National Evaluation of the English ERDF 2014-20 Programme

Phase 1 Report: Process Review

July 2019

Hatch Regeneris Consulting

The Ministry for Housing, Communities and Local Government

Foreword

This report outlines the findings from Phase 1 of the national evaluation of the 2014-2020 European Regional Development Fund (ERDF) programme in England. Phase 1 comprised a process evaluation of the ERDF programme, which took place in 2019. Phase 2 of the evaluation comprises an interim evaluation of the programme. Phase 3 of the national evaluation will cover the final economic and impact evaluation and will conclude in 2022.

Phase 1 consisted of a strategic review of the effectiveness of the main management and governance structures, as well as the delivery systems and processes, of the 2014-2020 ERDF Programme.

The study's findings are based on consultations with a range of stakeholders including the ERDF Managing Authority in MHCLG (now DLUHC), the Greater London Authority (GLA), government departments (BEIS, DWP and DEFRA), members of the Growth Programme Board and its national sub-committees (the committees that monitor the implementation of the programme), members of the local LEP area European Structural Investment Funds sub-committees, as well as both successful and unsuccessful applicants to the programme.

The department would like to thank Hatch Regeneris, Belmana, BMG Research and Middlesex University for their work on the evaluation; as well as the stakeholders who participated in the research, and the policymakers, operational delivery colleagues and analysts in the department who provided input to the research materials and reviewed the outputs.

Whilst the national evaluation of the ERDF programme was commissioned to meet a regulatory requirement, the department welcomes the findings of the report which will feed into the ongoing continuous improvement of programme delivery, and which captures lessons learned for the development of successor domestic funds.

The department continues to develop its evidence base in this area of regeneration with a view to informing the many new initiatives being implemented to deliver the Government's Levelling Up agenda.

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1. Executive Summary

i.   The report presents the findings from the process evaluation of the England 2014-2020 European Regional Development Fund (ERDF). The programme has an overall ERDF allocation of £3.2bn (and estimated match funding of £2.5bn). It funds a range of economic activities that support the growth plans of places across England. Funding is weighted towards less prosperous places and is a key instrument for levelling up. The ERDF spans a range of core growth priorities, including advice and grants for businesses, local innovation, and low carbon growth.

ii.   The process evaluation is a core component of the national evaluation of the English European Regional Development Fund (ERDF) 2014-20 programme. It covers a strategic review of the effectiveness of the main management and governance structures as well as delivery systems and processes. This evaluation plays an important role in understanding the contributory factors to delivery of the programme's results which will be identified through the impact evaluation.

iii.   As well as providing a useful insight at this stage, the process evaluation strand will also be used at later stages of the evaluation to complement analysis from the impact evaluation, helping to interpret the role of implementation approaches in realisation of overall programme impacts. This in turn will inform future growth policy and funding in England.

iv.   With regard to weight of evidence in the process evaluation, the analysis is strongly weighted towards perceptions of effectiveness, provided by different stakeholders, supplemented in some cases with management data. As a result, many of the potential implications identified are inferred from the evidence, based on how findings might be expected to influence overall implementation. The weight of evidence for these conclusions is therefore limited at this stage. In some cases, these conclusions can be further tested at later stages of the evaluation.

v.   The evaluation recognises that this is a very complex programme, with allocations broken down by 38 Local Enterprise Partnership (LEP) areas (originally 39), nine priority axes, and three categories of region (with some LEP areas covering more than one category of region). This complexity has had to be reflected in management, systems and reporting for both grant recipient and managing authority. Despite these challenges and the need to meet the detailed requirements of ERDF regulations, a national programme has been successfully established. Key successes include:

- A standardised process for calls for proposals, grant applications, appraisal, contracting, monitoring, and closure has been established and implemented.

- Establishment of Growth Delivery Teams (GDTs) has allowed local relationship development, complementing a central Policy Team ensuring the programme meets its strategic goals and is effectively integrated into wider domestic growth policy.

- The programme has successfully met its key targets around spend (N+3 targets) and is performing well against spend and output commitment.

- Through a strong emphasis on compliance, the average error rate for the programme is just 0.3% against a programme ceiling of 2%.

vi. Other areas of the programme, where design or implementation could have been more effective point in some cases to recommendations for minor changes to the current programme, or in most cases to useful lessons for future programmes (if a broadly similar governance and management structure is implemented):

- Programme design should ensure greater flexibility in funding allocations, which are currently locked into rigid thematic funding envelopes.

- Adequate development time should be factored into the business of preparing local strategic and investment plans at the front-end of a growth programme.

- Administrative requirements can be excessive, and there are opportunities for a more proportionate regime.

- Greater access to thematic expertise at a local level could help improve programme and project development.

- Scope to allow more local discretion and autonomy over changes to local strategies and funding earmarked for particular priorities, as circumstances and needs alter.

2. Introduction

2.1   Hatch Regeneris, along with Belmana, BMG Research and Middlesex University, were appointed by the Ministry for Housing Communities and Local Government (MHCLG) to lead the national evaluation of the English European Regional Development Fund (ERDF) 2014-20 programme.

2.2   The research comprises a range of evaluation activities, in line with the requirements set down by the European Commission (EC), and including the following key strands:

   1)   Process Evaluation (2019)

   2)   Interim Impact Evaluation (2021)

   3)   Final Impact and Economic Evaluation (2022).

Overview of the Process Evaluation

2.3   The process evaluation is a core component of the Phase 1 evaluation work and covers a strategic review of the effectiveness of the main management and governance structures as well as delivery systems and processes. It follows two technical notes at the start of the evaluation on ongoing programme relevance, consistency, and appropriateness as well as financial and output progress to the managing authority.

2.4   This review includes the approach to programme design, the way the programme is managed at a national and local level (including how it is integrated with the delivery of the local growth agenda through Local Enterprise Partnerships (LEPs)), how projects are developed, and the business processes involved in implementation and management by Government.

2.5   While the findings draw out a summary of parts of the management and delivery process that have been most or least successful, this review has not sought to develop detailed solutions where recommendations have been made. Some recommendations will warrant more detailed review as part of the MHCLG continuous improvement approach, allowing the delivery team to further develop the detailed responses needed to address any identified issues.

Complementing Internal Managing Authority Process Reviews

2.6 Other reviews of management, governance, systems and processes have been undertaken over 2016-18, covering a number of the process evaluation topics analysed as part of this evaluation. These include:

- Reviews of terms of reference and membership for the Growth Programme Board (GPB), Local Area ESI Funds Sub-Committees and National Sub-Committees (Staged over Dec '16 - Jan '18).

- Partnership working review (undertaken in early 2016).

