



Department  
for Business  
Innovation & Skills

EVALUATION STRATEGY 2015-16

Accountability and learning at  
the heart of BIS

DECEMBER 2014

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# Foreword

I am pleased to introduce the Department for Business, Innovation and Skills' (BIS) Evaluation Strategy.

BIS is the department for economic growth. The Department invests in skills and education to promote trade, boost innovation and help people to start and grow a business. BIS also protects consumers and reduces the impact of regulation.

The development of effective programmes depends on timely and accurate analysis that can tell us what works, how it works and why it works. Without constant monitoring and evaluation it is not possible to measure accurately how far policies are achieving their goals, nor the information we need to help us develop the most effective policies. At a time of continuing pressures on the economy we need to maximise the impact of every penny of public money we spend.

The Strategy outlined in this document reflects our strong commitment to maintaining and developing a robust evidence base across the Department and its partner organisations, providing a clear pathway to embedding evaluation throughout the whole policy making process.

We have started a coherent and comprehensive programme of work to ensure full coverage of evaluation of our key policies and programmes, increased analytical capability, and delivery of an independent and transparent external peer review system to quality assure our evaluations. This will be coordinated by the Policy Monitoring and Evaluation Board to ensure delivery of our ambitious plans.

My warm thanks to everyone in the Department who has contributed to the development of this important Strategy.



Martin Donnelly

Permanent Secretary

Department for Business Innovation and Skills

# Introduction

BIS currently spends 17 bn<sup>1</sup> a year on a range of policy areas including skills and higher education, innovation and science, business and trade. These areas are crucial for the UK's economic prospects, and BIS has a pivotal role to play in rebalancing the UK economy and driving economic growth.

Spending decisions often involve trade-offs. We need to provide good evidence on which policies work best and why, and how to improve our policies. Monitoring and evaluation evidence is an important input into evidence-based policies, and it is key to allowing BIS to make better resource allocation decisions and to deliver the most impact with limited resources. This evidence is important to enhance current decisions but equally for those that will be made in future years.

Over the past two years, there has been a systematic drive in BIS to ensure that all our policies and programmes are subject to robust evaluations which can demonstrate causal impact whenever possible.

Partly as a result of these efforts, many of our evaluations are employing more robust methodologies. The chart below sets out ten of our key evaluations and their current potential to establish the causal effects of the policy or programme. The selection depicted has been chosen to display a range of BIS policy areas and methodologically innovative evaluations such as the Growth Voucher scheme.

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<sup>1</sup> In 2013-14, BIS's resource DEL outturn was £17bn, according to the BIS Annual Report and Accounts 2013-14, p.86.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/329057/BIS\\_annual\\_report\\_and\\_accounts\\_2013\\_-\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329057/BIS_annual_report_and_accounts_2013_-_2014.pdf)

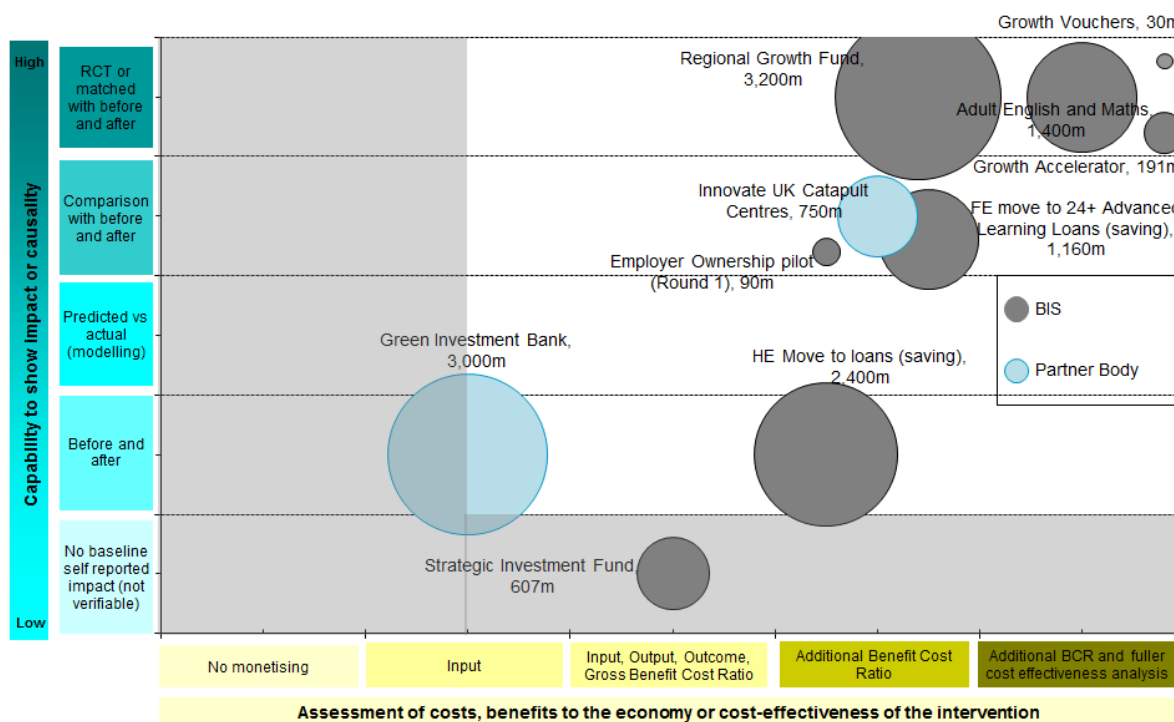


Figure 1: Ten BIS evaluation projects and their capability to show impact

Notes:

1. The categories in the vertical axis are based on the Supplementary Guidance to the Magenta Book on Impact Evaluation. The strongest evaluations are in the top right corner. The projects move higher up the vertical axis as they become more capable of demonstrating that the outcome observed is due to the intervention and they move to the right along the horizontal axis when they contain more information to analyse the costs and benefits.
2. The spend/saving figure for the different projects cover different time periods. The 'm' is for millions of pounds.
3. The full details and interpretation of this chart is in Annex A.

BIS recognises that more must be done. This Strategy therefore lays the foundations for the fulfilment of BIS’s vision for monitoring and evaluation, by improving the coverage and use of evaluations, strengthening governance, increasing analytical capability, and ensuring independent and transparent quality assurance.

## Our vision for monitoring and evaluation

Our vision is to create the conditions which will allow robust monitoring and evaluation to be consistently used to understand both which policy approaches work best and why, and how to improve our policies. This will help ensure accountability, enable BIS to learn and ultimately, help the Department to develop and implement the most effective policies and programmes to achieve the Government’s objectives.

There are four elements that will help deliver this vision.

- Ensuring that all of our key policies and programmes are subject to robust monitoring and evaluation, and that there is a positive culture where findings are taken into account when developing and implementing policies;
- Putting in place the right internal structures and governance to ensure that robust monitoring and evaluation is delivered even in challenging circumstances;

- Building capability in both the analytical and policy professions to carry out and commission high-quality evaluations; and
- Having independent and transparent quality assurance of evaluation findings, so that stakeholders can have confidence in the monitoring and evaluation of BIS policies.

Figure 2 outlines the key elements which underpin the delivery of this vision and which form the structure of this Strategy.

