbourhoods).
- Satisfaction with training.
- Reduced drop-out rates/improved retention.

**Wider and higher level outcomes including sustainable development outcomes**
- Improvements in deprivation indicators, and in wider economic/social indicators, e.g. incomes, benefit claimants, and then further effects on health, crime and quality of life (especially in disadvantaged areas).
- Reduction in skills gaps and skills shortages.
- Sustainable development outcomes associated with: social capital (especially in deprived areas).

#### Skills for employers

**Activity**
- Project examples: Level 2 skill levels of the workforce; learning projects to support priority sectors/key clusters.
- Strategic role: Regional Skills Partnerships; Promoting workforce development as a means to increase profitability (and productivity).

**Net outputs**
- Number of people supported in their skills development – including number supported to gain Level 2 qualifications.
- Number of employers benefiting from workforce development.
- Additional investment in workforce development made by employers.

Other less tangible outputs (e.g. SAV-related)
- Region recognised for its skilled workforce
- Employer participation in designing delivery and setting objectives.

**Intermediate outcomes**
- Proportion of adults with Level 2 qualification, with Level 3 qualification etc.
- Proportion of incumbent/potential businesses recognising region as having a suitably skilled workforce.
- Employer satisfaction with training provision.

**Wider and higher level outcomes including sustainable development outcomes**
- Reduction in skills gaps and skills shortages – generally, and for priority sectors.
- Improved productivity and business performance – in particular in priority sectors.
- Increased inward investment into the region by businesses – e.g. from priority sectors.
- Human capital outcomes associated with knowledge base and skills outcomes.
8.18 Through summation of relevant project evaluations, it is possible to obtain an indication of the net outputs associated with a whole programme – to the extent that a programme equates to the sum of projects. Therefore, there will be a set of outputs associated with the skills development of individuals, and the number of people supported into employment.

8.19 However, this roll-up simplifies the evaluation of the programme, because:

- There is/should be added value from the delivery of a programme – linked to the strategic added value and the wider activities of the programme
- The objectives of the projects may be defined more narrowly than the objectives of programmes – hence success will be measured differently.

8.20 The second point makes it clear that, with programmes, the focus of the evaluation will need to be broadened out well beyond the net core or supplementary outputs. For example, in Figure 8.4 under net outputs for supporting people from disadvantaged communities, we were particularly interested in the number of people who had been supported in their skills development and supported into employment by RDA activities. These are the focus of projects. However, when the logic model addresses intermediate outcomes, the evaluation focus broadens to consideration of the proportion of adults in the workforce with Level 2 qualifications and the employment rate. These intermediate outcomes are the focus of programme objectives.

8.21 Therefore, summing the net outputs of projects provides only one aspect of the programme evaluation. We also need to assess programme impacts by trying to determine how RDA funding and strategic added value activities have had an impact on outcomes that are relevant to RES and national objectives.
Evaluation of the contribution to RES objectives

**Core evaluation questions:** How far have the regions moved towards meeting the RES objectives? What has been the impact of the RDA in contributing to RES objectives?

8.22 This is an under-developed area which would benefit from development work by a range of government departments and agencies – the RDAs, the DTI, DfES and the SSDA for example. The key steps in the process which such development work should inform are reflected in the following questions:

- What changes have there been in the region relating to human resources and particular communities (especially disadvantaged ones) and the relevant RES objectives?
- What wider influences might there have been – e.g. economic trends, other policy impacts – likely to affect the key RES goals?
- How does the net impact of the programmes stand in relation to the aggregate changes observable in skills development, employment growth and community deprivation in the region and the trends, i.e. how does the net impact compare to the counterfactual?

8.23 Figure 8.5 describes the assessment sequence required.
**Figure 8.5: Relating programme achievements to RES objectives**

**Hypothetical example – skills development of employers’ workforce**

RES objectives include:

- To increase productivity through workforce development.
- To ensure that the key clusters in the region have access to a suitably skilled workforce.
- To increase the proportion of people in the workforce with Level 2 qualifications and Level 3 qualifications.

**What has been the achievement against these objectives, e.g.:**

- Number of people who have had their skills developed, including the number gaining specific qualifications – outcomes relating to the increase in the proportion of the workforce at particular qualification levels (e.g. using Labour Force Survey data).
- GVA per head or GVA per hour worked across the region, and data for particular sectors including key clusters where possible.
- Skills gaps and shortages in key clusters, and any evidence of wage pressures.

**What have been wider trends and policies that may have impacted upon the achievements, e.g. other factors contributing to increases in GVA, other policies on workforce/skills development?**

**How do programme net impacts compare to aggregate changes and in relation to wider trends and policies?**

- The net number of people who have achieved Level 2 qualifications who did not previously have them is x,000, which represents x% of the total extra number of people with Level 2s. The RDA has contributed x percentage points to the y percentage point increase in the number of adults with at least Level 2 qualifications.
- GVA per head has increased by x. Businesses supported in their workforce development indicate that skills has contributed x% to their increase in GVA per head. The businesses supported have seen their GVA per head increase by x compared to the trend for their sector of y.
- Skills gaps and skills shortages have changed by x percentage points in a particular key cluster, whilst the RDA has supported the skills development of y people in the sector. Consultations with businesses from the sector can be used to back up with evidence on views of RDA influence and role.

**What has the RDA done more widely to contribute, e.g.:**

- Regional Skills Partnerships have engaged employers more in the process, and RDAs have played some role in achieving this. This has meant that training and skills development is much more fit for purpose – use evidence of survey/consultations with employers to back this up.

**Contribution to sustainable development**

- Contribution via skills towards ‘economic capital’ and ‘human capital’ (as in paragraph 5.3 and Figure 5.2). This can be measured through proxies for value added using income differential in having the skills that have been developed.
- Contribution of skills to social sustainability: increased skills may lead to higher income and better jobs, which can improve satisfaction and quality of life; potential to lead to other spill-over effects such as improved health and reduced crime rates. The causal logic is difficult to assess, though could incorporate multi-variate analysis of key indicators such as skills, type of employment, earnings, satisfaction, health, crime etc.
Evaluation of the RDAs’ supra-regional contributions

Core evaluation questions: How far have the regions moved towards meeting national & wider objectives (such as relevant PSA targets)? What has been the influence of the RDAs in this?

RELEVANT PSA TARGETS FOR HUMAN RESOURCES AND COMMUNITIES

8.24 The key dimension to this is how the RDA has supported progress towards the PSA targets and HM Treasury productivity drivers. The PSA targets that are most relevant here are those under the skills and employment headings which are:73

- Skills – adults with Basic Skills, adults in the workforce with qualifications at Level 2 or above, adults in the workforce with qualifications at Level 3 or above, amount of i) public and ii) private investment in workforce development, participation of 18-30 year olds in Higher Education
- Employment – overall employment rate, employment rate in deprived areas (also a PSA target under Neighbourhood Renewal), employment of particular groups, employment in knowledge intensive industries and worklessness.

8.25 Other PSAs will be relevant more indirectly, for example:

- Productivity – GVA per hour worked (important here is the fact that skills is one of HM Treasury’s productivity drivers)
- Neighbourhood Renewal – employment rates in deprived communities, benefit claimant rates
- Rural productivity – earnings per head for working age population, skills in rural areas.

8.26 Figure 8.6 summarises the key factors that need to be considered when assessing how RDAs have contributed to these PSA target areas.