- Ongoing work to review processes, co-ordinated by the managing authority's Centre of Excellence (CoE) team, through a continuous improvement process.

- Government Internal Audit Agency (GIAA) Reviews.

2.7. This evaluation work differs from these reviews by taking a holistic view of programme management and delivery, and by engaging with a broad spectrum of stakeholders (including delivery team, wider Government departments, members of the GPB and subcommittees, technical assistance partners and applicants themselves). As such it draws on a broader evidence base and provides a strategic, rather than operational perspective.

2.8. This contrasts with the reviews outlined above which have typically focused on specific aspects of governance and delivery and engaged a smaller group of stakeholders and have focused on detailed recommendations of changes to be made.

Role in the Wider National Evaluation

2.9. The process evaluation represents an important component of the overall programme evaluation. The programme logic model below sets out the wider framework for the ERDF programme. While the impact evaluation work will help to understand the scale and nature of the policy results, the process evaluation plays an important role in understanding the contributory factors to delivery of these results, including around policy and strategy design as well as implementation.

Figure 2.1. Programme Logic
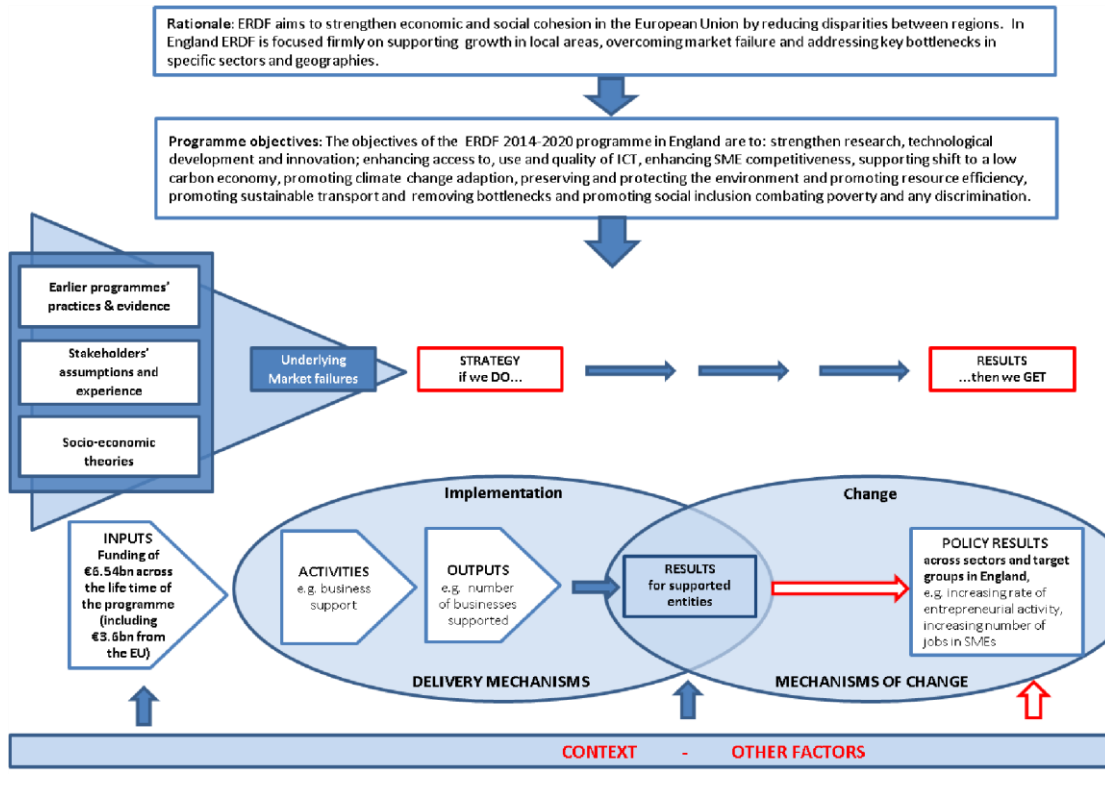
Source:

2.10. As well as providing a useful insight at this stage, the process evaluation strand will also be used at later stages of the evaluation to complement analysis from the impact evaluation, helping to interpret the role of implementation approaches in realisation of overall programme impacts. This in turn will inform future growth policy and funding in England.

Scope of the Process Evaluation

2.11. On the basis of the research and consultations undertaken in the scoping phase (Phase 0) of the national evaluation, the following key themes were identified as the core scope for the process evaluation:

1) Programme Design

2) Programme Governance

    2a. Strategic Governance

    2b. Role of Local European Structural and Investment Fund (ESIF) Sub-Committees

    2c. Strategic programme management by MHCLG

    2d. Programme spend and output progress monitoring

3) Project Development

4) Programme Systems and Processes

    4a. Grant application process

    4b. Bid appraisal process

    4c. Contracting and payments process

    4d. Project monitoring and reporting process.

Key Lines of Enquiry

2.12. Each topic analysed under this process evaluation has considered the following key questions:

1) How was this aspect of the programme intended to be delivered?

2) Has that happened in practice?

3) Was this approach effective and why?

4) How could it have been / how could it still be improved?

5) To what extent has this been an enabler of / barrier to successful implementation of the programme overall?

6) To what extent has effectiveness been driven by design of systems, implementation of processes, or wider contextual factors?

2.13. Within the analysis of each of the elements of the process review (those summarised under the scope of evaluation above), the report sets out:

- An overview of how that aspect was intended to be delivered (aligned with the first key line of enquiry),

- A summary of the effectiveness of that aspect (aligned with the second and third lines of enquiry), and;

- Conclusions around implications of this for implementation of the programme (aligned with the fifth line of enquiry).

2.14. Conclusions and recommendations around each aspect and an analysis of the drivers of effectiveness are set out in the final section of the report (aligned with the fourth and sixth key lines of enquiry).

Assessing Effectiveness

2.15. For each of the focus areas above, it is important to be clear on the basis for testing effectiveness:

- On **programme design**, effectiveness focuses on whether the design approach enabled the development of a programme which could maximise opportunities to support sustainable local economic growth across England, within the parameters of the ERDF programme.

- On **programme governance**, the terms of reference of key groups provide the main basis against which effectiveness of these governance structures has been assessed. More broadly, we have tested whether the design of these structures appropriately covered all required governance roles.

- On **project development**, effectiveness focuses on the extent to which the process enabled sufficient numbers of suitable and high-quality projects to be successfully attracted (as perceived by national and local stakeholders).

- On **programme systems and processes**, detailed government guidance notes set out how the various programme systems and processes are expected to operate, which provides a basis for assessing effectiveness. In addition, the following section from the operational programme sets out the aims for programme systems and processes under the 2014-20 programme, which has also been used to test effectiveness.