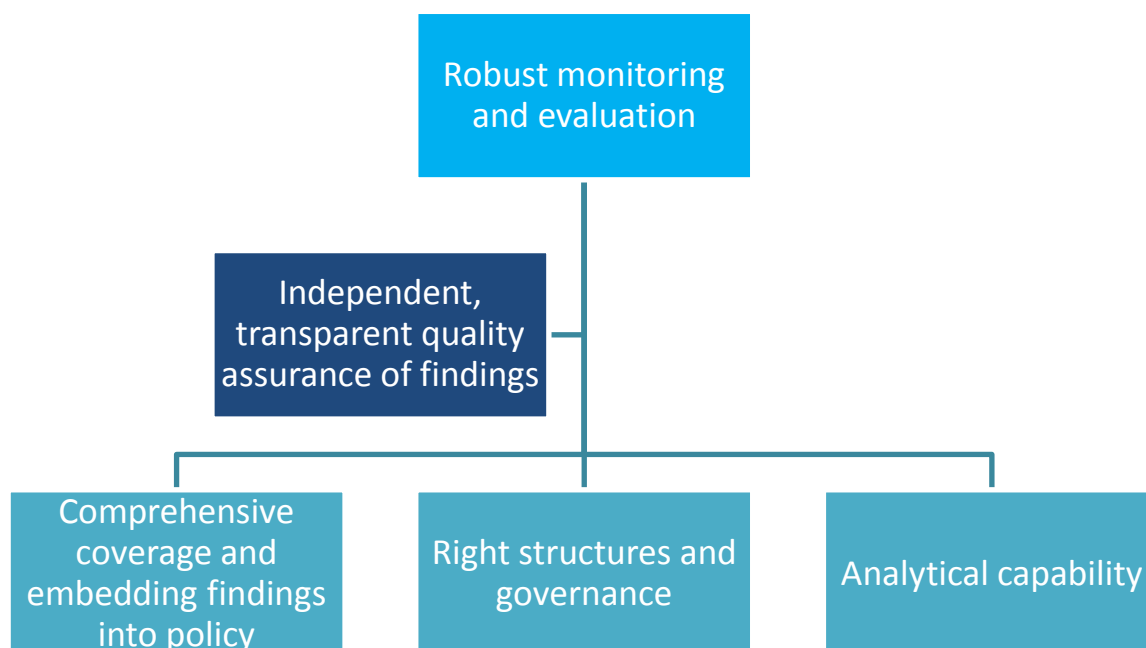


Figure 2: Four elements underpinning delivery of the vision

## By 2020 we want to see that

All BIS and Partner Bodies policies and programmes are fully monitored and evaluated in terms of their performance on the ground.

All new policies and programmes scope the options for impact evaluation as part of policy development, so that policies are designed in a way which allows for testing before roll-out and robust attribution of causal impact.

There is increased public trust in data and publications from monitoring and evaluation of BIS policies.

Policy officials and Ministers in BIS have data at their fingertips on how the policies are performing. This will enable real-time learning and monitoring and evaluation to feed directly into policy decisions and implementation.

BIS demonstrates impact of policies and programmes to Treasury, stakeholders and the wider public.

BIS works in a culture where an initiative not achieving as intended is seen as a positive finding for accountability and learning.

This document sets out a coherent set of actions, to support the overall vision described above, which are listed below. A number of these actions are already in place and will be described only briefly. It also contains an annex which sets out the current evaluation plans for each of the main BIS policy areas and a summary of the current gaps in our evaluation coverage.

The Strategy and actions will be reviewed every two years, and the evaluation plans (Annex A) will be updated and published annually.

The initiatives in the list below set out the strategic direction and priorities for the Department to secure the vision for monitoring and evaluation. The initiatives that have yet to be implemented form the focus of this document, and are highlighted in grey; work towards achieving them will commence in 2015. Those which are not highlighted in grey have already been implemented or are on track to be implemented.

### Evaluation coverage and embedding findings into policy

1. The central evaluation team will maintain a database of all evaluations and their findings.
2. All business cases (and eventually impact assessments<sup>2</sup>) will be required to give due consideration to monitoring and evaluation, by setting out the current evaluation evidence underpinning the proposal and outlining monitoring and evaluation plans, including whether it is possible to deliver the initiative in a way which allows comparison with a robust estimate of the counterfactual.
3. Local teams in each policy area will prepare evaluation plans on a yearly basis to ensure coverage of all key policies. These will be published annually. (See Section 1.2)
4. Core BIS will strengthen its links with Partner Organisations over monitoring and evaluation. (See Section 1.3)
5. The central evaluation team will diagnose barriers and develop proposals to encourage a strong and safe culture for evaluation, feedback and learning within BIS, proposals will be implemented over the next 24 months. (See Section 1.4)

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<sup>2</sup> In the case of regulatory measures, evaluations of these measures are known as Post-Implementation Reviews (PIRs).



## Structure and governance

6. Senior Analysts will be held to account by the Chief Analyst for the comprehensiveness of monitoring and evaluation within their areas (for spend, savings and regulation).
  7. To help embed monitoring and evaluation in programme management, the central evaluation team will provide Senior Responsible Officers monitoring and evaluation guidance about what they should do and who they should contact.
  8. BIS will set up an Evaluation Methodology Group to oversee evaluation in BIS and report to Senior Analysts.
  9. The central evaluation team will carry out and continue a series of focused reviews for each policy area in BIS every 6 months, assessing both the coverage and quality of monitoring and evaluation in that area, and report findings in six-monthly notes on evaluation which are sent to all Directors.
10. BIS will establish a senior level Policy Monitoring and Evaluation Board which will report to BIS's Performance, Finance and Risk Committee in time for its review of BIS's evaluation evidence ahead of Spending Review discussions. (See Section 2.2)

## Capability

11. BIS will carry out regular skills audits on evaluation techniques and provide yearly training opportunities to increase and maintain analytical knowledge and capability within BIS to conduct and commission evaluations.
  12. BIS will set up a network of internal experts on advanced evaluation methodologies. The network will hold monthly surgeries and will be deployed to contribute to projects that use complex evaluation techniques.
13. BIS will launch a cross cutting data project to enhance our monitoring, and thus evaluation, capability. (See Section 3.3)

## Independent, transparent quality assurance of BIS evaluations

14. BIS will appoint an external peer review group of independent experts on evaluation, to contribute at key stages of evaluation projects and peer review all of our outcome evaluations before publication (See Section 4).
15. BIS will ensure that publications are accompanied by summary sheets capturing key impact evaluation data and cost-effectiveness information

- from the evaluation. These summary sheets will be peer reviewed by the external panel<sup>3</sup>;
16. BIS will ensure that publications include detailed and transparent technical annexes, and where possible, publish the underlying data to allow further and future independent scrutiny of our work by external researchers and enable later use of the data (for example in longitudinal studies).
  17. An annual report with recommendations by the external peer review panel of independent experts will be prepared to provide an overview of common areas where BIS could strengthen evaluation further.
  18. BIS will extend and strengthen the expert panel to ensure it is able to cope with the expansion of its workload.