73 These are shown in Annex A with more information (e.g. sources for measurement) provided at http://www.consumers.gov.uk/rda/info/table_to_annex_d.htm
### Figure 8.6: Assessing RDA contribution to wider effects of human resources and communities

<table>
<thead>
<tr>
<th>PSA target area</th>
<th>How human resources and communities interventions contribute</th>
<th>Indicator(s) for assessing contribution</th>
<th>Judgement on contribution of RDA to initial area under consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills</td>
<td>Directly to all of the relevant targets.</td>
<td>LFS data on levels of qualifications held by the workforce. LSC data on basic skills achievements. Survey data for workforce development. HEI participation data.</td>
<td>Role of RDA in contributing to activity and agendas in each of the target areas. Make judgement on this basis and in relation to trends at overall regional level and elsewhere.</td>
</tr>
<tr>
<td>Employment</td>
<td>Directly through employment support initiatives. Also, where skills development is used as an active labour market policy to improve employability, and in particular employment in higher value added jobs.</td>
<td>Overall employment rate; overall worklessness; employment rate in deprived areas; employment rate of particular groups; employment in knowledge intensive industries; quality of employment can also be measured using earnings data (e.g. New Earnings Survey).</td>
<td>Assessment of the role of skills development activity in helping with employment outcomes (e.g. use of survey data). Examination of effect on employment outcomes, compared to regional and national trends.</td>
</tr>
<tr>
<td>Productivity (skills as one of the five productivity drivers)</td>
<td>Evidence suggests that skills contribute to productivity in some way – in particular when aligned with other policies (see below).</td>
<td>GVA per hour worked.</td>
<td>Need some kind of assessment on how skills development will have contributed to any increases in productivity – use evidence base available (e.g. see below) to make judgement by taking into consideration indicators of skills and productivity.</td>
</tr>
<tr>
<td>Neighbourhood Renewal</td>
<td>Human resources support targeted at disadvantaged areas may impact upon employment rates and benefit claimant rates.</td>
<td>Employment rate in deprived areas; benefit claimant rates.</td>
<td>Assessment of the role of activities under human resources in helping people in disadvantaged areas (e.g. through programme logic in Figure 8.3).</td>
</tr>
<tr>
<td>Rural productivity</td>
<td>Targets here are skills in rural areas and earnings per head. Therefore skills development contributes directly to the former and indirectly to the latter where skills development enables people to earn more.</td>
<td>Indicators in paragraph 8.24 broken down for rural areas. Earnings levels in rural areas.</td>
<td>In the case of skill levels, contribution is direct, and should be a judgement of RDA contribution to skills development in rural areas compared to overall levels and trends. In the case of earnings, can use proxies on skill levels and associated income gains (tested in rural context), set against overall levels and trends.</td>
</tr>
</tbody>
</table>
SKILLS AND PRODUCTIVITY

8.27 Figure 8.6 identifies productivity as an important PSA target relevant to human resources and communities through skills development. As mentioned in the table note in Figure 8.3, the evidence on the linkages between skills and productivity is varied and inconclusive. Figure 8.7 contains a brief summary of some of the evidence that links skills to productivity and profitability. This summary has borrowed extensively from the review conducted by Campbell and Garret (2004) on the UK skills and productivity agenda, which helped to provide an evidence base for the SSDA's Strategic Plan 2005-2008. It is important to note that although Figure 8.7 illustrates the positive impacts that skills can have on productivity, in order to achieve them, they need to be bundled together with how skills are used, e.g. through human resources practices, changes in working and product market strategies.

8.28 Figure 8.7 shows some of the evidence to indicate a positive relationship between skills development and productivity with caveats that illustrate that skills development needs to be achieved alongside other practices. The important question for the evaluation framework is how to operationalise this through evaluation. It is clear that RDAs cannot be expected to be able to demonstrate accurately their impact on the skills productivity driver (and subsequent impact on other drivers) through their interventions. There are three key implications where action can be taken:

- RDAs should be able to show how their interventions can logically, on the basis of the existing evidence, be expected to contribute to productivity growth via the skills productivity driver and others where appropriate.
- RDAs should carry out or commission, in conjunction with other partners, research on the relationship between skills development and productivity as it works through in their regional and sub-regional circumstances in order to provide more robust and relevant evidence on the link between outputs and outcomes.
- There is a role for RDAs to work together and with DTI, HM Treasury and others where appropriate to explore further the links between RDA interventions, the drivers of productivity and productivity growth. This should include how interventions may affect more than one of the productivity drivers. This will help to advance the state of the art, and further develop the evaluation evidence base.

**Figure 8.7: Evidence on links between skills and productivity and profitability**

<table>
<thead>
<tr>
<th>Overall</th>
</tr>
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<tbody>
<tr>
<td>• Five percentage point increase in the training rate (the proportion of a sector’s employees who participate in training is associated with a 4 percentage point increase in productivity as measured by the value added per worker. The effect on wages is 1.6 percentage points (demonstrating a net benefit to employers) – Source: Dearden (2000).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manufacturing sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Top performing manufacturing companies were associated with a workforce with, on average, an extra qualification level than the workforce of the bottom performing companies (Haskel and Hawkes 2003).</td>
</tr>
<tr>
<td>• Those firms in the UK’s top 10% of productive firms had workers with on average 2 years additional education than firms in the bottom 10%. This skill difference accounted for around 8% of the productivity gap between the top and bottom 10% of firms (Haskel et al. 2003).</td>
</tr>
<tr>
<td>• This is explained by the higher level of skills within these high performing manufacturing companies which leads to innovation and more sophisticated production processes, in turn leading to higher quality and higher value products (Haskel and Hawkes 2003). High performing companies therefore hire workers with higher skills both ‘soft’ generic skills as well as ‘hard’ technical skills.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Mason and Wilson (2003) found that an additional year of education among the workforce of firms in the manufacturing and service industries in the UK increased each firm’s productivity.</td>
</tr>
<tr>
<td>• This supports the findings of an earlier study (Lynch and Black, 1995) in the USA. Lynch and Black’s research suggests an additional years education in the workforce of the service sector raised sector productivity by between 5.9% to 12.7%. In the manufacturing industry productivity was raised by between 4.9% and 8.5%.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sophistication of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Haskel and Hawkes (2003) above associated higher levels of skills with higher quality and higher value products – indicating that a key element in the logic is organisation’s product market strategies and not just skill levels per se.</td>
</tr>
<tr>
<td>• Green et al. (2003) also found a strong relationship between different levels of workforce skills and the sophistication of products in the UK.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wider effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Greater skill levels can also bring improvements in other areas such as strategies and innovation.</td>
</tr>
<tr>
<td>• Reid (2000) associated a more highly skilled workforce with greater commercial orientation, strategic awareness and a propensity to innovate, thus helping to retain competitive advantage among new and small businesses. These factors can increase business survival rates.</td>
</tr>
<tr>
<td>• Similarly, higher education levels are more likely to foster innovation (Albaladejo and Romijn, 2001).</td>
</tr>
</tbody>
</table>
**Figure 8.7: Evidence on links between skills and productivity and profitability continued**

**Firm perceptions**

- Spilsbury (2002) found that a large proportion of firms in England that provided training for their employees over the last 12 months attributed this training to an increase in productivity. Some firms also indicated that turnover and profit was impacted upon (see chart).

**Sources of information**

CROSS-REGIONAL EFFECTS

8.29 The final element of supra-regional contribution that may need to be considered as part of the evaluation relates to possible cross-regional effects. This can be important when considering key clusters and priority sectors that cross regional boundaries, in which case the key outcomes associated with key clusters could be considered for a wider spatial area, possibly in conjunction with the evaluation work undertaken by other RDAs.

8.30 A further element is that RDA activity in developing human resources can benefit those who subsequently move out of the region, thus contributing to employability and the skills and knowledge base elsewhere. Techniques to measure this could include tracking of beneficiaries or statistical story telling using migration data (to estimate approximately cross-regional effects).

8.31 Given that cross-regional effects are largely new ground for RDA evaluation activities, and the complexities in measurement, these may be best tackled through a joint programme of research between RDAs and DTI.

Recommendation 14: Interventions under human resources and communities can have wider impacts on the quality of life amongst disadvantaged people and in deprived areas. In assessing impact RDAs need to consider the wider effects of their interventions that develop people’s skills and ability to be more active in the labour market.
PART 3:
TURNING THE FRAMEWORK INTO ACTION
9 Turning the framework into action

9.1 The range of activities in which RDAs engage is diverse, varying in nature, industry focus, firm size, time scales and geographical coverage. It is impossible therefore in a single document to specify a single detailed blueprint for evaluation that covers every activity of every RDA. This framework provides the practical tools required for individual RDAs to build a robust evaluation strategy which if adopted will ensure consistency of approach between RDAs, allowing for differences in their economic context and strategy, and ensure methodological rigour. It is the intention of DTI to provide further external support and advice to RDAs on how to apply this framework to their specific situation, recognising the inherent complexity of the task. This section sets out, for discussion with DTI, RDAs and other stakeholders, our view of the next steps that need to be taken to put the framework into effect once it has been agreed.

Establishing evaluation priorities and the weight to be given to legacy programmes

9.2 RDAs are resource constrained and this applies as much to evaluation capacity as it does to programmes. In section 3 we set out the nature of the evaluation process and how RDAs should prioritise and plan their activities given scarce resources. Section 3 applies best practice more generally, but the perspective is very much on new interventions. However, RDAs have been in existence for 6 years and they inherited a number of legacy programmes. It has only been in recent years that the programme of activities can be said to be substantially their own.

9.3 This gives rise to an initial, fundamental question as to how much attention should be given to legacy arrangements in the evaluation programme.