Aims for Programme Systems and Processes

2.16. The 2014-20 English ERDF Operational Programme (p. 268) highlights that, drawing on lessons learnt from the 2007-13 programme, the managing authority designed a system based on the following principles:

- *A standardised national business process for ERDF. This includes a single point of access and standard documentation. Quality assurance and continuous improvement are built into the management of the system;*

- *The customer journey is at the heart of the process design. Clear information will ensure there are no surprises for the applicant/grant beneficiary. Requirements in the early stages of application are more rigorous than in previous programmes but will be clearly articulated at the outset to make things simpler for the beneficiary through the remainder of the process. Back-office functions will be hidden from the applicant or grant beneficiary except where it has a bearing on them;*

- *Doing the right things at the right time and doing it well. Avoiding duplication and focusing resources and effort where they deliver most benefit;*

- *Reducing compliance risk through clear guidance and early and robust testing; and,*

- *Digital by default. A single accessible IT system holding all relevant information and operating on the principle of "collect once, use often".*

Weight of Evidence for Assessing Effectiveness

2.17. The process review work has drawn together findings from a range of sources, triangulating evidence identified through different sources to build the evaluation narrative. The analysis is strongly weighted towards perceptions of effectiveness,

provided by different stakeholders, supplemented in some cases with management data.

2.18. As a result, many of the potential implications identified are inferred from the evidence, based on how the findings might be expected to influence overall implementation and the scale and nature of the ultimate programme impacts. The weight of evidence for these conclusions is therefore limited at this stage.

2.19. In a number of cases, these conclusions can be further tested at later stages of the evaluation, and we have outlined where this might be possible. In many other cases, it will not be possible to isolate the specific impacts of individual management and delivery factors on the ultimate impacts delivered by the programme. However, the findings from this analysis will provide an important context to understanding and interpreting the scale and nature of programme impacts in the round, at later stages of the national evaluation.

Fieldwork

2.20. The fieldwork undertaken to gather evidence for the process evaluation, all undertaken in January-April 2019, has included:

- Consultations with 21 representatives of the managing authority, both in the central MHCLG team (5 consultees) and in Growth Delivery Teams (GDTs) (14 consultees), as well as the London European Programme Management Unit (EPMU: Intermediate Body delivering the programme for London) (2 consultees).

- Five consultations with representatives from other Government Departments, including the department for Business, Energy and Industrial Strategy (BEIS), the Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Work and Pensions (DWP).

- Six consultations with members of the GPB and national sub-committees.

- Five consultations with technical assistance partnership representatives.

- A survey of members of ESIF sub-committees, securing 98 responses. The survey was sent out to all sub-committee members (an estimated total of 760 individuals[1]), meaning the response rate was an estimated 13%. At a 95% confidence level, this implies a confidence interval of ±9.3%.

- Surveys of funding applicants, both successful and unsuccessful, securing 223 responses. The survey was sent out to all applicants for which email contacts were available (615 out of a total of 929 unique individual applicants), meaning the response rate from the total population was 24%. At a 95%

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[1] Note: the survey was distributed through individual GDT teams, and a full list of members is not currently available. This figure is therefore estimated by MHCLG on the basis of 20 members per sub-committee and 38 sub-committees.

confidence level, this implies a confidence interval of ±5.7%. The majority of respondents (84%) had been successful with at least one application.

2.21. All consultations were undertaken by experienced consultants using semi-structured consultation approaches, built around research aide memoires designed for specific consultee types. In addition to this fieldwork, the evaluation has involved a desk-based review of programme systems and process documentation[2] and GPB and sub-committee terms of reference, as well as analysis of project data on systems and processes.

2.22. While allowing a good cross-section of key stakeholders, the scale of fieldwork has not allowed us to get sufficient granularity of insight to break down process review findings in order to comment on effectiveness in different geographical areas in most cases. As such the majority of analysis is set out only on a national basis.

Structure of the Report

2.23. The remainder of the report includes:

- Individual sections analysing the ten elements comprising the process evaluation scope outlined above;

- Overall conclusions on ERDF programme management and governance, systems and processes; and,

- Recommendations for implementation of this and any replacement or other domestic funds.

3. Programme Design

3.1. 2014-20 English ERDF Programme was designed to enable local areas, via ESIF subcommittees at a LEP level to develop and deliver local strategies, drawing on a notional allocation of funding to each area.

3.2. The process of programme design involved:

- Each LEP area developing an ESIF Strategy, including notional allocations of funding across the available priority axes (PA's) allowed by the fund. LEPs were given responsibility for engaging and consulting local partners.

- Consolidation of all LEP area programmes to shape the national Operational Programme, with necessary adjustments made, in consultation with LEPs and other local stakeholders, in order to ensure the programme met the EC requirements for the ERDF programme.

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[2] Primarily through review of MHCLG Process Maps for each process stage

- Engagement of wider Government departments and agencies by the managing authority to help in shaping the national programme.

- The ex-ante assessment of the draft operational programme.

Effectiveness of the Programme Design Process

3.3.   The process of programme design followed the design approach above, with every LEP developing an ESIF strategy in consultation with local partners, and these strategies being consolidated at a national level into the national Operational Programme.

3.4.   Those consulted across different stakeholder groups for the process review, highlighted aspects such as the long-term nature of the ERDF programme, potential to secure capital and revenue funding, and the availability of technical assistance support in project development as important aspects of programme design which were highly valued. Several local level consultees highlighted however, that the ESIF strategies may have benefited from a longer development timescale, to improve the quality of the strategic plans developed.

3.5.   In developing local ESIF strategies, the managing authority made the decision to allow local areas to allocate funding across all of the available priority axes under the ERDF programme framework, rather than limit the priority axes incorporated at a national level. A key benefit of this was that it helped to maximise the intervention types and strategic approach available to local areas in designing their ESIF strategy, within the constraints of eligible ERDF programme activity. Despite this, a number of consultees still felt that the rigidity of the ERDF programme constrained them from delivering activities which were a local strategic priority e.g., investment in transport infrastructure outside of the less developed region (this was an area that the managing authority sought to allow support for, but which the Commission did not allow).

3.6.   The significant downside of this approach was that it led to a very complex programme at a national level, with allocations broken down by 38 LEP areas (originally 39), nine priority axes, and three categories of region (with some LEP areas covering more than one category of region). Several consultees within both the managing authority and wider stakeholders highlighted that the complexity of the programme, as a result of these funding allocation splits, had made effective management at a national and local level more challenging. They suggested it had also afforded MHCLG and its partners less flexibility to adapt the programme and funding allocations in light of changing needs and opportunities – particularly with respect to notional allocations at a local level. In addition, this complexity has resulted in a high management cost, both financial and resource, on both the part of the grant recipients and managing authority.

