



European Union
European Structural
and Investment Funds

European Structural and Investment Funds
2014 - 2020

Growth Programme for England

ESI Funds Growth Programme Board

Update on the ERDF Programme Evaluation Plan

Purpose:

To provide an update on the development of the ERDF Programme Evaluation Plan.

Recommendations:

That the Board:

- a. note the next steps set out in this paper
- b. provide views on the membership of the GPB Evaluation sub-committee.

Summary:

The draft ERDF Evaluation Plan considered by the GPB at the last meeting has been further developed, following discussion with DG Regio in January.

Work is now ongoing to develop the national level evaluation methodologies including the data sets to be collected.

Guidance for end of term (summative) assessments at project level is being produced and will be shortly disseminated.

The GPB Evaluation sub-committee is being set up and views are invited from the GPB on its membership

An updated final Evaluation Plan will be presented to the Board at the next meeting in June.

Background

1. The Evaluation Plan is a key document for the 2014-20 ERDF programme. It sets out the framework, activities, milestones, communications and resources for the evaluation of the impact of ERDF in England. It also considers its implementation and progress in the delivery of its objectives as a whole and in relation to the individual Priority Axes and LEP areas. In summary, it should enable us to understand whether or not ERDF has delivered its intended results and provide lessons learnt to inform future investments.

Progress to date

2. At the last GPB meeting on the 16th December 2015, a draft Evaluation Plan was presented. Following discussion with the DG Regio, this has been further worked up by DCLG analysts and policy officials to provide more detail on what

evaluations will be undertaken over the life of the Programme and when they will take place.

3. As set out in the draft Evaluation Plan, evaluations will take place at the project level, through summative assessments, at LEP area and at national level.
4. An important body of information will be collected through project summative assessments. There is a real opportunity for the data collected at this level to inform planned national level evaluations. The common assessment methodology that will be employed by projects is being optimised to provide information on impacts as well as business process data, which can inform wider evaluation studies at Priority Axes and LEP area level.
5. The national evaluations will analyse impacts (i.e. Results) for each Priority Axis. and at LEP area level. They will also assess the application of the horizontal principles, i.e. equality considerations and sustainable development.
6. Given the broad scope of the ERDF Programme activity, the evaluation methodologies and data sets required will vary from activity to activity. The detail of this will be set out in the final updated Evaluation Plan to be presented at the next meeting of the GPB.

Summative Assessment

7. A significant development since the draft Evaluation Plan is the requirement that each project produces a logic model to inform its summative assessment. These models will provide the framework in defining what the aims and objectives of each project are for the purposes of these assessments and how they will be met, by breaking the process into steps:
 - Objectives;
 - Rational for the intervention;
 - Inputs;
 - Activities;
 - Outputs;
 - Intended outcomes; and
 - Intended impacts (as well as unintended impacts).

They are therefore fundamental to projects in developing their summative assessments, since they provide a road map for measuring progress.

8. Guidance on the summative assessments will be developed and issued in phases. Developing the guidance over time will ensure that it can be tested and refined, ensuring that the value of the assessments are maximised.
9. Given that projects are already starting DCLG has developed the First Phase guidance which covers the requirement for the project evaluation to be based on a logic model. The current version is attached at annex A. This guidance will be reviewed over time and can be subject to further revision.

10. The returned logic models from this First Phase will be used to help inform subsequent guidance in relation to the establishment of project performance baselines and monitoring.

Evaluation Plan development process

11. Since the last meeting a series of bilateral discussions have already taken place with the European Commission and other Government Departments to help inform the development of the Evaluation Plan. Further inputs will be organised as follows:

- *DCLG Gateway Review* – Prior to appointing an evaluator the business case needs to be subject to Departmental peer group review. This Gateway Review will provide challenge to the Evaluation Plan from a broad range of DCLG analysts to ensure that the approach proposed has been well thought through.
- *Pre-market engagement with suppliers* – It is unlikely that evaluators can be appointed prior to June. DCLG analysts and ERDF policy colleagues will be testing the market over the next couple of months to assess options for structuring planned evaluations.
- *PMC Evaluation sub-Committee* – Gathering expertise from across Whitehall and local partners will be essential in developing a strong Evaluation Plan. A draft membership list is set out at Annex B. In addition to a core membership it is proposed that the evaluation sub-committee will bring in specific expertise when issues arise and also seek the views of other national sub- committees where appropriate.