Ownership of Strategy: Policy Monitoring and Evaluation Board

Agreed Delivery Plan with detailed timelines: by March 2015

Formal review due: December 2016

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<sup>3</sup> The first publication under this system is the Interim Evaluation of Growth Accelerators (2014)

<https://www.gov.uk/government/publications/growthaccelerator-interim-evaluation-2014>

# Section 1: Evaluation coverage and embedding findings into policy

BIS is a diverse department with a wide range of policy areas and responsibilities, many of which are delivered through partner organisations (POs). Currently, the extent to which robust monitoring and evaluation occurs across the BIS family is inconsistent. Some areas already have strong capabilities and evaluation evidence in place, and we need to build on our successes so that this best practice in monitoring and evaluation is extended across all our work.

Robust monitoring and evaluation are important in their own right, for transparency and accountability. However, the findings from evaluation must also feed back into the design and implementation of current and future policies, so that we can learn from experience and allow for policy adjustments.

## 1.1: Internal processes

We have systematically reviewed the evaluation coverage across all our major policy areas to identify areas of under-coverage and potential improvement.

We have also improved our internal business case processes, by more strictly enforcing the requirement for all spending proposals to consider from the outset:

- what existing evaluation evidence supports the proposal;
- how the implementation will be monitored and evaluated; and
- whether there are any alternative designs or ways of implementing the policy such that a robust impact evaluation is possible (i.e. that there is a measurable comparison or control group) and, if these are rejected, to justify why.

By using the business case approval process to encourage monitoring and evaluation, we can avoid missing opportunities available during the design and implementation of spending policies to make robust monitoring and evaluation less challenging.

For regulatory measures, the BIS Post-Implementation Review (PIR) plan (soon to be published) outlines the regulatory measures that will be reviewed by BIS between 2015-2020.<sup>4</sup> Regulatory reviews are expected to be proportionate to the impact of

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<sup>4</sup> Post-implementation reviews (PIRs) assess the effectiveness and impact of regulation and help to support decision-making about whether to amend, repeal, renew or replace existing regulations. In 2011 it became government policy to add a review clause to legislation that regulates business, except for 'fast track' measures (measures which have a very low cost to business). This is part of the Government's commitment to

the legislation and will be scrutinised by the Regulatory Policy Committee<sup>5</sup> to ensure robust standards are met.

## 1.2: Publishing evaluation plans and gaps

BIS is committed to investing in a body of evaluative work that covers our programs and policies throughout their life cycle and uses evaluation as a tool for improving and assessing their effectiveness. We aim to provide an open and transparent view of evaluation coverage of BIS policies and outline where there are gaps, and support as many robust impact evaluations as possible.

To help achieve this, BIS plans to publish a summary of the evaluation coverage for each area and the current gaps. This promotes transparency and accountability and will encourage stakeholders and external researchers to engage with the Department and work towards filling the gaps in our evaluation evidence.<sup>6</sup> These plans and summaries will be updated annually. The current evaluation plans for each area and a summary of current gaps in our evaluation coverage is in Annex A.

Actions:

- i. To publish updated summary of evaluation plans and gaps (Annex A) by Dec 2015

## 1.3: Better links with Partner Organisations

BIS is a ministerial department supported by 48 agencies and public bodies. BIS's governance framework for evaluations also supports partner organisations (POs), which work with BIS to achieve our strategic aims. These organisations play a vital role in providing services, information and advice to BIS and a wide range of people and organisations. In 2013/14, 79 per cent of BIS's expenditure is through POs<sup>7</sup>, for which BIS is ultimately accountable to Parliament.

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reduce the stock of existing regulation and the flow of new regulation. Before 2011, there was an expectation that regulation would be reviewed and public review commitments were made, typically in impact assessments.

<sup>5</sup> The Regulatory Policy Committee (RPC) is an advisory committee of independent experts that provides external and independent challenge on the evidence and analysis presented in Impact Assessments (IAs).

<sup>6</sup> BIS wants to improve and extend research community links to ensure that future policy decisions are based on strong evidence. Please also see the BIS Research Strategy 2014-2015, published here:

<https://www.gov.uk/government/publications/bis-research-strategy-2014-to-2015>

<sup>7</sup> BIS Annual Report and Accounts 2013-14, p.13



- Encouraging POs to work together with policy teams in BIS to produce monitoring and evaluation plans, before policy implementation, so that robust evaluation evidence is possible and the supporting data can be collected.
- Providing support to POs undertaking evaluations by sharing knowledge and best practice, and setting up a BIS Evaluation Network that meets regularly.
- Promoting standards for evaluation that we expect the BIS Family to meet, including when an impact evaluation is required, and encouraging the use of more robust evaluation techniques and designs.
- Reviewing and collating information about their evaluation coverage and quality.

Actions:

- i. Complete a review of POs published impact evaluations to identify strengths and areas for improvement.
- ii. Organise a series of workshops/seminars to develop a common understanding of evaluation methodologies.
- iii. Update the guidance for senior responsible owners (SROs<sup>8</sup>) and sponsors, setting out minimum standards for evaluation.
- iv. Formally agree high-level monitoring and evaluation plans with each PO by July 2015.

## 1.4: A strong and safe culture for accountability and learning

The effectiveness of our programs depends on a strong and safe culture for evaluation, where timely and accurate feedback and analysis assesses what works, how it works and why, and this learning is fed back rapidly into policy and spending decisions. Feedback and learning are therefore pivotal elements of a successful evaluation strategy.

An important part of this learning process is to acknowledge that when policies do not deliver the desired effects – indeed, even when they produce unexpected or unwanted effects – these are still valuable opportunities to develop our knowledge so we can refine and adapt future policies and hence secure better outcomes eventually. BIS must enable this flow of information as far as is possible. This is about reinforcing BIS's existing good practice to make the learning process integral to the way we work in BIS.

To help us to understand the barriers and incentives to improving the learning culture within BIS, we held diagnostic workshops with evaluation analysts and senior policy officials from across the Department. From these workshops we developed a systems map to reflect how monitoring and evaluation activities are perceived to sit

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<sup>8</sup> Senior Responsible Owners role is to ensure that the projects deliver their objectives, and they are governed responsibly.

within the current policy-making framework in BIS. The map shows vicious and virtuous circles which in turn outline potential areas where interventions can have a positive effect for further supporting a culture of evaluation in BIS. It is structured primarily around the activities being carried out in BIS to develop policy (transformation), the policy makers and analysts carrying out these actions (actors) and the organisational framework and doctrines within which they operate (environment).

The full systems map is in Annex C, but the core is shown in Figure 4 below. It depicts the evaluation system based on the workshop findings. The main flows are picked out in thick blue lines starting from the central yellow box “Number of effective evaluations”; as these increase, the size and quality of the evidence base will also increase which will itself lead to more evidence being available to change or stop policies that are not proving effective.

In turn this bolsters the “corporate memory” of what has and has not worked which improves the viability of new policies as they are developed. Following the remaining elements of the chain leads both to more positive policy outcomes being achieved and more effective evaluations being conducted – a positive feedback loop. However note that the effective evaluation of a policy is no guarantee of that specific policy’s success; rather it is by adding to the broader evidence base that future policies have a greater chance of achieving their goals.