3.7.   Overall, however, there was a strong sentiment that allocations of funding at a LEP geographical level, and the influencing role of local ESIF sub-committees in project

investment decisions, were a positive move for this programme. Similarly, the broader concept of a national level operational programme, with local level strategies, interpreting and focusing that to best address local needs and opportunities, was felt to be a good basis for delivery of the programme, in order to effectively support sustainable local economic growth.

3.8.   In some parts of the programme, particularly priority axes 4-6, some local and national stakeholders felt that there had been too little direction in the Operational Programme on strategic approaches and eligible activities, or that it was not sufficiently well aligned to wider national policy. In reality, national policy around priority axes 4 and 5 was under significant development around the time of the development of the Operational Programme, meaning that in the early stages of programme delivery policies were developed in parallel in the Operational Programme and through responsible government departments which made complete alignment more challenging. However, the managing authority took the opportunity to update this and better align the Operational Programme to national policy through a change negotiation with the EC, helping to address this issue. The MA also constituted and deployed specialist PA experts, tasked with consulting on and coordinating these policy challenges. For PA6, the key issue faced was around demarcation between ESIF funds, which meant that when developing ESIF strategies, some stakeholders believed they could deliver certain activities under PA6 which it later transpired they could not – although these were separately funded by the European Agricultural Fund for Rural Development.

3.9.   Two final points were commonly raised by stakeholders in the fieldwork undertaken:

- Compared with the previous ERDF programme, it was more difficult to develop projects covering multiple LEP areas, due to difficulties in aligning with multiple local priorities. The organisation of England's economic geography was of course different in previous ERDF programmes, which were organised at regional rather than LEP area level (which did not exist for the purposes of the 2007-13 or prior programmes), which has been a factor. While this is seen as having been more difficult, it has still been possible, as demonstrated by the Midlands Engine and Northern Powerhouse SME Financial Instrument Funds. Some felt it would have been useful for the Operational Programme or other managing authority documentation to have advised on project types which might be beneficial to be delivered at a cross-LEP level, and for delivery processes to have been adjusted, to make this more straightforward to develop.

- Similarly to previous programmes, the programme design and regulatory environment established by the EC for each fund, had made it difficult to join ERDF funding with European Social Fund (ESF) or other economic development funds. The key issues highlighted include the rigidity of programme processes and the additional compliance risks a project would incur if taking on funding from two separate European funded programmes. While local ESIF sub-committees have provided a forum for more joined-up discussion in this area, it was felt that too few projects have come forward

where ERDF and ESF funded activities are well integrated, despite the potential benefits that could be generated by more joined up delivery.

Implications for Programme Implementation

3.10. Overall, the programme design process has established a clear, evidence-based national programme and a series of local ESIF strategies in every LEP area, which are driving investment decisions on the projects that will support sustainable economic growth across England. The concept of a national programme and consistent series of delivery processes, but with local strategies that can interpret and refine delivery in line with local needs and opportunities was strongly supported and felt to be a very effective model, providing a strong opportunity for the development of high-quality local investment strategies. The main negative in this respect was the limited timescale available for the development of local strategies, which some stakeholders felt may have affected the quality of local strategies produced.

3.11. Other challenges highlighted which could potentially have a negative effect on programme implementation include the following:

- The design of the programme has led to the creation of a very complex programme and system of funding allocation breakdowns. At a LEP level, all funding is broken down into allocations by priority axes and (where relevant) different categories of region. This therefore provides little flexibility to easily move funding between priority axes in response to changing needs and opportunities, limiting the ability to adapt local investment strategies to maximise local impacts. In addition, this complexity is believed by grant recipients and the managing authority to have resulted in a high management cost, both financial and resource, for them. *Further consultation with LEPs and ESIF Committees would be needed to explore the extent to which this constrained effective delivery of local strategies.*

- Delays in achieving strong alignment between emerging national policy around PA4-5 and providing greater clarity on demarcation issues affecting PA6 may have constrained the quality and quantity of projects coming forward under these axes in early stages. *Summative assessment evidence for projects under these axes may help to assess the extent to which this affected the quality and impacts of interventions under these priority axes of the ERDF programme.*

- Barriers constraining the development of projects that could be delivered across a larger-than-LEP area may have limited the number of potential projects coming forward which could have achieved greater economies of scale and delivered greater impacts. *A combination of more detailed project data analysis, findings of summative assessments and wider review of national evaluation evidence could provide some insights to further test the extent to which larger projects may have been constrained under this programme and the impacts of this, however in practice it would be very difficult to disentangle this consideration from other factors which influence*

efficient delivery and effective impacts. As such we have concluded not to attempt to include such analysis within the scope of this national evaluation.

4. Strategic Governance

4.1. The main governance body for the programme is the Growth Programme Board (GPB), which operates as the Programme Monitoring Committee (PMC) for both the ERDF and ESF programmes. With respect to the ERDF programme, key functions of the GPB, as prescribed by EC regulations, include:

- Examination and approval of key aspects of the programme, such as the methodology and criteria used for selection of operations, annual and final implementation reports, programme evaluation plan, communication strategy and any proposal by the managing authority for amendments to the programme.

- Reviewing, examining, and giving an opinion on the implementation of the ERDF programme, and monitoring the progress that is made towards achieving their objectives over the course of the programme period.

4.2. To support the work of the GPB, a series of national sub-committees have been established (alongside the local ESIF sub-committees), covering both policy areas and specific aspects of operational delivery. These sub-committees include:

Policy Sub-Committees:

1) Smart Specialisation

2) Small and Medium Sized Enterprise Competitiveness

3) Sustainable Growth and Development

4) Employment, Skills, and Social Inclusion

5) Sustainable Urban Development

Operational Sub-Committees:

1) Performance and Dispute Resolution

2) Evaluation

3) Equal Opportunities

4) Communications.

4.3. There is a single set of terms of reference for all of the national sub-committees, with the primary purpose of these sub-committees being to provide specialist advice and support to the GPB in its role to oversee that the ESIF's Growth Programme's policy and operational objectives are delivered successfully.

4.4. The terms of reference highlight that this could include: advising on relevant national policy or operational circumstances; ensuring alignment between the programme and national policy and funding sources; reviewing reasons behind programme performance issues; advising on and brokering opportunities for working across LEP areas; reviewing and advising on outline business cases for major projects; promoting examples of good practice; and identifying programme risks or issues relevant to the focus of the subcommittee.

Effectiveness of Strategic Governance

4.5. The GPB has been developed and delivered as set out in the terms of reference. The membership of the group ensures strong coverage of the different sectors that contribute to effective programme implementation, and membership and continuity of attendance is reported to be strong.

