

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: Review of Primary Authority: Quantitative Surveys & Review of Primary Authority: Qualitative fieldwork with Enforcing Authorities. | |
| Programme evaluated: The Primary Authority Scheme | |
| Impact Evaluation Score: 1 (BT) / 1 (GW) (see end of summary) | Monetisation Score: 1 (BT) / 2 (GW) (see end of summary) |
| Time period covered by policy: 2009-2015 | Time period covered by evaluation: 2009-2015 |
| Contractor undertaking evaluation: Acl consulting | Peer reviewers: Brian Titley and Geoff White |
| Type of evaluation: Formative evaluation | |

Description of policy/programme and rationale for intervention:

The Primary Authority scheme was introduced in 2009. It is a statutory scheme devised to provide greater regulatory consistency and certainty for businesses that operate across a number of different local authority areas. The scheme allows a business to partner with a local authority (their "Primary Authority"). The Primary Authority can then issue assured advice on compliance solutions that other enforcing authorities must have regard to. This also gives a single point of contact with the local regulatory system. The scheme was extended in 2013 to cover new areas of regulation and to businesses that share a common approach to compliance.

Summary of key evaluation findings:

The objective of this research was to provide information on the development of Primary Authority and its value to participants rather than a full impact evaluation. [It provides quantitative and qualitative survey data that was intended to guide the further development of the scheme.](#) Taken together the findings suggest that Primary Authority has resulted in benefits to businesses. The data collection was conducted in 2014.

86 per cent of businesses were satisfied or very satisfied with their partnerships, 78 per cent of primary authorities were fairly or very satisfied with the scheme and 90 per cent of businesses intended to renew their Primary Authority agreement annually in the indefinite future.

Benefits indicated by businesses and primary authority participants included:

- Improved compliance by helping to develop robust compliance systems in a trusted relationship and making it easier to resolve problems
- Improved businesses confidence that they are compliant
- Saved businesses time and money

Drawbacks indicated by participants included:

- Issues with usability of the IT system (PA Register) was a barrier to local authority participation
- Not all enforcing authorities were engaged in the scheme as they should be

However, the report relies on businesses' self-analysis of their circumstances and not on an externally objective evaluation of these circumstances. A formal evaluation would be in a better position to draw comparisons between businesses' circumstances pre- and post-Primary Authority, and also between member and non-member businesses.

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

N/A

Policy response to the evaluation:

This evaluation provided one of the sources of evidence for a review of Primary Authority conducted in 2015 which led to changes to expand and simplify the scheme in the Enterprise Act 2016. From 1st October 2017, Primary Authority will be open to all businesses, from pre start-up, to SME, to large. This will be achieved through an extension and simplification of the scheme, supported by an improved Register.

Evaluation methodology

Description of methodology: The evaluation relies on self-reported data by the businesses, Primary Authorities and Enforcing Authorities.

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) Businesses

Has sufficient time lapsed for the initial/full benefits to be estimated? Yes The policy looks 5 years after the scheme commenced

Peer review

Comments on the appropriateness of data and outcomes:

Brian Titley:

The data and outcomes presented in the reports appear appropriate to the stated objective(s) of the research project. While the survey results are limited in various ways they clearly provide data that is useful and relevant to the future development and rollout of the Primary Authority scheme. The objective of the research was not to provide a full or partial cost-benefit analysis or economic impact assessment.

Geoff White:

The report on the quantitative survey makes no claim for the representativeness of the samples used. Sample size and characteristics were constrained in large part by the terms of reference and the budget available. The sample of businesses 'in a PA' was twice the size of the sample of businesses 'not in a PA' and had different characteristics on variables (e.g. firm size and regulatory category) that might reasonably be expected to exercise some influence on the outcomes of interest. The report is therefore right to claim no more for the latter sample than that it is of some comparative interest.

As far as the qualitative work is concerned, the report demonstrates that the sample of enforcing authorities covers all types of local authority in England.

Comments on internal validity:

Brian Titley:

It appears reasonable to infer from the survey results that Primary Authority has resulted in many of the claimed benefits. However, as the authors note, no prior baselines were established and it is not possible to determine the scale of these benefits either in absolute terms or relative to scheme costs from the results presented or how they might compare to non-PA businesses and authorities pursuing risk-based approaches to their regulatory activities.

Geoff White:

The quantitative report does not claim to use statistical methods to establish the effect of PA participation and to distinguish it from the influence of other factors on the outcomes of interest. It is reasonable, therefore, to conclude that the internal validity of the results has not been established.

Comments on external validity:

Brian Titley:

Recommendations regarding the future development and expansion of the Primary Authority scheme appear broadly sensible and consistent with the survey responses from participating businesses and local authorities.

However, given the limitations of the samples and analysis, in part due to the limited scope of the project, any estimates or inferences drawn about the likely costs and benefits of the scheme cannot and should not be generalised to the total population of 3,572 businesses in PA partnerships at the time of the research. Expansion of Primary Authority to cover many more businesses, regulatory areas and local authorities is also likely to have a material impact on scheme effectiveness, costs and benefits.