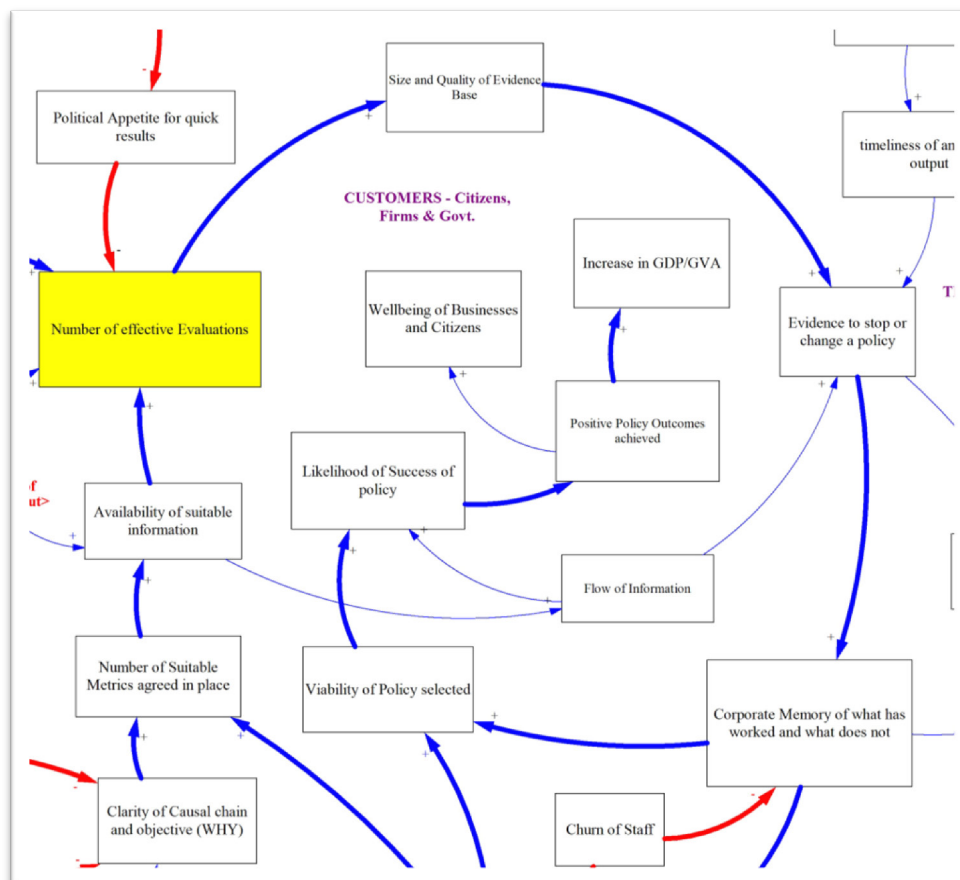


Figure 4: Core of the Evaluation System

The workshops identified three key areas as being crucial for development of a robust learning process. These were:

- Agility of information
- Reporting risks
- High-level stated aims and goals

### Agility of information

Analysts and policy-makers need to have the capability and resource to produce the information that we need at the right time to make a real difference and influence policy and spending decisions. Figure 5 below shows how analytical capability improvement should lead to more timely delivery of outputs that increases the evidence base to stop or change a policy which is a key element reinforcing the development of better policies as shown above (the full map is shown in Annex C). There was general consensus in the workshops that support worked best when analysts were embedded within relevant policy areas as they would already be familiar with current issues and would be better placed to produce briefings and conclusions more quickly.

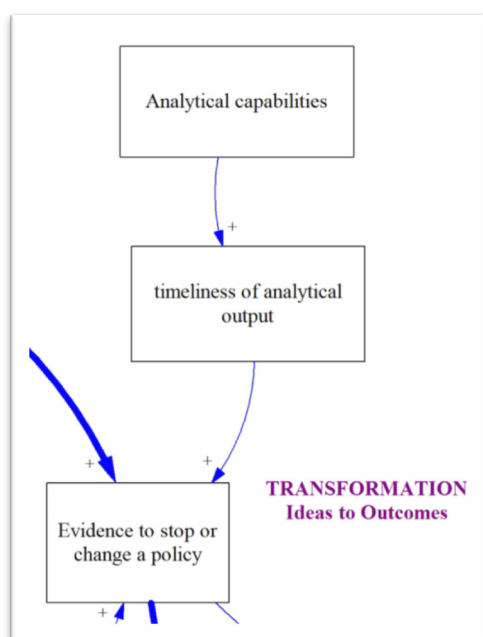


Figure 5: System section covering agility of information

### Reporting risks

On occasions monitoring and evaluation reports will highlight programme delivery risks. These will then be reported to programme management boards by the senior



responsible owners (SRO). As a result a work plan will be developed to provide assurance that the risk will not damage the successful delivery of the programme. But the delivery of this work falls to the team that raised the risk in the first place - thus increasing their workload without any counter-balancing additional resource. This systemic issue may create a disincentive among teams to raise risks as quickly as they otherwise might do, or to make best use of monitoring information to manage policy and delivery effectively. It is important here to work towards actions which will better support SROs to report risks.

## High-level stated aims and goals

Evidence emerging from monitoring and evaluation might show that a policy is not having – or will not have - the envisaged effect. However, in some cases BIS's stated goals may already have been set in such a way as to imply that we must implement a particular form of delivery – rather than delivering a set of policy outcomes in whatever way works. This may create a disincentive for staff at all levels to engage with evidence that may lead to these goals not being achieved.

In Figure 6 below the red lines indicate where increases in one variable lead to decreases in linked ones – so an increase in the perception of “Top Cover” or senior support for evaluation leads to a decrease in perceptions of “bad consequences” by staff if they speak up to highlight potential problems. But if the perception of “bad consequences” increases then both the ability of SROs to report problems and the general desire for policy evaluation goes down – in a vicious spiral.

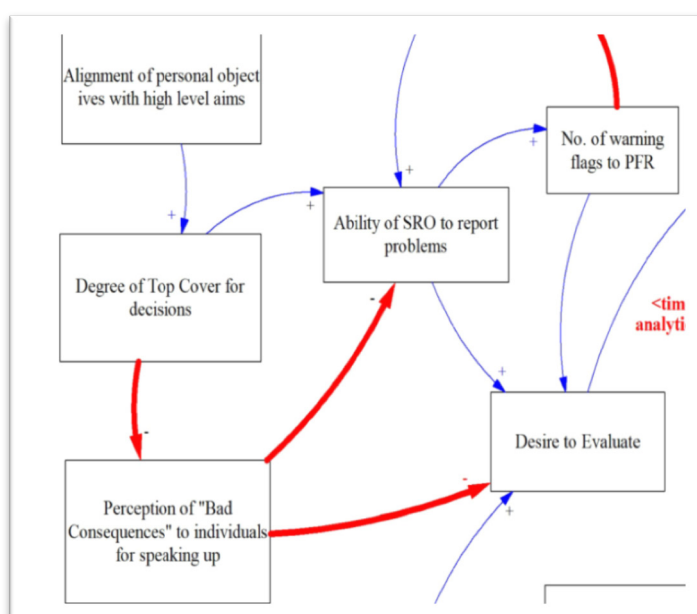


Figure 6: System section covering reporting of risks and performance objectives

Actions:

- i. Run a further workshop with senior officials to unpick possible system changes which will enable better and more agile information flow, free up resource to deal with problems arising and better align performance objectives to ensure policy evaluation is consistently supported.
- ii. If appropriate, develop proposals for system or process changes within BIS to align incentives and remove impediments to effective monitoring and evaluation, by working with Projects and Programme Management, Human Resources and Policy Profession teams. Proposals system changes will be presented to Policy Monitoring and Evaluation Board and include in the evaluation plan.