4.6. GPB members and senior MHCLG staff consulted for the process evaluation, felt that the board contained a strong mix of experienced individuals, and that the time invested early on to undertake away days and training sessions with members in order to build understanding and knowledge of the 2014-20 Structural Funds, and the key domestic agendas relating to these, was very effective.

4.7. Some GPB consultees felt it had taken a while at the start of the programme for the group to find its role and operate effectively, however the group is now felt to be working well and is felt to provide an appropriate level of programme scrutiny.

4.8. One of the few issues raised around the GPB concerned the regular data provision, with some consultees highlighting that, until recently, the data provided to the group often carried a lag of 2-3 months.

4.9. Feedback on the national sub-committees was more mixed. While the majority of consultees involved in the sub-committees reported that they valued their involvement, the greatest value in several cases was simply the engagement and relationship development opportunity that this provided for stakeholders at national and local levels around the specific theme of the group.

4.10. The groups had typically taken on less of a proactive role in response to policy or delivery issues than might have been expected on the basis of the terms of reference. Some of the sub-groups met only once or twice in a year, and few highlighted substantive roles played in areas such as proactive responses to issues of underperformance, brokering opportunities for work across LEP areas, or promoting good practice. Some consultees noted that the national sub-committees lacked support capacity to assist with more proactive work, as well as a lack of detailed data in some cases on aspects of programme progress, such as details of the projects supported to date. Some noted that more detailed information could allow their sub-committees to provide more proactive approaches.

Implications for Programme Implementation

4.11. Overall, the evaluation evidence suggests the GPB is performing its functions effectively, helping to enable high quality implementation of the programme, in line with its terms of reference.

4.12. While the national sub-committees are seen to be adding value to programme governance, and supporting the role of the GPB, there is further opportunity for these groups to build on the role, by providing more proactive responses to areas of programme underperformance (e.g., around analysing poor performance issues, brokering work across LEP areas, or sharing good practice in project delivery). These groups successfully draw together national and local experts around delivery and thematic topics, but with more supportive resource, could become greater enablers for the development of high-quality projects delivering greater impacts across the country.

5. Role of ESIF Sub-Committees

5.1. In addition to the national sub-committees, the governance structure includes a set of local ESIF sub-committees, covering every LEP area, that sit beneath the GPB.

5.2. The role of the ESIF sub-committees, as set out in the terms of reference, is to provide advice and support to the managing authority (or designated intermediate body) throughout the cycle of programme implementation. This includes:

- Advice around local development needs and opportunities, which could inform any changes to programme strategy.

- Supporting the development of project calls, on the basis of local needs, opportunities, and match funding opportunities.

- Supporting the assessment of applications at outline and full stage through intelligence on local economic growth conditions, opportunities, and complementarity with existing activity.

- Working with sectors and organisations they represent to engage these with ESI Funds and promote active participation.

5.3. The EC requirements for programme design mean that MHCLG as managing authority are required to make final decisions on investments to be made, which is why in most cases local ESIF sub-committees provide advice on project selection but do not make final decisions on investments to be supported. In some cases, local partners are designated as 'intermediate bodies' (IBs), conferring different degrees of powers on local partners[3].

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[3] IB status in London enables the GLA to discharge a wide range of functions including making investment decisions and contracting itself; a more limited IB status in Cornwall, Tees Valley, Manchester and Liverpool, where IBs were established as part of Devolution Deals, status confers decision making as regards local strategic fit of applications; a separate IB status was granted to eight urban areas (with a population of more than 600,000) linked to Sustainable Urban Development allocations (SUDs), again conferring responsibility for decisions on local strategic fit and providing advice on vfm and deliverability.

5.4. Internal partnership working review was conducted in 2016, which reviewed operations and developed a series of actions to further improve partnership working around three main areas:

- Partner representation in ESIF governance.
- Partner influence in local strategic fit of project calls and assessments.
- Effectiveness of programme communications.

5.5. These actions were taken forward through the continuous improvement approach within the managing authority.

Effectiveness of ESIF Sub-Committees

5.6. Feedback from managing authority and local consultees suggested that overall the subcommittees were well attended, had good representation from key local stakeholders, and played an important role in advising the managing authority, by plugging important local knowledge gaps.

5.7. As Figure 5.1 shows, committee members themselves broadly felt there was a strong combination of skills and experience within each sub-committee to effectively deliver their functions.

Figure 5.1. Question: Does the ESIF Committee possess the required skills and experience to fulfil its functions?
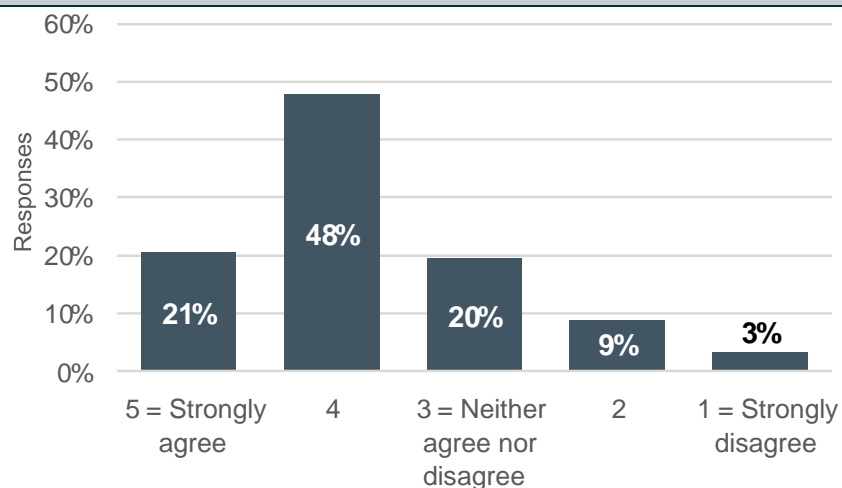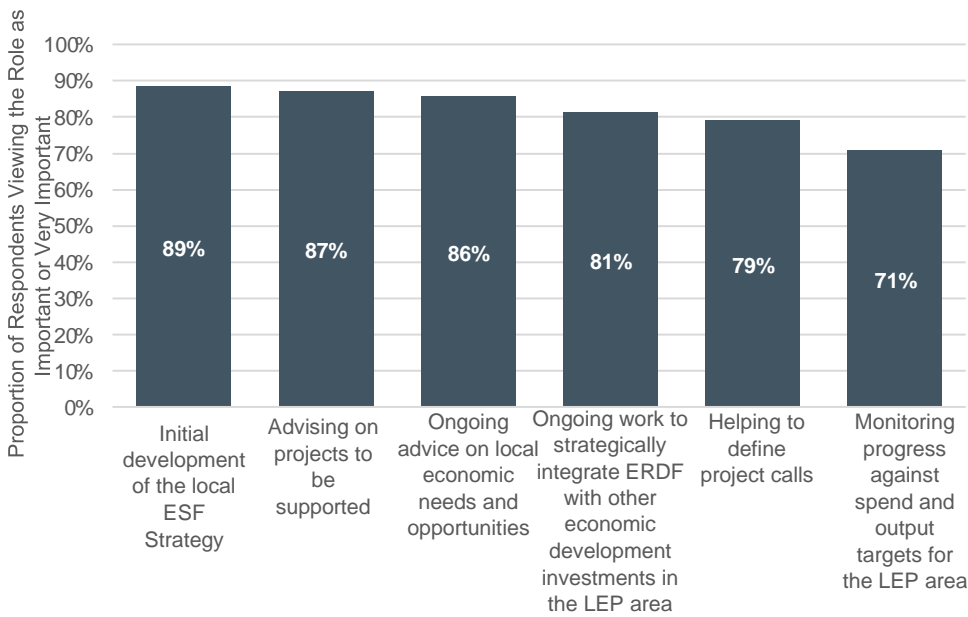

