

BIS Evaluation Summary and Peer Review

The BIS Expert Peer Review Group for Evaluation reviews all BIS impact evaluation publications, and provides an independent assessment of the methodological quality of the evaluation.

In addition to their assessment, the reviewers also provide helpful comments and suggestions for improving the clarity and reporting of the analysis. Many of the reviewers' suggestions are implemented by the authors for the final version of the publication.

Title: Interim Evaluation of GrowthAccelerator	
Programme evaluated: GrowthAccelerator	
Impact Evaluation Score: 2 (see end of summary)	Monetisation Score: 4 (see end of summary)
Time period covered by policy: 05/2012 – on-going (04/2015)	Time period covered by evaluation: 05/2012 – 04/2015 + 5 years for each assisted firm
Contractor undertaking evaluation: Internal RMG Clarity for the surveys	Peer reviewers: Edward Anderson, Peter Lynn, David Torgerson
Type of evaluation: Outcome evaluation (score 2) - baseline data + data on expected growth, validated using actual data. Evaluation based on survey, where respondents are asked to estimate their turnover and employment in 3 years' time. Their forecasts are compared to 1-year actual data from validation surveys and over that period are found to show same growth rates as forecasts.	

Description of policy/programme and rationale for intervention:

GrowthAccelerator was launched in May 2012 to provide a comprehensive business support package to small and medium-sized enterprises with the potential for achieving high growth. It is expected that focusing resource on those firms with the highest growth potential should deliver the greatest return to public investment. The service is Government-funded and delivered by a consortium of private sector companies led by Grant Thornton. It provides expert business coaching, tailored to addressing each business's needs.

Business surveys show that most SMEs have an ambition to grow. Many UK SMEs are held back from growth by a range of difficulties which advice could help them resolve. Unfortunately, use of advice in the absence of government intervention will be sub-optimal due to a number of market failures. On the demand side, these include lack of awareness of potential sources of advice and lack of trust for external advice. Businesses will also have trouble accurately assessing the potential benefits of advice. On the supply side, private providers of support will not have an incentive

to provide the most appropriate/most targeted support and refer the clients to other sources of support effectively. This provides a rationale for government to intervene by subsidising cost of the support and designing a service that diagnoses and addresses the needs of assisted companies.

Summary of key evaluation findings:

GrowthAccelerator is helping the assisted companies introduce a range of improvements to their businesses. Survey evidence indicates that it addresses the market failures related to supply and demand for business support. An early economic impact estimate based on surveys shows that the service is helping the assisted companies grow and provides excellent value for money. The findings, however, will need to be triangulated using more robust evaluation approaches once full benefits of the service are realised by the assisted companies.

Summary of cost-benefit/cost-effectiveness analysis (if applicable):

- Cost-benefit analysis, presented in the report, uses the monitoring survey findings to assess the expected economic impact of the service.
- In the surveys, clients are asked to estimate their expected employment and turnover in 3 years' time. This is compared to firms' baseline employment and turnover to estimate their future growth rates.
- Firms are also asked to estimate the proportion of future growth attributable to the effects of GrowthAccelerator. Based on that, counterfactual growth path is constructed.
- Difference between expected outcomes and the counterfactual gives the gross benefit of the service. This is then adjusted for deadweight and displacement to estimate the net additional economic benefit per firm. Firm-level outcomes are then extrapolated to the whole population of assisted companies to obtain the total economic benefit of the service.

Policy response to the evaluation:

BIS notes that survey evidence suggests that the GrowthAccelerator is expected to deliver good value for money. A detailed policy response will need to take into account the forthcoming formative evaluation as well as on-going policy developments.

It is recognised that many of the impacts on assisted businesses can take a number of years to be realised, however, it is necessary to use the best evidence available at this time to provide an early assessment of the impact. Hence this interim evaluation represents the first step of an evaluation programme which will include a range of robust techniques to assess the impact of GrowthAccelerator. This includes a Randomised Controlled Trial, the Growth Impact Pilot, which was launched in April 2014 and work on assessing the feasibility of undertaking a quasi-experimental impact evaluation (that estimates the impact of the programme by comparing to similar firms who were not on the programme). Furthermore, in March 2015 detailed employment and GVA outcome data will be available, which can be used for analysis

on a random sample of firms a year and two years after they have been on the programme.