## Section 2: Structure and Governance

To achieve lasting improvement, it is important to put the right structures and governance in place, securing support from across the Department and partner organisations for robust monitoring and evaluation. Structures and supporting processes are not a perfect substitute for having a culture that values and reliably delivers robust monitoring and evaluation, but they can help support the development of one.

### 2.1: Existing arrangements

Currently, the Evaluation Methodology Group oversees evaluation in BIS and reports to the senior analyst team. It meets quarterly to discuss progress on key evaluations in BIS, share ideas and best practice, and steers the advocacy and co-ordination efforts of the central evaluation team. Its membership consists of working-level analyst colleagues within BIS and partner organisations that lead on evaluations or are expert practitioners of evaluation methods.

Separately, senior analysts are held to account by the Chief Analyst for the comprehensiveness of monitoring and evaluation within their areas (for spend, savings and regulation).

Looking beyond the analyst community within BIS, more could be done to embed robust monitoring and evaluation into policy design and programme management. Currently, senior responsible owners have been provided with monitoring and evaluation guidance about what they should do and who they should contact.

Also, the central evaluation team has launched a series of focused reviews, assessing both the coverage and quality of monitoring and evaluation in a given policy area. The reviews occur every 6 months and each review in the series focus on a different BIS policy area. Findings are reported in six-monthly notes on evaluation, which are sent to all directors. The notes form a basis by which directors can compare the quality and coverage of monitoring and evaluation across directorates and for the Chief Analyst to examine the consistency of approaches they adopt.

## **2.2: Establish a senior-level Policy Monitoring and Evaluation Board**

To achieve greater visibility and prominence for efforts to improve monitoring and evaluation within BIS and to oversee the practical implementation of this Strategy, the Executive Board has recently approved the establishment of a senior level Policy Monitoring and Evaluation Board.

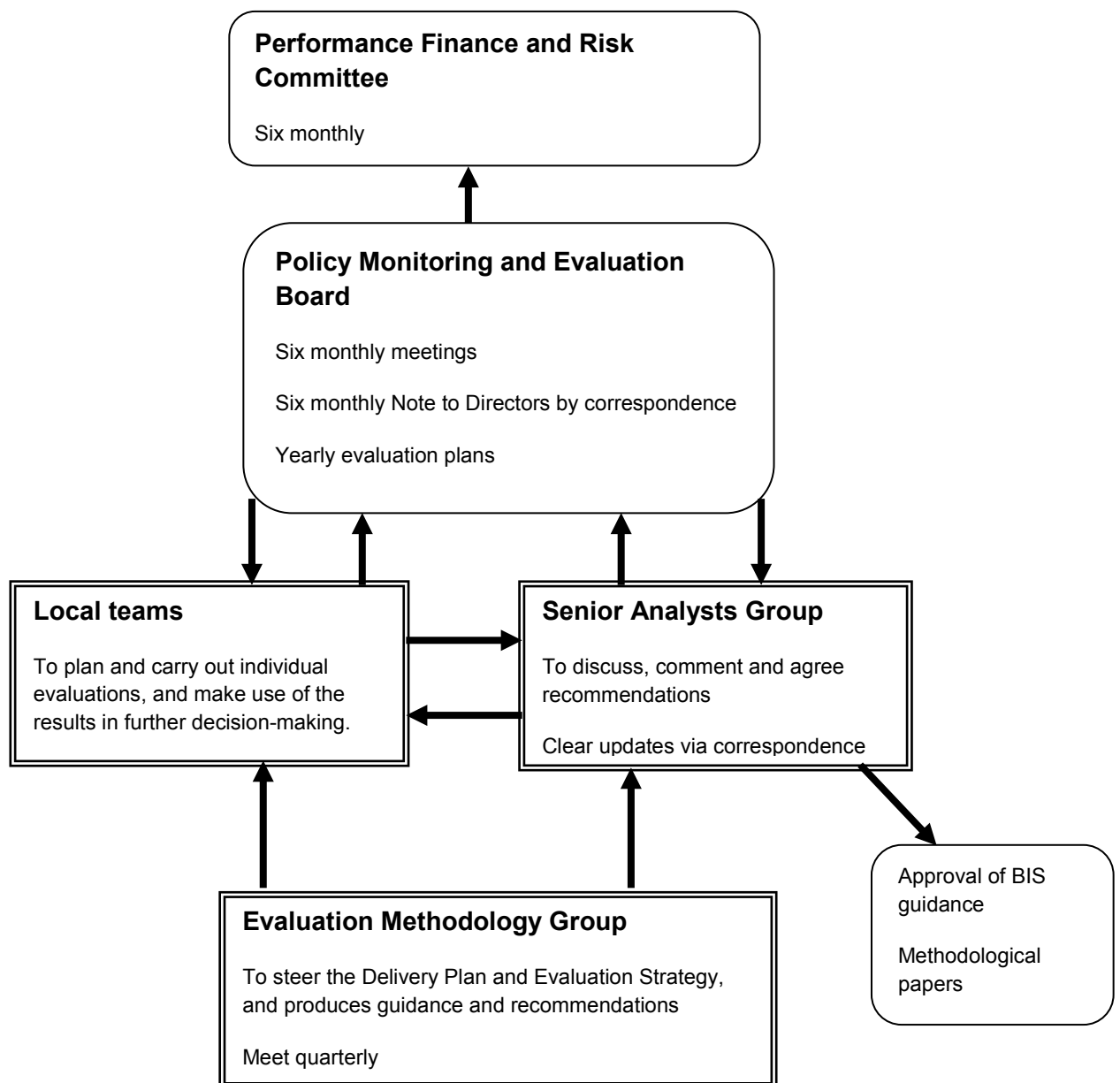
The draft terms of reference and membership of the Policy Monitoring and Evaluation Board are under consideration. The board will be chaired by a Director General and supported by policy, finance and analyst colleagues at director level.

This Board will:

- review and steer progress towards the delivery of the actions in this Evaluation Strategy;
- ensure that there are no gaps in BIS evaluations of major policy, spending and regulatory initiatives;
- investigate any systematic strategic enablers and/or impediments to conducting best practice evaluations within BIS; including programme and administrative resource;
- oversee compliance with robust methodologies and where appropriate challenge existing practices; and
- review progress towards securing an effective, coherent and influential monitoring system across the Department.

The Policy Monitoring and Evaluation Board will meet every 6 months and report to the Performance, Finance and Risk Committee, which is a sub-committee of the Executive Board.

Figure 7: Monitoring and Evaluation Governance



**Actions:**

- i. Establish a senior level Policy Monitoring and Evaluation Board which will report through BIS’s Performance, Finance and Risk Committee, which will review BIS’s evaluation evidence ahead of Spending Review discussions.

## Section 3: Building capability

In addition to building the demand within BIS for robust monitoring and evaluation, it is also important to ensure that our analysts, commissioning processes and monitoring systems are capable of delivering them.

### 3.1: Analysts' capability

We carried out a survey of skills and knowledge of evaluation techniques amongst BIS analysts in September 2013. The survey revealed that BIS analysts, as a group, have relatively low experience of many impact evaluation techniques. This might impair our ability to act as intelligent customers of impact evaluations.