Recommendation 15: We recommend that the RDAs carry out a high level audit of their activities since inception and classify them in terms of Figure 9.1.

9.4 We see little value in RDAs devoting scarce resources to evaluating legacy arrangements that they had little opportunity to influence – e.g. the completion of land and property projects already initiated by English Partnerships. However, the nature and scale of these commitments – and the claims made on RDA budgets in the early years need to be understood to provide context on RDAs’ freedom of manoeuvre in their early years. We think it makes sense in establishing this context to use whatever monitoring reports and evaluation results are available to infer conclusions about aggregate net output effects even if outcomes are more elusive.
9.5 Current and future evaluation effort should, in our view, be focussed on those legacy programmes which have been substantially affected since the arrival of RDAs and those programmes/interventions that are RDA inspired. Legacy programmes which have been significantly influenced by the RDA in terms of their scale, direction or method of delivery should be considered for evaluation, as should interventions wholly inspired by the RDA. Of these, the programmes and interventions should be classified in terms of:

- Most significant in terms of spend
- Most important to the achievement of objectives
- Vital to obtain evidence that planned future expansion of the programme (or variant of it) is likely to have the desired impact.

9.6 The ideal will be to establish an objective for evaluation to cover the most substantial areas of activity in the next 12-18 months in order to provide best evidence of overall impact for spending review discussions. In parallel, as detailed in section 3, it will be important to ensure that a forward looking evaluation strategy is drawn up for all planned programmes and projects so that any initial considerations for data collection (which may need to be built into programme design) are factored in. This forward planning should not be resource intensive, but it is vital not to neglect it.
Evaluating the impact of the RDAs against the policy counterfactual

9.7 The impact evaluation framework we have developed with DTI and RDAs has set out how to measure the impact of the RDAs and their contribution to regional and national objectives. It has also suggested methods by which this impact and contribution can be tracked back to RDAs' inputs in the form of their programme spend and their strategic added value. Ministers are likely to be particularly interested in the latter question – has the arrival of RDAs really made a difference? The application of the framework may show that RDAs have achieved their objectives but there is the issue of whether these benefits would also have been delivered as efficiently through other mechanisms – e.g. English Partnerships, Local Authorities or centrally driven Departmental programmes. This issue could be described as the ‘policy counterfactual.’

9.8 We think the strategic added value of the RDAs goes to the heart of this matter which is why the framework design in this report has incorporated this element. However, it must be acknowledged that:

a) RDA strategic added value (SAV) is likely to have been weaker in the early years of the legacy programmes;

b) RDAs may only have started to focus fully on the attainment of SAV some while after the introduction of the Single Programme in 2002; and

c) it is only recently that formulations have been given to the different forms that SAV might take – and in ways that might make it amenable to monitoring and evaluation.

9.9 Nevertheless, we think the review that the RDAs should carry out of their activities in their early years should include an assessment of the ways in which their delivery and implementation of legacy programmes differed from the previous regime and with what consequences. This will help provide a useful baseline and comparator. Further, we suggest this should be accompanied by evaluation of specific interventions which could only have been undertaken successfully by RDAs because of their particular powers, their focus on regional market failures, ways of working, and position vis-a-vis their partners. The requirement to probe these issues would require the kind of top-down, programme wide approach to the determination of evaluation priorities which we proposed in Section 3 of our report as a counterbalance to the bottom-up approach which has prevailed to date.

9.10 It will also require inspection of the capacities in which RDAs have invested since their inception, the processes by which they have intervened and their relationships with partners and not just their impact. This is the territory designed to be covered by the IPA/CPA but this will be more
relevant for future performance assessment rather than retrospective impact assessment. Hence, the latter will need to be considered in the reviews and evaluations we have proposed drawing on the IPA/CPA approach rather than applying it systematically to the early years of RDA development.

9.11 We propose that retrospective assessment of the legacy programmes (whether or not changed under RDA stewardships) should be regarded as a discrete exercise that should work in parallel with the application of the IPA/CPA and the further development and implementation of the impact evaluation framework set out in this report and applied to new and planned RDA programmes since 2002/03.

**Recommendation 16:** We recommend that the policy counterfactual issue should be assessed by a discrete exploration of the RDAs’ strategic added value as it was applied to its legacy programmes – deploying the methods suggested by the IPA/CPA and the evaluation framework. We further recommend that this exercise should run in parallel with a forward looking exercise to develop, embed and apply the IPA/CPA and the evaluation framework to the work and programmes of the RDAs introduced and planned since 2002/03.

Establishing what use can be made of existing evaluation materials

9.12 Having established the particular programmes/interventions to be prioritised for evaluation, RDAs should review whether previous evaluations can be used to assess impact. This will require examining the scope of these pre-existing evaluations against the guidance contained in this framework. Existing evaluations will either be:

- wholly fit for purpose, having been carried out in accordance with the approaches set out in this document and provide a robust measure of RDA outcomes and their sustainability
- largely fit for purpose, i.e. their design might be capable of improvement but provide a fair indication of impact such that it would not be worth repeating the research. In these cases the outputs of the evaluation might be used but with caveats
- capable of being used as a source for an evaluation, for example, some evaluations which rigorously assessed outputs but neglected outcomes. A supplementary assessment of outcomes might in some cases be applied by supplementary analysis, application of reasonable multipliers and proxies for displacement in the product and factor markets
- of insufficient quality – i.e. because their scope was excessively narrow or the approach deployed was methodologically flawed.
9.13 We also suggest that the audit should include a review of reported outputs (from monitoring returns and reports) to explore the potential for aggregation and for inferences to be drawn about the consequential effects on outcomes and impacts. This would require the use of previous evaluation evidence on the relationship between outputs and outcomes and would need to be placed in the context of changes in regional performance over the period from the early 1990s. For the early period of RDAs’ existence, we suggest that this should be done at the level of legacy programmes rather than embark on what we suspect would be an arduous, expensive and ultimately fruitless task of translating these programmes into current or recent RDA strategic themes.

Recommendation 17: RDAs should do an audit of their previous evaluations and monitoring returns, mapping them on to the interventions to be prioritised, and establishing the gaps.

Firming up and resourcing the evaluation plan

9.14 The next stage will be to look at the gaps in the evidence base and to identify those areas most in need of ‘fresh’ evaluation. A further pragmatic assessment will then be needed of the feasibility of carrying out evaluation if the initiatives are very old and the problems of data capture insurmountable (i.e. there are inadequate records of programme beneficiaries) – see Figure 9.2.

Figure 9.2: Formulation of evaluation plan
RDAs will then need to make an indicative assessment of the resource requirements and agree what is affordable with the responsible budget holders. They should consider whether external support is needed and procure it. Given the time scales typically encountered for the latter activities, we would suggest specifying and initiating a procurement plan rapidly, possibly with a framework of interested suppliers who can then be called off at short notice as the resource requirement is needed.

Recommendation 18: RDAs should identify their need for fresh evaluation evidence and commence procurement of any required external support rapidly to ensure that public procurement rules do not unnecessarily extend the critical path for evaluation.

The mechanisms for supporting the evaluation (including joint evaluative research)

In carrying out their evaluations, RDAs will inevitably come across similar problems, methodological and operational. These problems need to be solved quickly without effort being lost ‘reinventing the wheel.’ We recommend the following mechanisms to tackle this:

- DTI plan to appoint advisors to support and mentor RDAs with implementation. These advisors should not only play a role supporting individual queries but should actively disseminate supplementary guidance on issues arising which are likely to affect multiple RDAs
- The RDAs’ network of policy evaluation specialists – which already provide a valuable forum for sharing expertise across the network – should continue to play a strong role in surfacing common issues and agreeing best practice
- DTI, RDAs and other interested government departments should together identify issues where further methodology development work might be of value and should carry out joint projects to support the evaluation (see below).

It was not possible within the timescale and budget of this project to develop wholly new methodologies to assist in the evaluation of RDAs. There are areas where further progress might be made. DTI has a key role to play here but there may also be learning from the devolved administrations and other government departments who have encountered similar difficult evaluation issues albeit in other contexts.