The authors recognise these limitations by advising on the value of revisiting the original cost benefit analysis of the scheme.

Geoff White:

The authors make no claim for the representativeness of the samples and do not claim the sample of businesses 'not in a PA' to be a counterfactual. It is therefore reasonable to conclude that external validity has not been established.

Comments on the quality of inferences and establishing causation:

Brian Tittley:

Inferences regarding the impact and effectiveness of the Primary Authority initiative are drawn from the results of a series of face-to-face or telephone interviews with business representatives and local authority staff. While they very clearly meet the intended objective of providing evidence that can usefully inform the future development of Primary Authority, the claim at Section 3 of the Quantitative Report that the combined results "represent the considerable systemic benefits that can be ascribed to Primary Authority" appears overstated based on the presentation of the self-reported data. The authors do however acknowledge that a more formal analysis would be required to test this conclusion.

Geoff White:

The reports are circumspect about claiming too much from the evidence, acknowledging that it is based on the perceptions of those who were interviewed. Nevertheless, they provide thoughtful and helpful insights, commentary and advice on the experience from PA participation and how it might be improved – for businesses and enforcing authorities as well as PAs themselves.

Any other comments:

Brian Tittley:

The 'evaluation' consists of two thorough and highly accessible reports of the results from primary research:

- (i) a qualitative survey of staff in local (enforcing) authorities, and
- (ii) a series of quantitative surveys of businesses and local authorities in Primary Authority partnerships and a "counterfactual group" of businesses eligible to join Primary Authority that had not done so.

The aim of the research was to provide information about the development of the Primary Authority initiative over the 5-year period since its introduction and its value participants in order to guide the further development of the programme. Although survey participants were asked to quantify where possible the costs and benefits of Primary Authority the research cannot and does not intend to provide a robust measure of the overall economic and/or financial impact, net benefit or cost effectiveness of the initiative.

While the combined survey findings do provide some clear support for the efficacy of the Primary Authority scheme and partnerships already underway, it is far less clear from the data presented in the reports that it may be possible "to ascribe considerable systemic benefits to Primary Authority" (Executive Summary, Quantitative Report).

Geoff White:

Cost-effectiveness and cost-benefit summary

Justification for monetisation score:

Sensitivity analysis/key assumptions:

Direct costs to Exchequer of programme:

| £m | Total | Year 0 | Year 1 | Year 2 |
|-------|-------|--------|--------|--------|
| Total | | | | |

Economic costs and benefits of programme:

| Price base year | 2013/14 | Present value base year | 2013/14 | Discount rate | 3.5% |
|-----------------|---------|-------------------------|---------|---------------|------|
|-----------------|---------|-------------------------|---------|---------------|------|

| | Costs (£m) | | | Benefits (£m) | | | NPV (£m) | Net BCR ¹ |
|---------------|-----------------------------|----------------|------------|-----------------------------|----------------|------------|----------|----------------------|
| | Transition (constant price) | Average annual | Total (PV) | Transition (constant price) | Average annual | Total (PV) | | |
| Low | | | | | | | | |
| Best estimate | | | | | | | | |
| High | | | | | | | | |

Description and size of key monetised costs:

Other key non-monetised costs:

Description and size of key monetised benefits:

Other key non-monetised benefits:

Robustness of monetised costs and benefits:

Peer Review

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

N/A

¹ PV of net benefits / PV of net costs

Note on Impact Evaluation and Monetisation Scores

Impact Evaluation Score

Impact scale follows the guidance on 'Quality on Impact Evaluation²', published as supplementary guidance to the Magenta Book. The scale is based largely on the Maryland Scientific Method Scale used by academics and researchers to assess the strength of an evaluation approach. The higher the score potentially the more capable the evaluations are to demonstrate that the outcome observed is due to or caused by the intervention.

- Score 5: Random allocation of treatment and control group, or a robust counterfactual using a quasi-experimental approach. There is a treatment and a comparison group and actual before and after data in both groups. For example: a strong difference-in-difference design, regression discontinuity design or matched treatment and control group.
- Score 4: Quasi-experimental approach where the counterfactual has some weaknesses, but it is as good as can be, given the policy design or data availability issues. There is a treatment and a comparison group, and actual before and after data in both groups. For example: a difference-in-difference design, regression discontinuity design or matched treatment and control group.
- Score 3: Predicted (modelled) versus actual outcomes for the treatment group only are compared, predictions are based on actual baseline data.
- Score 2: Actual (i.e. not self-assessed or self-reported) before and after data for the treatment group only are compared. (Higher levels on this scale also require actual data not based on self-reporting.)
- Score 1: No baseline data (or only self-assessed/self-reported 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

² Quality in policy impact evaluation, HMT, Dec 2012

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/190984/Magenta_Book_quality_in_policy_impact_evaluation_QPIE_.pdf

- 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: Gross BCR not available, as either input or output data are not available
- Score 1: No monetisation at all