Source: Hatch Regeneris, Survey of ESIF Committee Members. Responses: 92

5.8. The two charts below provide an overview of the ESIF sub-committee roles that committee members felt were most important, and those which they felt their sub-committee was effective in implementing.
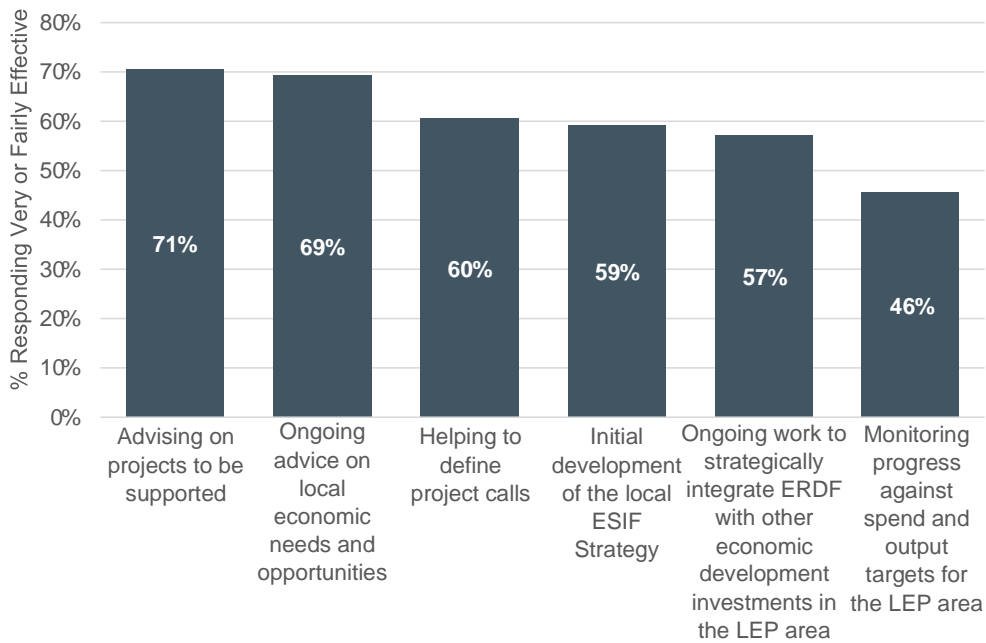
14

5.9.   For sub-committee members, one of the most important roles of the groups is their input around advising on projects to be supported with ERDF funding. It is notable that 87% saw this as an important role (Figure 5.2), whilst 71% felt they were effective in implementing this (Figure 5.3).

5.10.   For many respondents, having greater decision-making power at a local level (i.e., through the intermediate body) was seen as highly important, and those areas without intermediate body status commonly cited that this left local sub-committee members feeling that they were further away from the final decision-making process on bid approval, and in some cases could cause members to lose interest in engaging with the sub-committee. This distinction may help to explain the lower proportion of sub-committee members who felt they were effective in implementing the role. Nevertheless, it is important to note that the large majority (71%) felt that the sub-committees were effective in this role.

Figure 5.2. Most Important Management and Governance Roles of the ESIF Committees

Source: Hatch Regeneris, Survey of ESIF Committee Members. Responses: 93

Figure 5.3 Effectiveness of ESIF Committee in Implementing Roles

The chart shows a bar graph with the y-axis labeled "% Responding Very or Fairly Effective" ranging from 0% to 80%.

Category	Value
Advising on projects to be supported	71%
Ongoing advice on local economic needs and opportunities	69%
Helping to define project calls	60%
Initial development of the local ESIF Strategy	59%
Ongoing work to strategically integrate ERDF with other economic development investments in the LEP area	57%
Monitoring progress against spend and output targets for the LEP area	46%

Source: Hatch Regeneris, Survey of ESIF Committee Members. Responses: 92

5.11. One of the weaknesses identified by sub-committee members was the challenge of too much paperwork for each meeting. The volume of paperwork is largely driven by all outline and full applications being shared with the sub-committees for comments. A number of managing authority consultees suggested that, while very beneficial to do this at outline stage, the requirement to consult again at full application stage added little value (unless there were any substantive changes to the project application), created significant paperwork for sub-committee members (as the full applications are far larger than the outline ones), and further added to the time taken to fully assess bids (discussed further at Section 9).

5.12. While the overall view from managing authority consultees on sub-committee inputs was very positive, it was felt that in a number of LEP areas they could have a clearer strategic proposition for using the funds, and/or had gaps in the skill sets of committee members to effectively interpret that strategic proposition to assess the fit of ERDF bids with that strategy. To a degree, this may link to earlier points raised in Section 2 about the limited time available for development of ESIF strategies.

5.13. With respect to providing advice on local needs and opportunities, it was identified that a strong induction process was needed for sub-committee members to help understanding of both the complex ERDF funding programme, but also a deeper appreciation of the fit with the wider economic context of the local area. This issue was similarly raised in the 2016 partnership working review undertaken by the managing authority. The charts above show that being able to advise on local economic needs and opportunities is seen as an important role, but only 69% of

respondents felt the sub-committees were effective in doing this, with respondent comments highlighting an induction process as a continuing need.

5.14. With respect to co-ordinating funding streams at a local level (including how ERDF funding complements ESF investments as well as other local economic development activity), 81% saw this as an important role, but only 57% felt the sub-committee was effective at doing this. Several highlighted that the practicalities of joint projects across different funding streams, with different sets of regulations, were too challenging and that the subcommittees were not able to implement this effectively. Clearly, the existence of local ESIF sub-committees however has provided a forum to help partners develop links between projects, even if this has not always been delivered through projects directly linking up these funding streams.