Areas for potential joint work include establishing whether statistical techniques (e.g. multi-variate analysis), applied to national, regional and micro data sources, can be used to establish a top-down view of impact, including:
the extent to which RDA-assisted businesses are able to grow faster than comparable businesses and to isolate that impact from other economic influences and policy levers

the extent to which business formation, in sectors prioritised by RDAs, have accelerated faster in the period since RDAs were established, allowing for wider economic factors

whether business failures amongst RDA assisted business are less than those amongst comparable business, again allowing for economic factors

9.19 A second area for joint work is in the pooling of evaluation data by different RDAs engaged in broadly similar interventions. Although RDAs have varied programmes there are certain sorts of activity (e.g. small business support, skills development initiatives) that are more common than others. By pooling this evaluation research it may be possible to get a better indication of which particular approaches work best in which context. Due allowance needs to be made for specific regional contexts and why implementation might be more difficult or complex in one region than another. However, this should not obscure the fact that comparison of impacts and programme spend across regions can yield very valuable evidence to inform future approaches.

9.20 A third area of work includes the extent to which new intermediate outcome measures may be used as a reliable proxy for the final impact of an intervention. This is important because many final outcomes take a significant time to materialise (e.g. area based regeneration projects, cluster strategies and so on). So for example, trends in the number of planning applications, property rental values and VAT registrations may be a good indicator of the likely success of an area-based regeneration strategy which is apparent before the final outcomes are realised in terms of sustainable jobs, businesses and a stable resident base. Understanding which intermediate outcome measures are good indicators of final success – and particularly how they quantitatively relate to final outcomes – is not always straightforward and needs further work.

9.21 Given the need for RDAs to understand as rapidly as possible where programmes are working, and where not, further development research into intermediate measures would be of particular value. It could also improve the richness of information available for the Comprehensive Spending Review 2007.

**Recommendation 19:** The evaluations required of the RDAs are likely to become more ambitious and sophisticated and will need to be supported in a variety of ways – through technical and peer guidance and support from sponsor departments and devolved administrations as well as each other. There will be benefits from joint evaluative research efforts particularly with regard to the use of multi-variate statistical analysis, pooling of evaluation data and evidence and the use of intermediate outcome measures.
## Annex A: RDA PSA Targets and Tasking Framework

### Core Outputs

#### RDA PSA Targets

<table>
<thead>
<tr>
<th>PSA Targets to which RDAs are expected to contribute</th>
<th>Indicators</th>
</tr>
</thead>
</table>
| • Regional economic performance                      | • Employment rate  
• Household income  
• Work placed based GVA per head |
| • Sustainable development                            | • CO₂ emissions  
• Positive trends in the Government’s set of Sustainable Consumption and Production/decoupling indicators |
| • Productivity/rural productivity                    | • GVA per hour worked  
• Earnings per head for working age population at LAD level  
• Number of adults living in rural areas who have basic skills |
| • Employment                                         | • Employment rate in deprived areas  
• Overall employment rate  
• Employment in selected target groups  
• Employment in knowledge intensive industries  
• Worklessness – people without work at local level |
| • Enterprise                                         | • Productivity of small sites  
• Proportion of people considering going into business  
• Self-employment rates in deprived wards |
| • International trade and investment                 | • Number of successful new exporters  
• Number of firms successfully entering new markets  
• Number of involved inward investment successes which are knowledge driven |
### PSA Targets to which RDAs are expected to contribute

<table>
<thead>
<tr>
<th>PSA Targets</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Neighbourhood renewal</td>
<td>• Number of businesses measured by LFS measure of self-employment</td>
</tr>
<tr>
<td></td>
<td>• Employment rates in deprived areas and amongst disadvantaged groups</td>
</tr>
<tr>
<td></td>
<td>• Benefit claimant rates</td>
</tr>
<tr>
<td>• Science and innovation</td>
<td>• Business expenditure on R&amp;D as % of GVA</td>
</tr>
<tr>
<td></td>
<td>• % of businesses having introduced new products, services and processes</td>
</tr>
<tr>
<td></td>
<td>• University income from collaborative research and IP</td>
</tr>
<tr>
<td></td>
<td>• Number of innovation active businesses</td>
</tr>
<tr>
<td></td>
<td>• Value of investments resulting from R&amp;D activity</td>
</tr>
<tr>
<td>• Skills</td>
<td>• Number of adults with basic skills</td>
</tr>
<tr>
<td></td>
<td>• Adults in the workforce with qualifications at Level 2 or above</td>
</tr>
<tr>
<td></td>
<td>• Adults in the workforce with qualifications at Level 3 or above</td>
</tr>
<tr>
<td></td>
<td>• Amount of (i) public and (ii) private investment in workforce development</td>
</tr>
<tr>
<td></td>
<td>• Participation of 18-30 year olds in Higher Education</td>
</tr>
<tr>
<td>• Sustainable communities</td>
<td>• Number of LAs where a basket of house price comparison measures is substantially lower than equivalent national house price figures</td>
</tr>
<tr>
<td></td>
<td>• The ratio of lower quartile house prices to lower quartile earnings in the regions characterised by high demand</td>
</tr>
<tr>
<td>• Sustainable farming and food</td>
<td>• NA</td>
</tr>
<tr>
<td>• Voluntary and community sector</td>
<td>• NA</td>
</tr>
</tbody>
</table>

Note: The table supporting Annex D of the RDA Tasking Framework 2005 does not include indicators for the last two PSA targets. But it has additional indicators for Creative Industries and Tourism – both indicators relate to employment in these sectors of economic activity.

![Figure 1.2: RDA core outputs and underlying key principles](RDA Tasking Framework 2005)
RDA Core Outputs

<table>
<thead>
<tr>
<th>Core RDA Outputs</th>
<th>Key principles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Job creation</strong> – Number of jobs created or safeguarded</td>
<td>- Output indicators should be used in conjunction with strategic added value(^75) to help understand the possible influence of a project, programme or activity on regional outcomes – the indicators should be used as a tool to help drive activities to achieve RES priorities and contribute to the delivery of the PSA Targets covered by the Tasking Framework.</td>
</tr>
<tr>
<td><strong>2 Employment support</strong> – Number of people to get a job</td>
<td></td>
</tr>
<tr>
<td><strong>3 Business Creation</strong> – Number of new businesses created and demonstrating growth after 12 months and businesses attracted to the region</td>
<td></td>
</tr>
<tr>
<td><strong>4 Business support</strong> – Number of businesses assisted to improve their performance</td>
<td></td>
</tr>
<tr>
<td>4(a) Number of businesses within the region engaged in new collaborations with the knowledge base (knowledge base/ business collaboration)</td>
<td></td>
</tr>
<tr>
<td><strong>5 Regeneration</strong> Public and private regeneration infrastructure investment levered (£m/% private)</td>
<td></td>
</tr>
<tr>
<td>5(a) Brownfield land reclaimed and/or redeveloped</td>
<td></td>
</tr>
<tr>
<td><strong>6 Skills</strong> Number of people assisted in their skills development as a result of RDA programmes</td>
<td></td>
</tr>
<tr>
<td>6(a) Number of adults gaining basic skills as part of the Skills for Life Strategy that count towards the Skills PSA Target</td>
<td></td>
</tr>
<tr>
<td>6(b) Number of adults in the workforce who lack a full Level 2 or equivalent qualification who are supported in achieving at least a full Level 2 qualification or equivalent</td>
<td></td>
</tr>
</tbody>
</table>

\(^75\) Strategic added value (SAV) is a term that has entered the vocabulary of RDA performance measurement to reflect the influence an RDA can exert on partners and key stakeholders to achieve RES objectives over and above the contribution it can make through its project and programme spend. See Annex C of the Tasking Framework – http://www.consumer.gov.uk/rda/info/Corporate_Plan_Guidance.htm#ANNEX%20C
Annex B: Comprehensive statement of the issues for the evaluation framework

1. The attached table sets out the comprehensive set of evaluation questions that was the starting point for generating a core set of evaluation issues (as explained in section 2). The questions were specified in the light of preliminary discussions with evaluation and research specialists in two RDAs, consideration of evaluation frameworks designed for either RDAs or other agencies such as Scottish Enterprise and the Sector Skills Development Agency, a review of the literature on RDAs and regional development, and the experience of PA and SQW. The questions were finalised in conjunction with the steering group.

2. The questions have been organised in two ways that distinguish between:

- **Process impacts and outcome impacts:** Process impacts acknowledge that, in order to achieve their objectives, RDAs will have to acquire capacities and behave in ways that will make them effective and efficient. The extent to which they are successful in doing this is proposed as a general issue that is appropriate for inclusion in the evaluation framework. Outcome impacts are the consequences of RDAs capacity investments and their actions in pursuit of their objectives. They will also follow from the achievement of outputs and intermediate outcomes and it is proposed that the framework should address these as well as final outcomes.