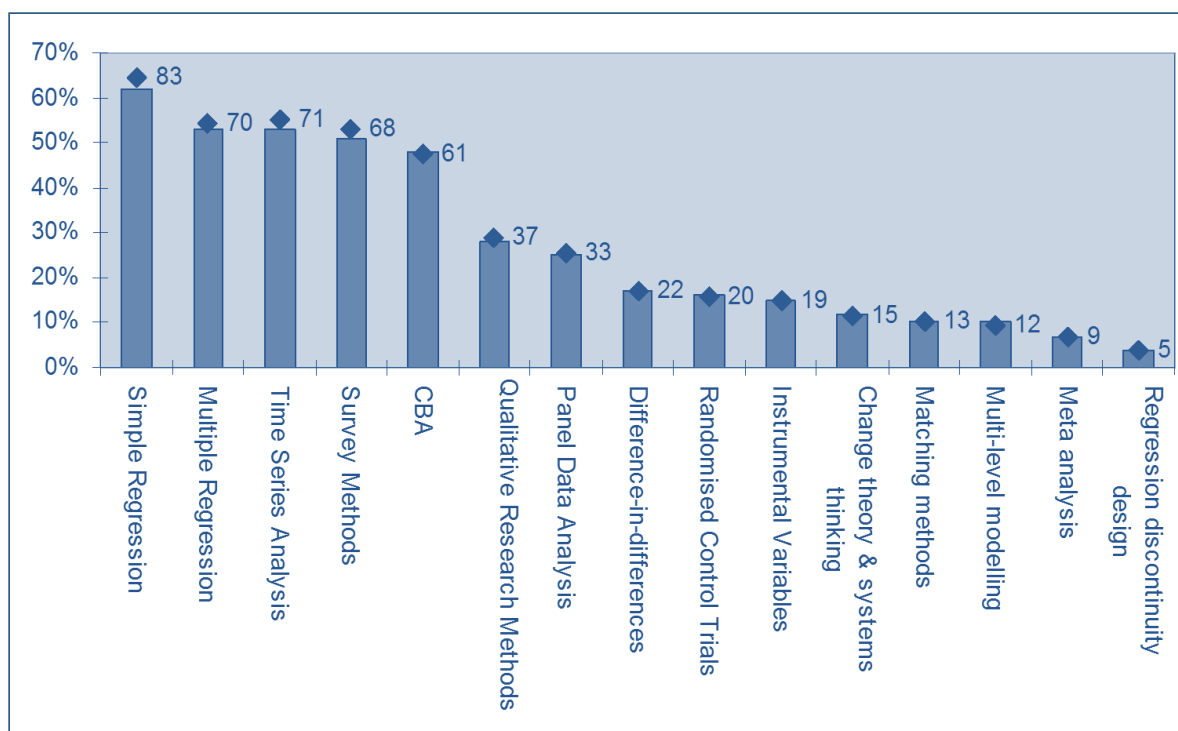


Figure 8: BIS analysts' evaluation capability survey

Notes:

1. The bar shows the percentage of respondents (BIS analysts) that have performed analysis using various impact evaluation techniques. The number next to the diamond is the number of respondents that have performed analysis using those techniques.
2. CBA Cost Benefit Analysis

As a result of this survey, BIS has provided more training to analysts on evaluation techniques, with a greater emphasis on 'hands-on' training using software and actual datasets to practice the techniques. Also, the central evaluation team have organised a yearly programme of core training for BIS analysts. A list of the training and attendance is presented in Annex D.

BIS has also set up, a network of internal experts on advanced evaluation methodologies has been set up. They hold a monthly surgery and are deployed to contribute to projects that use complex evaluation techniques.

Furthermore, BIS staff are encouraged to make use of the independent expert peer review group (see Section 4) to provide methodological advice on evaluation plans and early drafts of reports.

### **3.2: Policy officials' capability**

In addition to the notes to directors on evaluation circulated every six months, BIS offers yearly training sessions for policy makers on evaluation. The central evaluation team also gives *ad hoc* and bespoke bite-size sessions when required.

BIS will continue to influence evaluation training through the Cross Government Evaluation Group to ensure that fit for purpose training is available on Civil Service Learning for policy makers at all levels.

Our efforts to improve evaluation coincide with a related initiative within BIS to professionalise policy-making. The BIS Policy Profession was formally launched in May 2014, and will:

- set and maintain the standard for policy makers in the Department
- unite those working on policy under a shared identity, and
- offer a comprehensive package of support and training to ensure that BIS policy makers are the best that they can be.

The central evaluation team will work with the BIS Policy Profession to set appropriate standards on monitoring and evaluation, and to ensure that policy officials receive the support and training needed.

Actions:

- i. Yearly assessment of training needs for analysts.
- ii. Yearly commission and delivery of be-spoke training for BIS analysts.
- iii. Focussed bite size lessons on evaluation for policy makers.
- iv. Engage with Cross Government Evaluation Group to develop fit for purpose training opportunities for policy makers.

### 3.3: Improved monitoring systems

Good data underpins good evaluation. Good monitoring data will strengthen accountability in all areas of our work and allow policy adjustments on an on-going basis. Many of our initiatives serve the same population of businesses, and it is important that we can assess the impact both of single programmes and of multiple BIS interventions.

As discussed in Section 1.1 above, BIS will use the internal business case process for new spending proposals to encourage policy teams to follow best practice on monitoring. BIS will ensure that the way it collects, organises and uses data about BIS policies allows for effective monitoring and evaluation.

As set out in Chapter 7 of the Magenta Book, best practice involves early planning of data collection for monitoring and evaluation, ideally before policy implementation, so that duplication of effort and missed opportunities are avoided, and we make the best use of resources and effort for collecting high-quality evaluation data. For instance:

- Baseline and counterfactual data will be collected, as gathering contemporaneous data is likely to be less expensive and more accurate and reliable than retrospective collection.
- Monitoring data, which is often an important source of data for evaluation, are of sufficient quality and, if possible, timely enough to enable real-time feedback and course-correction. Where routine monitoring data (or administrative data) could be used to fulfil some (or even all) of the data needed for evaluation, it can reduce the costs and burden of evaluation, both for BIS and for beneficiaries and delivery partners.
- Where external organisations need to provide some of the data, the requirement to do so will routinely be built into contracting from the outset and we will specify clearly that the data are given to BIS can be used for a variety of purposes including evaluation.
- Ethical and data protection requirements will be taken into account prior to collecting data, so that, for instance, consent for use of personal information for research, data-linking and sharing with third-parties (including contractors) is secured.

In addition to early planning, there is a role for more collaboration and co-ordination, as many policies and programmes in BIS and across Government provide complementary support to the same population of beneficiaries.

- However, data and outcomes measures across these programmes are not always comparable, so it is difficult for Government to determine which measures are the most effective.



- Furthermore, better co-ordination and collation of data across BIS programmes could help BIS to understand which beneficiaries are receiving multiple sources of support, improving our understanding of the combined effects of BIS programmes and to avoid ‘double-counting’ of benefits.
- Finally, evaluations of individual programmes could make better use of administrative and monitoring data in other related programmes across BIS and partner organisations, but also in other government departments.