5.15. Although rated as less important than other roles, 71% of sub-committee member respondents felt the ongoing monitoring of local ERDF spend and output target achievement was an important role, yet only 46% felt this was being effectively delivered by ESIF sub-committees. The primary weakness highlighted by respondents was the quality of management information they felt was provided by the managing authority to enable this, with some highlighting there was sometime either insufficient detail provided, or that the data provided was not always sufficiently up to date. At a GDT level, this was more commonly identified as an issue in the North West, South West, and Greater South East, although sample sizes are very small. With access to up to date and detailed data down to project level, ESIF sub-committees could be better able to identify areas of under-performance and draw on local expertise to identify solutions and initiate key stakeholders to respond proactively.

5.16. Two final points were raised which contributed to effectiveness of the sub-committees, both of which were also raised in the 2016 partnership working review undertaken by the managing authority, suggesting that these may still be important issues requiring attention:

- Firstly, in some areas it was felt that managing conflicts of interests often meant that several sub-committee members were unable to comment on projects, stifling information available to the group. In the partnership working review it was identified that Chairs needed to be clear on how to manage this in the best way to enable helpful debate, whilst ensuring not to allow any undue influence by sub-committee members on a project bid. This approach may need to be revisited again in those areas where this remains an important challenge.

- Secondly, several sub-committee respondents highlighted a lack of knowledge sharing between LEPs on how best to operate sub-committees in order to maximise effectiveness. Sharing of best practice between Chairs or other members of the subcommittees could be beneficial to enhance the operation of similar groups in future programmes.

Implications for Programme Implementation

5.17. The development of local ESIF sub-committees has been an important enabler of better decision making by the managing authority on projects to be supported, by drawing on the knowledge and experience of a group of local partners who bring a breadth of insight from across different sectors. This can, for example, include detailed understanding of how proposed projects can address specific local needs and opportunities or how they might complement other existing local activity. This value is well recognised by sub-committee members, the managing authority, and wider partners.

5.18. For some partners, this role could be an even greater enabler of effective programme implementation and impacts through adjustments that could improve investment decision making further. There are different views on how this could be achieved however:

- For some, particularly local stakeholders, the ESIF committees (or local intermediate bodies) should have greater powers to make decisions on investments, allowing local areas to own and drive their local growth agenda. Some feel they lack sufficient authority to do this, which is affecting their ability to drive local growth. These constraints are also affected by the limitations on programme flexibility, as discussed in Section 2. Despite this perception by some ESIF committee members, the evaluation found little evidence that decisions made by the managing authority on projects to be supported were significantly different than those that would have been made by sub-committees directly.

- For others, particularly national stakeholders, it remains important for national strategy and policy to influence investment decision making, but they feel ESIF subcommittees should be providing greater clarity of local vision, aligned to national strategy and policy. These consultees felt local sub-committees should be providing more input on how the strategic fit of potential projects aligns with their local vision.

5.19. One of the main challenges highlighted, which could potentially have a negative effect on programme implementation, was around the extent of the ESIF sub-committee role in the appraisal process. While input from the sub-committees is highly valued at outline application stage, it may add less value at full application stage (particularly where a project application has not changed substantially). By having to take every application through the committees twice (at outline and full application stage) it further adds to the length of the appraisal process, which is seen by many as taking too long (covered further in Section 9 of the report).

6. MHCLG Strategic Programme Management

6.1. The Operational Programme highlights that in developing the programme management and delivery structure, the managing authority sought to ensure:

- A standardised national business process, including a single point of access and standard documentation, with quality assurance and continuous improvement built into the management of the system. This also drew on lessons learnt from previous Programme periods.

- Putting the customer journey at the heart of the process design, with clear communications throughout, and back-office functions hidden from the applicant or grant beneficiary except where it has a bearing on them.

- Avoiding duplication and focusing resources and effort where they deliver most benefit.

6.2. In response to these aims, key aspects of the structures and approach for strategic management included:

- Locally based staff in six sub-national GDT areas (including the London intermediate body), allowing easier local engagement and relationship development with partners at a LEP level.

- A CoE team working alongside the Policy team, delivering national level programme management and policy roles, providing support to GDTs and co-ordinating work to ensure consistency of services across all areas and facilitate continuous improvement in delivery.

Effectiveness of MHCLG Strategic Programme Management

6.3. MHCLG staff consulted as part of the process review, commonly felt that the broad structure of the team had been effective in meeting the wide-ranging needs of programme delivery. Having well-resourced GDT teams based across the country was seen as very positive, as it has allowed these teams to interact in person and build up relationships with local partners, build a detailed understanding of local needs and opportunities, and provide credibility to local partners as a result of both of the above.

6.4. Similarly, the formation of the CoE team is seen as an effective approach to ensuring consistency, sharing learning and co-ordinating continuous improvement across all aspects of delivery. Several MHCLG staff highlighted that the CoE team had, at times, been felt to be too disconnected from delivery, particularly in the early stages of the programme. A number of respondents highlighted that there could be better ongoing communication between GDTs and the CoE to further enhance that role.

6.5.   The recruitment and retention of high-quality staff with an understanding of the ERDF programme is an ongoing challenge to ensure effective strategic management. Managing authority consultees felt that, despite several experienced staff having been lost between the previous ERDF programme and this one. MHCLG had been successful in retaining a core group of highly experienced ERDF management practitioners, which had been critical to ensuring effective delivery of this programme. In addition, it was felt that recruitment of new staff at all levels had been effective, bringing in new ideas and contributing to a strong team overall, with the quality and capability needed.

6.6.   At a GDT level, in some GDT areas it was highlighted that the turnover of staff was felt to have been high, which had left several resource gaps that may have added to the challenges of programme management and delivery.

6.7.   A further key challenge in programme management has been the very broad range of thematic activities funded through the programme, many of which require specialist expertise. While national thematic leads are appointed for the main priority axes within MHCLG, there is not specialist expertise for each thematic area within each GDT, which some managing authority consultees felt could limit project development and appraisal roles. With expertise in other Government departments, including at a regional level in some cases (e.g., local energy hubs), there could potentially have been better integration to ensure thematic expertise was available at a GDT level.

6.8.   On a practical level, a series of work instructions have been devised to set out how each role within the GDTs should be delivered. These are accompanied by detailed process maps, which clearly set out the breakdown of tasks and decisions at each stage. While these are well used, some consultees within the GDTs highlighted that there were too many work instructions and staff were not always clear on the relative importance of each aspect of programme delivery. To a degree, this reflects the particular complexity of the ERDF programme compared to many other economic development funds, and illustrates the additional challenges associated with managing and running this programme.