- **Levels of impacts:** The distinctions here are between, for example, the highest level of RDA strategic actions in influencing the national agenda, policies and plans and the more operational level as represented by specific programmes and projects. In between, there are the strategic added value activities of the RDAs where it is proposed that distinctions might be drawn between their influence on the formulation of and contribution to the RES objectives, on pan-regional and sub-regional strategies and in more operational ways.

76 It should be noted that the evaluation questions have been drafted with a focus on the RDAs. Adoption of the questions for application to the London Development Agency will require some changes in their formulation – for example, the LDA is not governed by the 1998 Act not supplementary statutory guidance.

77 For example, Evaluating the Impact of emda – Final Report to emda; ECOTEC; May 2004.


3. A commentary column has been provided in the attached matrix. This provides brief rationale for the inclusion of questions. In addition, it identifies particular issues relating to how the questions might be incorporated into the framework. This finalised version of the matrix will be included in our final report to explain the rationale for the boundaries that have been set for the evaluation framework that we propose.

4. In this context, there are three overarching points about the evaluation framework questions:

   - The questions will need to be answered in a way which does not impinge on the internal organisational issues of RDAs as this is out of scope of this project
   - The questions will often provide a context for the evaluation, e.g. being drawn from existing material rather than needing to be answered afresh
   - The evaluation will need to be particularly clear around the role played by qualitative questions, so as to avoid charges of bias resulting from lack of evidence.
## DEVELOPMENT OF A FRAMEWORK FOR EVALUATING THE IMPACT OF THE ENGLISH RDAs: KEY EVALUATION QUESTIONS

<table>
<thead>
<tr>
<th>Levels of RDA impacts</th>
<th>1. Process impacts</th>
<th>2. Outcome impacts</th>
<th>Context and comments on the appropriateness of the issues for inclusion in the framework</th>
</tr>
</thead>
</table>
| A) National strategies and operations | **A.1.1** To what extent have RDAs a) influenced central Government departmental strategies and policies and b) ensured that the RES takes them fully into account? | **A.2.1** How far have the regions moved towards meeting national objectives? | The questions at this level recognise that RDAs input into wider national policy-making. This is through what RDAs are required to respond to as well as what they do under their own direction. The process impacts are related to Strategic Added Value, but are specific to how RDAs operate at the national levels - specific SAV issues are addressed under E (see below). A.1.1 and A.1.2 will need to bear in mind four different aspects:  
- What are RDAs required to respond to?  
- What do RDAs choose to respond to under their own direction?  
- How responsive is government to RDAs?  
- That different RDAs have particular lead roles. The A.2.1 – A.2.2 issues may be appropriate for inclusion in the evaluation framework but primarily for contextual purposes. Care will need to be taken to avoid any duplication with RES reviews. In all these levels, a line will need to be drawn around questions which impinge on RDA internal organisational issues which are outside the scope of this evaluation. |
|                       | **A.1.2** To what extent have they influenced Government spending plans and policies – e.g. DTI, ODPM, Defra and other departments like DfT on infrastructure? | **A.2.2** What progress has been made towards achieving PSA targets? | |

The table outlines the process and outcome impacts at the national level, including how RDAs influence national objectives and progress towards PSA targets. It emphasizes the need to consider different aspects of RDAs' operations and ensure that the evaluation framework is appropriate and avoids duplication with RES reviews.
### DEVELOPMENT OF A FRAMEWORK FOR EVALUATING THE IMPACT OF THE ENGLISH RDAs: KEY EVALUATION QUESTIONS

<table>
<thead>
<tr>
<th>Levels of RDA impacts</th>
<th>1. Process impacts</th>
<th>2. Outcome impacts</th>
<th>Context and comments on the appropriateness of the issues for inclusion in the framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>B) Regional economic strategies (RES), other regional strategies and RDA Corporate Plans</td>
<td>B.1.1 How far does the form and content of the RES comply with the requirements set out for the RDAs in the 1998 Act and in subsequent statutory guidance?</td>
<td>B.2.1 How far have the regions moved towards meeting RES objectives?</td>
<td>The rationale behind the questioning on process impacts is that the RDAs are the key drivers of the RES and its development. The intention is that this should not form an organisational review. Instead, the questions seek to establish the contribution of the RDAs in developing a coherent strategy for the region, which is understood and adhered to by partners. It is recognised that the objectives of the RDAs are not synonymous with those of the RES, and that performance against the RES may not necessarily be a reflection on the RDAs.</td>
</tr>
<tr>
<td></td>
<td>B.1.2 Have the RDAs been effective – and increasingly effective – in securing the commitment of partners and stakeholders in the RES and their buy-in to its objectives and priorities?</td>
<td>B.2.2 How far have RDAs' Corporate Plan objectives and targets been met?</td>
<td>The same comment as for A.2.1 – A.2.2 (above) is likely to apply to the B.2.1 issue – i.e. that its primary purpose might be for contextual purposes.</td>
</tr>
<tr>
<td></td>
<td>B.1.3 How well have the RDAs a) influenced other regional strategies and b) ensured that the RES interlocks with and complements them?</td>
<td>B.2.3 How is the RDA performing against its strategic themes and the thematic objectives?</td>
<td>Issue B.2.4 may only be appropriate for the evaluation framework where the performance of partners reflects on the influence of the RDAs.</td>
</tr>
<tr>
<td></td>
<td>B.1.4 How well have they ensured a) the coherence and robustness of the RES, its themes and the balance between them and b) that it is grounded in evidence-based understanding of the market failures, conditions and prospects of the regions?</td>
<td>B.2.4 How well have partners performed against objectives developed and pursued with the RDAs?</td>
<td>There may be some overlap with the Initial Performance Assessments (IPA), and so this will need to be complemented rather than duplicated.</td>
</tr>
<tr>
<td></td>
<td>B.1.5 How well do RDA Corporate Plans enable the RDAs to contribute to the RES and other regional objectives and to respond to market failures and distributional issues at regional and local levels?</td>
<td>B.2.5 To what extent have the RDAs contributed to meeting RES objectives and in what respects has it been most effective in doing so and why?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B.1.6 Have the RDAs developed or got access to the analytical skills and knowledge base to contribute to the development of the RES? How well has it been used? <em>This is related to a specific area of Strategic Added Value, see E.1.1.</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Levels of RDA impacts</td>
<td>1. Process impacts</td>
<td>2. Outcome impacts</td>
<td>Context and comments on the appropriateness of the issues for inclusion in the framework</td>
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<tr>
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<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Policy areas such as the Northern Way, Thames Gateway and the Midlands Way demonstrate the evolving role of RDAs to work with each other – i.e. at a pan-regional level as well as at their own regional and sub-regional levels. This level of questions seeks to identify how effective RDAs have been in addressing pan-regional issues and how this contributes to RES objectives.</strong></td>
</tr>
<tr>
<td>C) Pan-regional strategies</td>
<td></td>
<td></td>
<td><strong>Policy areas such as the Northern Way, Thames Gateway and the Midlands Way demonstrate the evolving role of RDAs to work with each other – i.e. at a pan-regional level as well as at their own regional and sub-regional levels. This level of questions seeks to identify how effective RDAs have been in addressing pan-regional issues and how this contributes to RES objectives.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>C.1.1</strong> To what extent have the RDAs worked with other regions in order to respond to common issues?</td>
<td><strong>C.2.1</strong> How well have the RDAs performed against the objectives set for them in pan-regional working?</td>
<td><strong>Policy areas such as the Northern Way, Thames Gateway and the Midlands Way demonstrate the evolving role of RDAs to work with each other – i.e. at a pan-regional level as well as at their own regional and sub-regional levels. This level of questions seeks to identify how effective RDAs have been in addressing pan-regional issues and how this contributes to RES objectives.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>C.1.2</strong> How have the RDAs ensured that pan-regional strategies and policies fit with RES objectives?</td>
<td><strong>C.2.2</strong> To what extent has pan-regional work contributed to meeting RES objectives?</td>
<td><strong>Policy areas such as the Northern Way, Thames Gateway and the Midlands Way demonstrate the evolving role of RDAs to work with each other – i.e. at a pan-regional level as well as at their own regional and sub-regional levels. This level of questions seeks to identify how effective RDAs have been in addressing pan-regional issues and how this contributes to RES objectives.</strong></td>
</tr>
<tr>
<td>D) Sub-regional (including European) strategies, investment and action plans</td>
<td><strong>D.1.1</strong> To what extent have the RDAs ensured that any sub-regional and European strategies – e.g. with a sector, cluster, activity and/or spatial focus – serve RES objectives?</td>
<td><strong>D.2.1</strong> How far have the regions moved towards meeting the objectives of any sub-regional and European strategies and policies?</td>
<td><strong>Level C is predominantly concerned with Regional Economic Strategies, RDA Corporate Plans and other RDA interaction at the regional level. In addition, questions B.1.3 – B.1.6 will also apply to the way RDAs contribute to sub-regional and relevant European strategies and action plans via the RES. Level D recognises that there are specific ways in which RDAs operate at the sub-regional level, through sub-regional and European strategies and policies.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>D.1.2</strong> How effective have the RDAs been in influencing sub-regional and European strategies and ensuring that they complement and interlock with each other and other strategies at sub-regional and local levels?</td>
<td><strong>D.2.2</strong> How well have the RDAs performed against the objectives set for them in the action plans associated with any sub-regional and European strategies and policies?</td>
<td><strong>Level C is predominantly concerned with Regional Economic Strategies, RDA Corporate Plans and other RDA interaction at the regional level. In addition, questions B.1.3 – B.1.6 will also apply to the way RDAs contribute to sub-regional and relevant European strategies and action plans via the RES. Level D recognises that there are specific ways in which RDAs operate at the sub-regional level, through sub-regional and European strategies and policies.</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>D.2.3</strong> To what extent have the RDAs contributed to meeting any sub-regional and European strategic objectives?</td>
<td><strong>D.2.1 may be appropriate for inclusion in the framework primarily for contextual purposes.</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>D.2.4</strong> How are RDA impacts spatially distributed, particularly between urban and rural areas?</td>
<td><strong>Level C is predominantly concerned with Regional Economic Strategies, RDA Corporate Plans and other RDA interaction at the regional level. In addition, questions B.1.3 – B.1.6 will also apply to the way RDAs contribute to sub-regional and relevant European strategies and action plans via the RES. Level D recognises that there are specific ways in which RDAs operate at the sub-regional level, through sub-regional and European strategies and policies.</strong></td>
</tr>
</tbody>
</table>
### Levels of RDA impacts continued