Ultimately, making improvements and more effective use of monitoring and administrative data will allow us to make better decisions, bringing BIS in line with the most innovative businesses and organisations. The costs and burdens of doing so are usually very small, especially when compared with the amount spent by programmes.

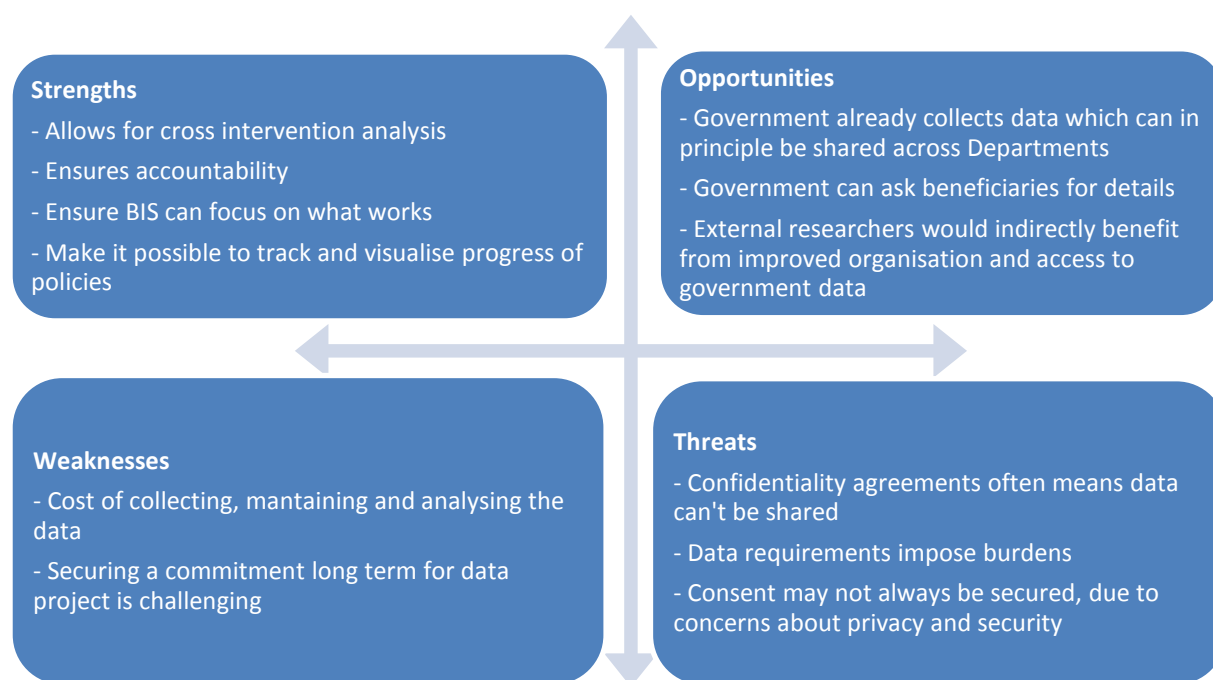


Figure 9: Improved monitoring systems SWOT analysis

## The starting point

Best practice in data collection for monitoring and evaluation cuts across nearly all of the work of the Department, but efforts must be prioritised. BIS’s portfolio of business support programmes is where most impact could be achieved. There is significant interest for evaluation evidence in this area, and there is already a substantial amount of ongoing effort (including several of BIS’s ‘flagship’ evaluations, such as the Regional Growth Fund (RGF), Advanced Manufacturing Supply Chain Initiative

(AMSCI), and Growth Vouchers, and developing a Common Data Sharing System to support ongoing reforms of business support). Business support is also an area where there are several potential opportunities for improvement to make better use of data-linking to administrative data in other Government departments, particularly HM Revenue and Customs (HMRC).

Actions:

- i. **Review the datasets currently held by the Department**, and publish details of datasets and the support that we will offer independent evaluators for research purposes, including clear processes for gaining access rights to data.
- ii. **Agree comparable measures of outputs/outcomes** of interest (jobs, Gross Value Added, profit, productivity) and a consistent methodology for these measures. Consistency of measurement will simplify the process of aggregating monitoring information, and allow better comparisons with existing and previous research, and between business support interventions so that Government can identify which policies are the most effective.
- iii. **Agree standard minimum data requirements** from all beneficiaries. Existing BIS guidance already has a list of key fields of administrative data to collect.<sup>9</sup> However, since the guidance was produced, several evaluations (including RGF, AMSCI, Energy Intensive Industries, and Advanced Propulsion Centre) have commissioned scoping studies to explore whether the monitoring data that programmes collect is sufficient for robust impact evaluation. Common themes and lessons about what data to collect from these studies should go into updating the guidance.
- iv. **Develop strategies for increasing response rates and compliance with data requirements.** In particular, we should:
  - a. Agree standard contract clauses for BIS and delivery partners/intermediaries, **making compliance with data requests a condition of participation** in BIS business support schemes, and **ensuring the obligation to collect and share information is embedded into Offer Letters explicitly**. Similarly, where BIS gives money to delivery partners or intermediaries, there should be explicit requirement embedded in contracts with the intermediary to **provide systematic records of firms supported** as routine practice.
  - b. **Review our use of surveys** and self-assessment as a tool to measuring impact, to make sure that we continue to use best practice.
- v. Ensure that systematic and consistent **records of the application, appraisal and selection processes and decisions are held centrally**, so that evaluations can exploit the nature of these processes in the construction of an appropriate counterfactual.

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<sup>9</sup> 'Guidance on evaluating the impact of interventions on business', August 2011, p.44

- vi. Similarly, create a **central repository of administrative and monitoring data** for our business support programmes, along with appropriate security and validation processes. Initially, this will involve matching the data on businesses from multiple schemes in the Office for National Statistics (ONS) Virtual Micro-data Lab. Amongst other benefits, this dataset will allow analysts to identify businesses that have received multiple forms of BIS business support, and to more robustly control for the effects of receiving multiple interventions.
- vii. **Reach data-sharing agreements with OGDs (especially HMRC, ONS and Companies House)** and influence the data that they collect from business beneficiaries, to reduce reliance on self-reporting by beneficiaries and get access to better/more comprehensive data. This can be achieved in two ways:
  - a. By seeking opportunities to contribute to draft legislation to give HMRC the legal powers to share data on individual businesses with BIS researchers.
  - b. By engaging HMRC to perform analysis on behalf of BIS researchers. This would involve preparing internal guidance for local teams, setting out what kinds of data are available in HMRC, and setting out processes involved in getting HMRC to use the data (business case, and demonstrating that the research will benefit HMRC).
- viii. Building on data sharing agreements, scope the possibility of **creating an enhanced dataset of businesses**, building on Inter-Departmental Business Register (IDBR) and HMRC administrative data, which is better suited than the IDBR on its own for long-term follow up in evaluations.
- ix. **Open up more of our data to external approved researchers** in order to encourage the academic community to work with us in developing our evidence base – possibilities include an Enterprise Research Centre, Administrative Data Research Centres, BIS Data Labs, the Economic and Social Research Council (ESRC) and its data centres (particularly the Business and Local Government Research Centres).