Evaluation methodology

Description of methodology:

Evaluation uses self-reported data on expected growth, proportion of growth attributed to the benefits of the programme and the extent of additionality.

Does the evaluation review the published policy objectives?

Yes

At what level are the main intended outputs and/or outcomes expected to occur? (What is the unit of analysis? For example: universities, businesses, individuals or nationally)

Small and Medium size Enterprises in England. Nationally (England-wide).

Has sufficient time lapsed for the initial/full benefits to be estimated?

This is a preliminary outcome evaluation and only initial benefits have been realised by assisted firms.

Peer review

Comments on the appropriateness of data and outcomes:

David Torgerson:

This report is looking at the effectiveness of the Growth Accelerator programme. The authors have collected data on companies on outcomes of interest and ask the respondents to estimate what they would have done had they not had the programme. The study, in essence, is a post-test only design and attempts to control for the counterfactual by obtaining effectiveness estimates from the company. The design, therefore, is very weak to make assertions of effectiveness.

Peter Lynn:

The survey data is clearly limited in various ways, but seems to be the most useful data that could have been collected at this early stage. Most of the limitations are acknowledged in the report and some of them are dealt with through cautious estimation methods and sensitivity analysis. This seems appropriate.

Survey response rates are good and weighting made little difference to estimates. This is reassuring. However, the possible impacts of sample design are not mentioned. The report does not describe the sample design, though it does mention that businesses responding to the effectiveness survey are excluded from the sampling frame for the outputs survey, which suggests the possibility of selectivity in the latter (and probably explains why the latter got a lower response rate).

The report generally deals well with possible measurement issues, either attempting to estimate the impact or at least acknowledging possible effects.

Comments on internal validity:

David Torgerson:

The design is fraught with problems, which are recognised by the authors. There is no control group so it is difficult to control for temporal changes, which are especially important when the economy is in flux and it likely to be rebounding out of a recession – so it is extremely difficult to produce estimates of effect. The authors do undertake a sensitivity analysis.

Edward Anderson:

The evaluation is carried out on the basis of participating firms' own assessment of the impact of the programme. Firms are asked how many additional jobs they believe they will generate over the next 3-5 years, and how many of these can be directly attributable to the effects of the GA programme. The latter figure is used as the basis for calculating the economic benefit of the programme. Overall I would say that self-reported estimates of impact have low internal validity. The report is clearly aware of this and discusses the limitations of such estimates in Section 5.3. There are two sources of bias – firms may overestimate their overall growth (optimism bias), and they may overestimate the contribution of the GA programme (attribution bias). It is therefore good that attribution and optimism bias were taken into account in the sensitivity analysis.

Peter Lynn:

Issues of sample selection and hence data selection are referred to above. The statistical estimation techniques used appear to be sound and appropriate, though it is surprising that no standard errors are presented (aside from an unexplained mention of a confidence interval in the commentary on table 12). It is good that bounds are presented, reflecting the sensitivity analysis, but each of these estimates (lower bound, central estimate, upper bound) is subject to a margin of error, which could be considerable. No attempt is made to ascribe statistical significance. This may be appropriate given the nature of the data and the early stage of the evaluation.

Comments on external validity:

David Torgerson:

This looks fine there is a large sample size and has been weighted to reflect those who got the programme.

Edward Anderson:

By contrast, the external validity of the evaluation appears quite high, since the estimates of impact are obtained directly from the participating firms themselves.

Comments on the quality of inferences and establishing causation:

David Torgerson:

This is likely to be poor, which is no fault of the authors as they inherited the design. Ideally a RCT should have been used with a regression discontinuity as back up.

Cost-effectiveness and cost-benefit summary

Justification for monetisation score: Score 4

The evaluation estimates net economic benefit of the service to the economy. It calculates the firm-specific expected impact of the service on firms' turnover, employment and GVA and adjusts them for deadweight and displacement to estimate net additional economic impact of the programme. Monetised benefits are compared to the exchequer costs and wider economic costs of the programme to calculate the return on public investment (benefit-cost ratio).

Sensitivity analysis/key assumptions:

Key assumptions:

- Benefits of the service are realised over 5 years since the end of support
- Assisted firms maintain the same percentage growth rate over 3 years since finishing GrowthAccelerator
- Two per cent of the assisted firms close in each year since finishing GrowthAccelerator
- No leakage or substitution effects are assumed. Multiplier effects are also not included in the main impact estimate due to difficulties of estimating it accurately.