12. The Board is invited to provide views on the membership of the PMC Evaluation sub-Committee.

Next Steps

13. An updated Evaluation Plan will be presented to the Board at the June meeting.

7 March 2016
David Morrall, DCLG

Annex A

First Phase Summative Assessment Guidance

All projects that have received ERDF 2014-2020 funding are required to provide a completed Summative Assessment statement on completion of the project. **As an initial step towards that goal, projects are required to fill out a logic model detailing their plans and objectives over the duration of the project. The deadline for submitting a logic model is 3 months from the signing of the Grant Funding Agreement. This initial requirement is explained in this guidance.**

The Department will review the logic models submitted and will use information obtained in this review to inform subsequent guidance concerning the establishment of project performance baselines and monitoring.

What is the Purpose of the Summative Assessment Evaluation?

The summative assessment is intended to:

- enable the Department to analyse the impacts of funding on performance for businesses directly supported and business activity in general;
- enable the Department to learn from the experience of the funded projects in order to help make policy interventions more effective; and
- help identify best use of scarce public funding.

What is the Purpose of the Summative Assessment Guidance ?

To advise projects on how to:

- summarise the aim, objectives of the project and the means by which those are to be delivered using the logic model template provided;
- present a summary of the achievements of the project over the course of the period;
- present data which could be used to assess the comparative impact of the project on individual supported businesses; and,
- provide feedback on issues, what went well, what could be done better among other aspects.

Why has this phase of Guidance been issued now ?

The Department wants to ensure projects know at the earliest possible opportunity what it is that they have to deliver by completion of the project; that they have clearly formulated objectives; and, are now establishing evidence to be used in the assessment of the impact of the project.

In April 2016 the DCLG ERDF team will be running a series of webinars which will explain the logic model concept and walk participants through the completion of a logic model. This guide can be read alongside webinar participation. Alternatively, if you are unable to participate in a webinar this guide should provide the information you need to complete a logic model.

What is a logic model?

Fundamentally a logic model is about:

1. Showing what is the nature of the problem preventing the attainment of improved outcomes.
2. Explaining the steps that will be taken to correct this.
3. Describing the outcome if these steps are successful.

Logic models are used by public agencies, private companies and third sector organisations as part of business planning and delivery, acting as a systematic and visual way of demonstrating the thinking that underpins a programme, project or policy.

There are many different ways to depict a logic model (see the further information section for links to the various depictions). Some logic models are circular such as the one adopted by the ERDF programme but all basically include the same information set out in the same order.

In the context of the current ERDF programme, a logic model essentially describes the steps in addressing and trying to resolve particular issues affecting, among other aspects, business competitiveness; propensity to innovate and the incorporation of low carbon practice. These steps are sequenced to describe a virtuous circle.

The logic model begins with the *context* that a programme is operating in, identifying issues of poor performance and the broad policies and strategies that address this. The logic model then details: the high level *objectives* around tackling this perceived problem with performance; the *funding and resources* that will be needed; how these resources will be used to deliver specific, suitably designed, *activities*; and the *outputs* that these activities will provide. The penultimate section of the logic model lists the *outcomes* businesses will experience once the activities have completed. The final section of the logic model identifies the economy level *impact* measures that will change as a result of these outcomes, thereby addressing the contextual/market failure factors that made the programme necessary in the first place.

On the next page we illustrate the concept of a logic model with reference to a (highly simplified) project programme for mobile app developers. A logic model template is provided alongside this guidance which should be completed and returned to the Department.

The Different Elements of the ERDF Logic Model

Context

This part of your logic model should give reviewers a quick understanding of the importance of the challenges you are trying to address, the policies that already exist to tackle these challenges and what needs to happen for these challenges to be overcome. In detail, the section should:

- Provide **evidence** of issues within the business sector/local economy – examples would be data on lack of access to finance, skills etc. – showing how this issue is worse/more pressing than in other business sectors, regions and how it might be getting worse over time etc.
- Summarise the local and national **policies** that are operating to support businesses to respond to these issue. – for example, are there relevant business mentoring programmes already in place?

The market failure section should, taking the above context in account, set out the apparent policy gaps that the programme or project is trying to address.