## Section 4: Independent, transparent quality assurance of evaluations

An external peer review panel of independent experts on evaluation has been appointed. The experts contribute at key stages of evaluation projects, especially at the earliest stages; they also peer review all of our outcome evaluations before publication. The evaluation peer review group is an important aspect of quality assurance of BIS evaluations. Independent scrutiny should promote good practice, provide assurance of quality and increase the credibility and use of our work.

BIS evaluation publications which make statements of impact are accompanied by summary sheets capturing key impact evaluation data and cost-effectiveness information from the evaluation. These summary sheets are peer reviewed by the external panel<sup>10</sup>. All evaluation publications and summary sheets are signed off by the Chief Analyst, once the peer review process has been completed. BIS has also committed to publishing a policy response to published evaluations. This is to help ensure that the findings of evaluations are fed back into policy design.

Publications also include detailed and transparent technical annexes, with data published where possible to allow further and future independent scrutiny of our work by external academics and to enable later use of the data (for example in longitudinal studies.)

An annual report with recommendations by the external peer review panel of independent experts will be prepared to provide an overview of common areas where BIS could strengthen evaluation further.

BIS will extend and strengthen the expert panel to ensure it is able to cope with the expansion of its workload and to give policy makers access to a broader range of expert advice.

Actions:

- i. Continue with the external peer review system.
- ii. Refresh membership yearly.

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<sup>10</sup> The first publication under this system is the Interim Evaluation of Growth Accelerators (2014)

<https://www.gov.uk/government/publications/growthaccelerator-interim-evaluation-2014>

- iii. Capture general recommendations for BIS from the panel and consider as part of the two yearly Strategy refresh.

## Section 5: Concluding remarks

BIS takes monitoring and evaluation seriously. We recognise that robust monitoring and evaluation will help us to learn and develop policies which have the best chance of delivering the most impact and value for money. We also understand that, whilst monitoring and evaluation can take up scarce resource and can have a lower priority for ministers and officials engaged in day-to-day delivery, over the longer term foregoing the evidence and knowledge from robust monitoring and evaluation can risk even more.

Proper monitoring and evaluation is also necessary for accountability. A strong theme throughout our Evaluation Strategy is to seek to work with external experts and stakeholders. We are keen to work with our partner organisations and stakeholders, in order to have open and transparent evaluations of our policies and programmes.

This document sets out a coherent and comprehensive programme of change which we believe can meet the long-term challenge of securing robust monitoring and evaluation. It sets strong strategic direction to achieve the Department's sustained ambition for monitoring and evaluation.

In many respects, BIS is leading the way on evaluation. We are the first in Whitehall to implement some important initiatives – particularly the open and transparent external peer review system and yearly publication of evaluation plans and gaps (see Figure 10.)

Having laid the groundwork for a strong culture of accountability and learning, we recognise that it will take time to deliver the Strategy in full and for all the benefits to be realised. To make this a success, we will need to make a concerted effort at every level: from consistent demand and expectation for evaluation evidence from senior managers and decision makers, to adequate resourcing and evaluation capability from our policy makers and analysts, as well as effective collaboration with our partner organisations. We will need to commit the necessary resources, including administrative resource in both central and local teams to support any programme spending on monitoring and evaluation.

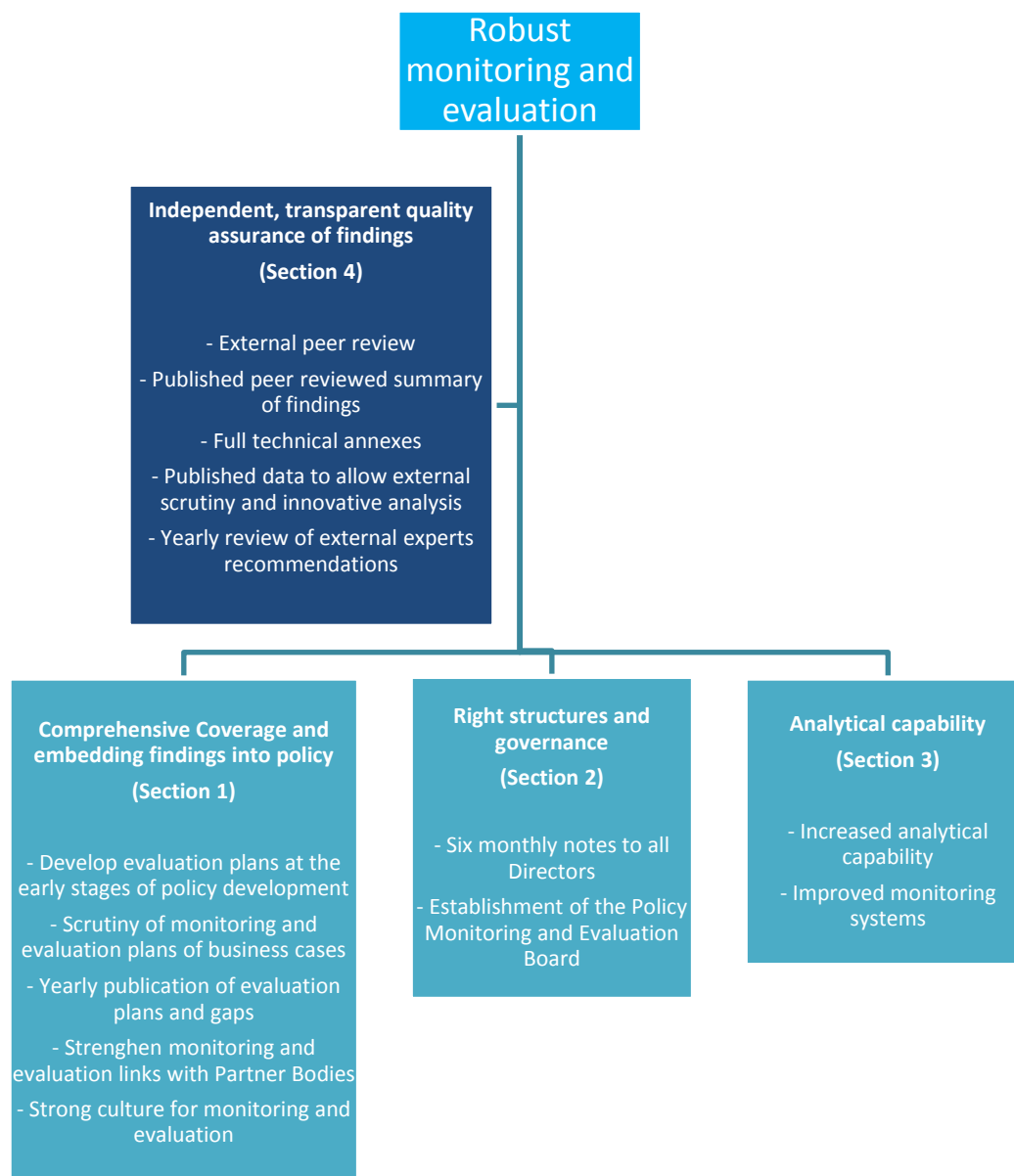


Figure 10: Four elements underpinning delivery of the vision and key actions

To take this forward, BIS will develop a new evaluation Delivery Plan by March 2015 to ensure delivery of the actions in this Evaluation Strategy. Progress against the Strategy’s stated aims and the evaluation plans will be reviewed by the Policy Monitoring and Evaluation Board. It is envisaged that both the Strategy and programme will be reviewed every 2 years.

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