<table>
<thead>
<tr>
<th>E) RDA strategic added value (SAV) within their own region</th>
<th>Levels of RDA impacts</th>
<th>1. Process impacts</th>
<th>2. Outcome impacts</th>
<th>Context and comments on the appropriateness of the issues for inclusion in the framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.1.1 How have the RDAs interpreted and exercised their SAV, e.g. in providing:</td>
<td>E.1.1</td>
<td>How successful have the RDAs been in leveraging in funding and other resources from partners and stakeholders, especially from the private sector?</td>
<td>E.2.1</td>
<td>The strategic added value (SAV) of the RDAs is likely to be an important feature of a forward looking evaluation framework. The process and outcome impacts are linked – i.e. how have the outcome impacts been achieved because/in spite of the process impacts?</td>
</tr>
<tr>
<td>• A knowledge base and capacity to understand the needs of and opportunities for the region? See also B.1.6</td>
<td></td>
<td>How effective are the RDAs in providing increased stability and reduced uncertainty in their regions and for their partners – e.g. in budgetary terms?</td>
<td>E.2.2</td>
<td>It is likely to be necessary to draw a line around SAV capacity issues so that the evaluation framework does not trespass on more general RDA organisational and management issues.</td>
</tr>
<tr>
<td>• Strategic leadership, demonstration and promotion?</td>
<td></td>
<td>Has appropriate initial partner engagement been effectively sustained and have new effective partnerships been formed?</td>
<td>E.2.3</td>
<td>SAV issues are likely to be difficult to address in a quantitative way especially with respect to outputs and outcomes. In addition, benchmarks will need to be used that are pragmatic and consistent, but which avoid direct comparisons between RDAs.</td>
</tr>
<tr>
<td>• Strategic influence on the plans of regional stakeholders (e.g. local authority decision-making)?</td>
<td></td>
<td>To what extent have the RDAs been successful in:</td>
<td>E.2.4</td>
<td></td>
</tr>
<tr>
<td>• Leverage to mobilise partner resources to the needs of the region?</td>
<td></td>
<td>• Optimising the scale of interventions?</td>
<td>E.2.5</td>
<td></td>
</tr>
<tr>
<td>• Coordination and other means to improve management and delivery of mainstream services?</td>
<td></td>
<td>• Improving their quality?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.1.2 How well have they made SAV operational through their plans, activities and reporting?</td>
<td></td>
<td>• Making them more innovative?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.1.3 How effectively have the RDAs built a specific SAV capacity within their organisation and/or through formal or informal partner networks?</td>
<td></td>
<td>• Mitigating/managing their risks?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.1.4 To what extent is the RDAs’ SAV capacity recognised and appreciated by partners, stakeholders and residents in the region?</td>
<td></td>
<td>• Improving mainstream service provision?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Promoting sustainable development?</td>
<td></td>
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</tbody>
</table>
## DEVELOPMENT OF A FRAMEWORK FOR EVALUATING THE IMPACT OF THE ENGLISH RDAs: KEY EVALUATION QUESTIONS

<table>
<thead>
<tr>
<th>Levels of RDA impacts</th>
<th>1. Process impacts</th>
<th>2. Outcome impacts</th>
<th>Context and comments on the appropriateness of the issues for inclusion in the framework</th>
</tr>
</thead>
</table>
| F) RDA programmes and projects | **F.1.1** How effective have the RDAs been in:  
- Shaping and redefining proposals made by stakeholders?  
- Generating and developing proposals acceptable to stakeholders?  
- Designing and implementing effective and economic delivery processes and vehicles?  
**F.1.2** How effectively have RDAs built a robust, efficient and compliant approach to appraisal and project development a) internally, b) amongst partners/contractors and c) consistently with other funding sources?  
**F.1.3** How well have the RDAs used evaluation and other evidence sources as benchmarks and good practice to define and design programmes and projects?  
**F.1.4** How have displacement and multiplier effects been taken into account, especially inter-regionally?  
**F.1.5** Have administration costs of programme and project implementation been minimised?  
**F.1.6** To what extent and how have partners and stakeholders been engaged in the process of programme/project design and delivery?  
**F.1.7** Have the results of programmes/projects been effectively monitored and evaluated?  
**F.1.8** Has evaluation evidence been shared within the RDA, with other RDAs and between RDA and partners? Has it been fed-back to influence project delivery and/or the design of later projects?  | **F.2.1** Does the pattern of spend match the RDAs’ Corporate Plan priorities?  
**F.2.2** Have programme/project inputs and outputs been delivered to target – in terms of volume and quality and by target beneficiaries and locations? Are they economic, effective and efficient in their delivery?  
**F.2.3** What difference is there between gross and net outputs – i.e. what are the estimates of the adjustments for additionality, displacement and multiplier effects?  
**F.2.4** What is the extent of inter-regional displacement and multiplier effects?  
**F.2.5** What unforeseen adverse and/or beneficial effects have there been?  
**F.2.6** To what extent can the gross and net outputs be attributed to the RDAs’ contributions?  
**F.2.7** Have partner contributions been as intended and how have they performed against targets?  
**F.2.8** To what extent have intended outcomes been achieved or likely to be achieved and how have they contributed to RES objectives?  
**F.2.9** What is the VfM of the programmes/projects as a whole and for the RDA contribution in particular – against the available benchmarks?  | These issues are the traditional focus for evaluation at the programme/project level.  
At the level of the RDAs as a whole, there are four particular issues that will need to be addressed within the framework:  
- How to make the gross to net output adjustment when evaluation evidence on this is unlikely to be available for all programmes and projects?  
- How to take account of inter-regional displacement and/or multiplier effects with limited evaluation evidence at programme or project levels?  
- How to make the translation to outcomes when the links with outputs vary depending on the nature of the intervention and will operate with different lags?  
- How to build on pre-existing and developing methods and approaches, e.g. guidance available on displacement, and consistency with future requirements on distributional aspects of outputs?  |

Context and comments on the appropriateness of the issues for inclusion in the framework:

These issues are the traditional focus for evaluation at the programme/project level. At the level of the RDAs as a whole, there are four particular issues that will need to be addressed within the framework:

- How to make the gross to net output adjustment when evaluation evidence on this is unlikely to be available for all programmes and projects?
- How to take account of inter-regional displacement and/or multiplier effects with limited evaluation evidence at programme or project levels?
- How to make the translation to outcomes when the links with outputs vary depending on the nature of the intervention and will operate with different lags?
- How to build on pre-existing and developing methods and approaches, e.g. guidance available on displacement, and consistency with future requirements on distributional aspects of outputs?
Annex C:
Sources and routing to guidance on evaluation methods