Detail of the logic model

These parts of your logic model should detail the ‘nuts and bolts’ of your proposal, telling Departmental reviewers what resources you have, what you will be doing with these resources, for how many businesses etc. The section should:

- Set out the high level **objectives** of your – these will be a distillation of the outcomes you are hoping to achieve for your client businesses.
- **Rationale** – why have you designed the delivery of your programme as you have? Why will the problem not go away if things are left as they are? To illustrate, a proposal may involve the organisation of overseas trade promotion events for supported businesses – which otherwise would not occur. Alternatively, funding may enable client businesses to incorporate technical expertise that they would not otherwise be able to afford.
- **Inputs** – in this box you should list any ERDF and matched funding, staffing and equipment/facilities that will be used to deliver your programme/project.. With reference to the template provided, inputs should be described in the left hand column of the box and the funding value (or resource volume) entered on the right hand side.
- **Activities** – tell the reviewer what you will be doing with these inputs. Will you be running promotional events or arranging mentoring support, will you set up a website etc.?
- **Outputs** – these should detail the measurable or quantifiable services that are expected to be provided as a consequence of your activities. For example, a proposal may involve providing 50 places on a training course, or mentoring 10 businesses, each receiving 30 hours assistance.

Enhancing the Competitiveness of SMEs ERDF2014-2020

Rationale: The survival rate of mobile phone app start-up is very low despite relatively high business formation rates. This is a substantial market worth £1bn per annum annually in the UK but dominated by overseas developers. More successful businesses could create economic growth, jobs in a sector which is continue to grow. Thought that app developers could form linkages with UK media companies to take advantage of UK's cultural strengths...

Market failures: There are various barriers to SME growth across all investment priorities including: lack of market research and marketing skills especially among business start-ups and particular disadvantaged groups and difficulty accessing finance due to risk and uncertainty associated with companies at an early stage of development who have little track record.

Intended Impacts
Increase in pool of competitive app development businesses

Increase in market share of domestic developers

Programme objectives:

Raising the survival rate of these businesses by supporting them to incorporate key functions and activities that would ensure their competitiveness.

Rationale

Target market research and marketing weaknesses failures that prevent Phone App Developers survival and growth

Inputs

£3m funding from ERDF and matched funding from FoneLab Technology Ltd. Recruitment of business advisors

Activities

- (i) Mentoring Programme
- (ii) Temporary Placement of MR Specialists
- (iii) Client Group Participation in Trade Fair

Outputs

1200 Hours Direct Mentoring to Business Managers
20 MR specialists placed for 224 days
International Trade Fair Berlin Mobile Tech

Intended Outcomes

90% assisted businesses still in operation at end of programme

Growth in turnover of assisted business

Growth in added value of assisted businesses

Growth in employment of people with MR/marketing skills in assisted businesses

Recruitment of under-represented groups to supported businesses

Unintended Impacts:

- **Outcomes** - Examples of positive outcomes could include increased turnover within supported businesses , increased value of exports, increased direct employment and increased employment down the supply chain
- **Impacts** – impact is the degree by which apparent increases in the competitiveness, innovativeness etc. of supported businesses is attributable to, or caused by, the intervention of the project. To give an example, if an ERDF programme succeeds in supporting 50 start-up to become established businesses this could lead to an increase in overall net revenue earned and the level of net employment as well as improving overall productivity. Projects may not be able to measure the net impact of the intervention but they can identify expected impacts.

Understanding the Difference between Outcomes and Impacts

The difference between an outcome and an impact may not be immediately apparent. This is because the terms are sometimes used interchangeably and are often provided without an accompanying definition. For the ERDF logic model it may be easiest to **think of outcomes as the things the project will be measuring** (e.g. changes in performance across supported businesses) and **impacts as the things external reviewers will be measuring** (e.g. changes in overall sectoral productivity). Also, impacts should link back to the contextual evidence you presented in your first logic model box.

Annex B

**Evaluation National Sub-Committee
Proposed Membership**

Name	Position/Title and Organisation	Sector Representation
David Morrall	Policy lead for ERDF Evaluation	Government
Baljit Gill	DCLG Analyst	Government
Anna Taylor	DWP lead for ESF Evaluation	Government
Hetal Hirani	Defra lead for EAFRD Evaluation	Government
James Phipps	BIS Analyst (Business)	Government
tbc	BIS Analyst (R+D)	Government
tbc	BIS/ DCLG Local Growth Analyst	Government
Siobhan Campbell	DECC Analyst	Government
tbc	DCMS Analyst	Government