Sensitivity analysis explored the effects of applying a range of alternative assumptions to the data. While the estimates are sensitive to the choice of assumptions, even the most conservative estimate would still mean good value for money.

Direct costs to Exchequer of programme:

£m	Total	Year 0	Year 1	Year 2
Total	113	8	34	71

Note: Yearly values presented in nominal terms, total expenditure – in 2013/14 prices.

Economic costs and benefits of programme:

Price base year	2013/14	Present value base year	2013/14	Discount rate	3.5%
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	Costs (£m)			Benefits (£m)			NPV (£m)	Net BCR ¹
	Transition (constant price)	Average annual	Total (PV)	Transition (constant price)	Average annual	Total (PV)		
Low		129	227		649	1,030	803	7.08
Best estimate		129	227		1,035	1,641	1,415	12.47
High		129	227		1,421	2,253	2,026	17.85

¹ PV of net benefits / PV of net costs

Description and size of key monetised costs:

Total costs are made up of:

- Exchequer cost of the programme
- Wider economic costs, which include client contribution to cost of the programme and client opportunity cost of time spent.

Other key non-monetised costs:**Description and size of key monetised benefits:**

- Key monetised benefit of the service is the net additional growth of assisted companies.
- The benefit calculation takes into account project and policy deadweight and displacement. Multiplier effects are not included in the main estimate due to difficulty of estimation.

Other key non-monetised benefits:

- Productivity improvements and cost savings in client businesses
- Multiplier effects were not monetised but are likely to be significant
- Dynamic competition benefits in terms of higher overall productivity and lower prices

Robustness of monetised costs and benefits:

The estimates of costs and benefits are obtained using expected self-assessed measures of impact and, whilst conservative assumptions have been applied, they only provide an early indication of economic impact. The survey based approaches used to date will be complemented by more robust techniques including a Randomised Controlled Trial. However, these approaches rely on the availability of longitudinal data for firms meaning that a full assessment may not be possible until 2018.

Peer Review**Evaluation peer review comments on comprehensiveness, clarity, robustness and best practice of cost benefit/cost effectiveness analysis:**

Edward Anderson:

The report states that “the assistance that firms receive leads to cost savings and productivity improvements – through helping the companies manage company more efficiently, improve production processes, hire more productive employees, etc.”, but unfortunately that the chosen methodology does not allow such improvements to be captured. Presumably this means that the total economic benefits of the programme could be larger than those reported in the project – so an issue worth considering for future evaluations of this and/or related government initiatives is whether and if so how such productivity improvements can be captured.

Peter Lynn:

The main issue of concern is that inferences regarding impact are based entirely on respondent self-reported predictions. However, given the need for an early evaluation at this stage, this is probably the best that can be done, and the limitations of the approach are acknowledged in the report. The wide bounds that

result from the sensitivity analysis provide some indication of the uncertainty in the estimates. I would hope that these are given prominence in any publication or publicity regarding this evaluation. It would be misleading to quote only the central estimates of impact.

Note on Impact Evaluation and Monetisation Scores

Impact Evaluation Score

The higher the score the more capable the evaluations are to demonstrate that the outcome observed is due to or caused by the intervention. Impact scale follows new guidance on 'Quality on Impact Evaluation' which has been approved by the Cross Government Evaluation Group and will be published alongside the Magenta Book.

- Score 5: Random allocation of treatment and control group or matched treatment and control group. Actual before and after data in both groups.
- Score 4: Treatment and comparison group. Actual before and after data in both groups.
- Score 3: Predicted versus actual (modelled), predicted based on actual baseline data.
- Score 2: Actual before and after
- Score 1: No baseline data

Monetisation Score

The higher the score the more information the evaluation contains in terms of analysing the cost of the intervention and the additional benefits to the economy.

- Score 5: Input, output, outcome data additional Benefit Cost Ratio (BCR), NPV set aside some other not monetised impact measures, fuller cost benefit analysis or cost effectiveness analysis that compares the costs of alternative ways of producing the same or similar outputs
- Score 4: Input, output, outcome data, calculation of additional Benefit Cost Ratio, Net Present Value
- Score 3: Input, output, outcome data calculation of Gross BCR not additional or not clear if additional
- Score 2: Input data (just covers money spent)
- Score 1: No monetisation at all