1. Here we provide a list and signposting to guidance resources that are available on evaluation methods.

Signposting to guidance material

<table>
<thead>
<tr>
<th>Guidance material</th>
<th>Weblink where available</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General</strong></td>
<td></td>
</tr>
<tr>
<td><em>Economic Appraisal Guidance, Department of Finance and Personnel (NI)</em></td>
<td><a href="http://www2.dfpni.gov.uk/economic_appraisal_guidance/evtech.htm#B">http://www2.dfpni.gov.uk/economic_appraisal_guidance/evtech.htm#B</a></td>
</tr>
<tr>
<td><strong>Themes, topics and methods</strong></td>
<td></td>
</tr>
<tr>
<td>JP Connell and AXC Kubisch; ‘Applying a theory of change approach to the evaluation of comprehensive community initiatives: Progress, prospects and problems’ in New Approaches to Evaluating Community Initiatives; volume 2; Washington DC, The Aspen Institute; 1998</td>
<td>No weblink available</td>
</tr>
</tbody>
</table>
### Guidance material

#### Themes, topics and methods continued

<table>
<thead>
<tr>
<th>Guidance material</th>
<th>Weblink where available</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ESRC United Kingdom Longitudinal Studies Centre, University of Essex</strong></td>
<td><a href="http://www.iser.essex.ac.uk/ulsc/about/">http://www.iser.essex.ac.uk/ulsc/about/</a></td>
</tr>
<tr>
<td></td>
<td><a href="http://www.statistics.gov.uk/about/bdl/">http://www.statistics.gov.uk/about/bdl/</a></td>
</tr>
</tbody>
</table>

### Planning evaluations

|---------------------------------|-------------------------------------------------------|
Annex D: Sources and routings to relevant indicators, data sources and evaluation evidence

1. Here we provide a list and signposting to indicators, data sources and evaluation evidence that have been referred to in the framework report and will be useful in implementation.

Indicators and data sources

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regional economic performance</strong></td>
<td></td>
</tr>
<tr>
<td>Employment Rate</td>
<td>Regional Competitiveness &amp; State of the Regions, ONS or Labour Force Survey – Annually or Quarterly</td>
</tr>
<tr>
<td>Household Income</td>
<td>Region in Figures, ONS – Annually</td>
</tr>
<tr>
<td>Work place based GVA per head</td>
<td>Regional Competitiveness &amp; State of the Regions, ONS – Annually</td>
</tr>
<tr>
<td>Employee jobs</td>
<td>Annual Business Inquiry/ONS through NOMIS (also can be used to look at deprived areas) – Annually</td>
</tr>
<tr>
<td>Number of workplaces</td>
<td>Annual Business Inquiry/ONS through NOMIS (also can be used to look at deprived areas) – Annually</td>
</tr>
<tr>
<td><strong>Productivity</strong></td>
<td></td>
</tr>
<tr>
<td>GVA per hour worked</td>
<td>Regional Competitiveness &amp; State of the Regions, ONS – Annually</td>
</tr>
<tr>
<td><strong>Creative industries</strong></td>
<td></td>
</tr>
<tr>
<td>Employment in knowledge intensive industries</td>
<td>Annual Business Inquiry/ONS through NOMIS – Annually</td>
</tr>
<tr>
<td><strong>Tourism</strong></td>
<td></td>
</tr>
<tr>
<td>Tourism Jobs or Income</td>
<td>Annual Business Inquiry/ONS through NOMIS – Annually</td>
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</table>
# Evaluating the impact of England’s Regional Development Agencies: Developing a Methodology and Evaluation Framework

## Indicator

### International trade and foreign direct investment

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Trade: Number of successful new exporters and firms successfully into new markets</td>
<td>Performance monitoring returns from UKTI’s international trade teams in the English regions – Quarterly</td>
</tr>
<tr>
<td>FDI: Number of involved inward investment “successes” which are knowledge-driven</td>
<td>UK inward investment successes (Source: UKTI Inward Investment Group) – Annually and Quarterly</td>
</tr>
</tbody>
</table>

### Neighbourhood renewal

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of businesses measured by LFS measure of self-employment</td>
<td>Labour Force Survey – Quarterly/Annually</td>
</tr>
<tr>
<td>Employment rates in deprived areas and amongst disadvantaged groups</td>
<td>Difficult to measure at neighbourhood level. Suggest calculate non-employment (as a proxy) using benefit claimant data (Jobseekers Allowance, Income Support and Incapacity benefit) – Annually</td>
</tr>
<tr>
<td>Benefit claimant rates</td>
<td>DWP, Working Age Client Group Analysis (those in receipt of key benefits) – Annually</td>
</tr>
</tbody>
</table>

### Sustainable communities

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of LAs where a basket of house price comparison measures is substantially lower than equivalent national house price figures</td>
<td>This indicator could be calculated based on house price figures, Land Registry – Quarterly</td>
</tr>
<tr>
<td>The ratio of lower quartile house prices to lower quartile earnings in the regions characterized by high demand</td>
<td>This indicator could be calculated based on house price figures, Land Registry – Quarterly</td>
</tr>
</tbody>
</table>

### Sustainable development

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data source</th>
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<tbody>
<tr>
<td>CO₂ emissions</td>
<td>NETCEN – Annually</td>
</tr>
<tr>
<td>The achievement of positive trends in the Government's set of Sustainable Consumption &amp; Production (SCP)/decoupling indicators</td>
<td>SCP/decoupling indicators are under development by Defra – Annually</td>
</tr>
</tbody>
</table>

### Employment

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data source</th>
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<tbody>
<tr>
<td>Employment rate in deprived areas</td>
<td>Difficult to measure at neighbourhood level. Suggest calculate non-employment (as a proxy) using benefit claimant data (Jobseekers Allowance, Income Support and Incapacity benefit) – Annually</td>
</tr>
<tr>
<td>Overall employment rate</td>
<td>Labour Force Survey – Quarterly/Annually</td>
</tr>
<tr>
<td>Employment in selected target groups:</td>
<td>Labour Force Survey – Quarterly/Annually</td>
</tr>
<tr>
<td>1. Women;</td>
<td>Labour Force Survey – Quarterly/Annually</td>
</tr>
<tr>
<td>2. Lone parents;</td>
<td>Labour Force Survey – Quarterly/Annually</td>
</tr>
<tr>
<td>3. People from an ethnic minority background;</td>
<td>Labour Force Survey – Quarterly/Annually</td>
</tr>
<tr>
<td>4. People over 50;</td>
<td>Labour Force Survey – Quarterly/Annually</td>
</tr>
<tr>
<td>5. People with low skills.</td>
<td>Labour Force Survey – Quarterly/Annually</td>
</tr>
<tr>
<td>Employment in knowledge intensive industries</td>
<td>Annual Business Inquiry/ONS through NOMIS – Annually</td>
</tr>
<tr>
<td>Worklessness: people without work at local level</td>
<td>Labour Force Survey – Quarterly/Annually</td>
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<tr>
<td>Indicator</td>
<td>Data source</td>
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<tr>
<td>--------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Skills</strong></td>
<td></td>
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<tr>
<td>Adults with Basic Skills (as defined in DfES PSA Technical Note)</td>
<td>LSC, ILR plans and partner contributions – Quarterly</td>
</tr>
<tr>
<td>Adults in the workforce with qualifications at Level 2 or above (as defined in DfES PSA Technical Note)</td>
<td>Labour Force Survey – Quarterly/Annually</td>
</tr>
<tr>
<td>Adults in the workforce with qualifications at Level 3 or above</td>
<td>Labour Force Survey – Quarterly/Annually</td>
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<tr>
<td>Amount of i) public and ii) private investment in workforce development</td>
<td>Regional LSC survey (National LSC) – Every 2 years</td>
</tr>
<tr>
<td>Participation of 18-30 year olds in Higher Education</td>
<td>HE Initial Participation Rate (HEIPR) – Annually</td>
</tr>
<tr>
<td><strong>Science and innovation</strong></td>
<td></td>
</tr>
<tr>
<td>Business expenditure on R&amp;D (BERD) as % of GVA</td>
<td>Region in Figures ONS – Annually</td>
</tr>
<tr>
<td>% of businesses having introduced new products, services and processes</td>
<td>CIS survey – Every 4 years</td>
</tr>
<tr>
<td>HE-Business interaction: University income from collaborative research and IP</td>
<td>HEFCE HEI-Business Interaction Survey – Annually</td>
</tr>
<tr>
<td>No. of innovation-active businesses</td>
<td>CIS survey – Every 4 years</td>
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<tr>
<td>Value of investments resulting from RDA activity</td>
<td>RDA monitoring</td>
</tr>
<tr>
<td><strong>Enterprise business development</strong></td>
<td></td>
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<tr>
<td>Productivity of small sites</td>
<td>GVA per employee data from the ONS Annual Business Inquiry (bespoke analysis) – Annually</td>
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<tr>
<td>Proportion of people considering going into business</td>
<td>SBS Household Survey of Entrepreneurship – Every 2 years</td>
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<tr>
<td>Start-up activity</td>
<td>VAT Registration data – Annually</td>
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<tr>
<td>Business survival</td>
<td>Business Link</td>
</tr>
<tr>
<td>Business performance data</td>
<td>Annual Business Inquiry through ONS data linking (see <a href="http://www.statistics.gov.uk/about/bdl/">http://www.statistics.gov.uk/about/bdl/</a>)</td>
</tr>
<tr>
<td>Business support indicators (common core indicators, DTI)</td>
<td>See <a href="http://www.dti.gov.uk/about/evaluation/core_indicators0201.pdf">http://www.dti.gov.uk/about/evaluation/core_indicators0201.pdf</a></td>
</tr>
<tr>
<td><strong>Productivity</strong></td>
<td></td>
</tr>
<tr>
<td>Earnings per head for working age population at local authority district level (includes sub-indicators on employment rates and income)</td>
<td>ONS – Census Inland Revenue – Survey of Personal income Data</td>
</tr>
<tr>
<td>Skills in rural areas – Number of adults living in rural areas who have basic skills</td>
<td>Labour Force Survey – Quarterly/Annually</td>
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</tbody>
</table>
### Sources of evaluation evidence

<table>
<thead>
<tr>
<th>Guidance material</th>
<th>Weblink where available</th>
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<tbody>
<tr>
<td><strong>General</strong></td>
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<tr>
<td><em>Identification of performance benchmarks</em>, carried out by SQW for Advantage West Midlands</td>
<td>No weblink available</td>
</tr>
<tr>
<td><strong>Business development</strong></td>
<td></td>
</tr>
<tr>
<td>Various evaluation evidence carried out through DTI</td>
<td><a href="http://www.dti.gov.uk/about/evaluation/">http://www.dti.gov.uk/about/evaluation/</a></td>
</tr>
<tr>
<td>Role of evaluation at the Small Business Service</td>
<td><a href="http://www.sbs.gov.uk/sbsgov/action/layer?r.s=sl&amp;topicId=7000011724">http://www.sbs.gov.uk/sbsgov/action/layer?r.s=sl&amp;topicId=7000011724</a></td>
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<tr>
<td>Barnes and Haskel (2000), “Productivity in the 1990s: Evidence from British Plants”, Queen Mary, University of London</td>
<td>No weblink available</td>
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<tr>
<td>Disney, Haskel and Heden (1999), “Entry, exit and survival in UK Establishments”, Queen Mary, University of London</td>
<td>No weblink available</td>
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<tr>
<td><em>Identification of performance benchmarks</em>, carried out by SQW for Advantage West Midlands</td>
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<tr>
<td><strong>Regeneration</strong></td>
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<td><em>Identification of performance benchmarks</em>, carried out by SQW for Advantage West Midlands</td>
<td>No weblink available</td>
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<tr>
<td><strong>Human resources and communities</strong></td>
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<td><em>Identification of performance benchmarks</em>, carried out by SQW for Advantage West Midlands</td>
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<tr>
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<td>Weblink where available</td>
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<tr>
<td>-------------------</td>
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</table>
| Human resources and communities continued | http://www.socialexclusion.gov.uk/publications.asp  
http://www.neighbourhood.gov.uk/publications.asp  
http://www.odpm.gov.uk/stellent/groups/odpm_researchandstats/documents/sectionhomepage/odpm_researchandstats_page.hcsp  
http://www.economics.ox.ac.uk/SKOPE/Working%20Papers/SKOPEWP34.pdf  
| ODPM evaluation and research reports | No weblink available  
No weblink available  
No weblink available  
No weblink available  
No weblink available |
| Lynch and Black (1995) Beyond the incidence of training, evidence from a national employers survey, NBER working paper 5231 | No weblink available |
## Annex E:
### Glossary of acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BERD</td>
<td>Business Enterprise Research and Development</td>
</tr>
<tr>
<td>CPA</td>
<td>Comprehensive Performance Assessment</td>
</tr>
<tr>
<td>Defra</td>
<td>Department for Environment, Food and Rural Affairs</td>
</tr>
<tr>
<td>DES</td>
<td>Department of Education and Skills</td>
</tr>
<tr>
<td>DfT</td>
<td>Department for Transport</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>emda</td>
<td>East Midlands Development Agency</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GLA</td>
<td>Greater London Authority</td>
</tr>
<tr>
<td>GVA</td>
<td>Gross Value Added</td>
</tr>
<tr>
<td>HMT</td>
<td>Her Majesty’s Treasury</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
</tr>
<tr>
<td>IEF</td>
<td>Impact Evaluation Framework</td>
</tr>
<tr>
<td>IPA</td>
<td>Independent Performance Assessment</td>
</tr>
<tr>
<td>LDA</td>
<td>London Development Agency</td>
</tr>
<tr>
<td>LFS</td>
<td>Labour Force Survey</td>
</tr>
<tr>
<td>LSC</td>
<td>Learning and Skills Council</td>
</tr>
<tr>
<td>NAIRU</td>
<td>Non Accelerating Inflation Rate of Unemployment</td>
</tr>
<tr>
<td>NAO</td>
<td>National Audit Office</td>
</tr>
<tr>
<td>ODPM</td>
<td>Office of the Deputy Prime Minister</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OffPAT</td>
<td>Office of Project Advice &amp; Training</td>
</tr>
<tr>
<td>ONS</td>
<td>Office for National Statistics</td>
</tr>
<tr>
<td>PSA</td>
<td>Public Sector Agreement</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>RDA</td>
<td>Regional Development Agency</td>
</tr>
<tr>
<td>RES</td>
<td>Regional Economic Strategy</td>
</tr>
<tr>
<td>SAV</td>
<td>Strategic Added Value</td>
</tr>
<tr>
<td>SBS</td>
<td>Small Business Service</td>
</tr>
<tr>
<td>SEEDA</td>
<td>South East England Development Agency</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium Size Enterprises</td>
</tr>
<tr>
<td>SRB</td>
<td>Single Regeneration Budget</td>
</tr>
<tr>
<td>SSDA</td>
<td>Sector Skills Development Agency</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities and Threats</td>
</tr>
<tr>
<td>TFP</td>
<td>Total Factor Productivity</td>
</tr>
<tr>
<td>UKTI</td>
<td>UK Trade and Investment</td>
</tr>
<tr>
<td>URCs</td>
<td>Urban Regeneration Companies</td>
</tr>
</tbody>
</table>
The DTI places analysis at the heart of policy-making. As part of this process the Department has decided to make its analysis and evidence base more publicly available through the publication of a series of DTI Economics Papers that set out the thinking underpinning policy development.

The main series is complemented by two further series:

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- A series of shorter Occasional papers including literature reviews, appraisal and evaluation guidance, technical papers and economic essays and think pieces.

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**Main Series**

15. **Creativity, Design and Business Performance**, November 2005


9. **The Benefits from Competition – some Illustrative UK Cases**, Professor Stephen Davies, Heather Coles, Matthew Olczak, Christopher Pike and Christopher Wilson (Centre for Competition Policy, University of East Anglia), July 2004


6. UK Productivity and Competitiveness Indicators 2003, November 2003

5. DTI Strategy – The Analysis, November 2003

4. Options for a Low Carbon Future, June 2003

3. UK Competitiveness: Moving to the next stage, Professor Michael Porter and Christian H M Ketels (Institute of Strategy and Competitiveness, Harvard Business School), May 2003

2. A Comparative Study of the British and Italian Clothing and Textile Industries, Nicholas Owen (DTI), Alan Canon Jones (London College of Fashion), April 2003

1. Bundling, Tying and Portfolio Effects, Professor Barry Nalebuff (Yale University), February 2003

Sector Competitiveness Studies

1. Competitiveness in the UK Electronics Sector, May 2005

Occasional Papers

1. Options for a Low Carbon Future: Review of Modelling Activities and an Update, September 2005

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