Implications for Programme Implementation

6.9.   Overall, strategic programme management has been very effective, with a well-designed team structure proving well equipped to successfully integrate a national operational programme with local level ESIF strategy and implementation. Key successes in hitting programme spend (N+3) targets, and performance against committed spend and output targets, are to a large extent due to an effective team in place with the skills and capability needed for the management of the complex ERDF programme. Retention of key expertise amongst more senior members of the team has been critical to this, as has a continuous improvement approach to all

aspects of delivery, both of which have been important enablers of successful delivery.

6.10. Some of the challenges highlighted through the research which could potentially have a negative effect on programme implementation include the following:

- Resourcing has been a challenge in some GDT areas. High staff turnover in some areas may have affected available capacity and constrained the time available to provide advice and guidance to projects in development. The effect of this, may have impacted on the quality of projects developed. It is likely to be difficult to isolate the impacts of this on project performance and ultimately impacts, particularly as wider contextual factors, such as the capacity of applicant organisations to invest in project development will also be a very significant factor. Nevertheless, these will be important to consider in understanding and contextualising programme impacts.

- While the work instructions have been an effective means to ensure clarity and consistency of GDT activities across England, due largely to the Regulations the programme is administratively burdensome and resource intensive. When there is a fall in resourcing levels then in some instances this may have impacted on certain elements of the programme such as work to support summative assessments (explored further in Section 11) and implementation of cross-cutting themes (explore further in Section 9).

7. Progress Monitoring

7.1.   The ERDF programme is expected to deliver against a range of spend and output targets, including:

- Overall spend targets, broken down by allocations across the three categories of region and by priority axes.

- N+3 targets, setting out annual milestones for the amount of total grant that the programme must have spent (targets set from 2017 onwards).

- Output targets, across a broad indicator framework, again requiring achievement of evidenced outputs, broken down by allocations across the three categories of region and by priority axes.

- Recording changes in programme result indicators relating to the programme's specific objectives against targets.

7.2.   At the outset of the 2014-20 programme, a new management and control system was commissioned to support overall delivery of the process of bidding for funding, and delivery of supported projects. Alongside wider roles, one of the system's aims was to enable the sharing of high quality, up-to-date management information with key governance groups for the programme, allowing for effective monitoring and management of performance. Key audiences for this data include:

- MHCLG Strategic Management Team and the GPB, allowing management of key N+3, spend and output targets across priority axes and categories of region.

- Five regional GDTs and the London EPMU, allowing for management of performance at a regional level.

- GPB sub-committees, including thematic groups, which would be able to review progress around specific priority axes of the programme where there are performance issues, as well technical sub-groups such as performance

and dispute resolution which could scrutinise performance more closely across the programme.

- Local ESIF sub-committees, where information on performance at a LEP level could be monitored and responded to.

7.3. While MHCLG (as managing authority) and the GPB (as programme monitoring committee) have the primary roles in monitoring progress, it is written into the terms of reference for the GPB sub-committees and local ESIF sub-committees that they should be doing this on a thematic basis (where performance issues are identified) and at a local ESIF subcommittee level, respectively.

Effectiveness of the Progress Monitoring Process

7.4. While the E-CLAIMS system has been signed off as fit for purpose for the purposes of programme management and the regulatory reporting requirement by the GIAA, the common sentiment amongst those consulted for the process review within MHCLG – both central and GDT teams - is that it has not yet fully delivered against its original scope, and this has been a challenge for effective programme delivery. MHCLG staff have reported that, at times, the E-CLAIMS system is slow, can crash resulting in the loss of unsaved work, can fail to allow authorisations and has not yet given the functionality that the team ideally needs.

7.5. Due to delays in the development of E-CLAIMS, a separate national database was developed within MHCLG, including a project applications tracker and claims database. This has meant double entry of data, as E-CLAIMS is still being used for project payments, and consequently there is an ongoing need to reconcile the two systems against one another.

7.6. With respect to accessing high quality management information, MHCLG staff typically felt they were able to access sufficient information for effective overall management of spend and output targets, primarily through the national database system, set up in parallel to ECLAIMS. Staff commonly highlighted that the programme was performing well against spend and output targets, including recently exceeding its N+3 target for 2018.

7.7. Many, however, felt that it was less easy to extract more detailed data, for example down to project or LEP area level. This view was mirrored by other stakeholders:

- Through the survey, only 45% of ESIF sub-committee members agreed with the statement that "the committee receives sufficiently high-quality management information for us to effectively monitor local ERDF spend and output progress", while 30% disagreed with the statement. Similarly, less than half of respondents felt that their committee had been effective in the role of monitoring progress against spend and output targets.

- Feedback from GPB national sub-committee members similarly highlighted that while high level information was provided, it was often not very recent data, and was not always available at sufficient levels of detail to allow these

groups to proactively respond to any areas of under-performance, limiting the added value these groups were able to provide. For some sub-committees, performance monitoring was not assumed to be a role of the group, while for others, there was a degree of frustration that more information was not made available to enable a greater role in monitoring and responding to performance issues.

7.8. Monitoring of the result indicators is not undertaken on an ongoing basis, as the indicators rely on external datasets which are updated less frequently. Changes in these indicators are updated where possible through the programme's annual implementation reports.

Implications for Programme Implementation

7.9. Overall, spend and output progress monitoring for the programme to date has been very successful. Key targets around N+3 spending have been achieved, and a strong pipeline of projects contracted and committed suggests that, on current progress, future spend, and output targets are expected to be largely met. This achievement, particularly given wider contextual factors such as a hiatus in delivery linked to the EU referendum, is particularly notable.

7.10. This success has been achieved despite challenges faced with the timing of the development of the E-CLAIMS system. which was overcome through development of a national database that has allowed sufficient data for effective monitoring and management by MHCLG.

7.11. Enabling wider accessibility to monitoring data for key stakeholders could have provided further opportunity to enhance project quality and ultimately impact. Greater sharing of detailed and timely performance data at relevant GPB national sub-committees and ESIF sub-committees' levels could have provided further opportunity for these groups to review areas of programme underperformance, draw on local and thematic expertise to identify solutions, and initiate key stakeholders to respond proactively. These committees provide an important opportunity to support effective programme delivery and help attract high quality projects that deliver significant impacts, so this would represent an opportunity to further enhance that role.

8. Project Development Process

Project development is out-with the scope of the managing authority's Growth Delivery Teams and is the responsibility of the ERDF applicant. Where it exists, ERDF funded technical assistance capacity may also support and inform project development. ERDF applicants are expected to submit well developed project

applications, with projects sufficiently developed to be capable of commencing delivery within 3 months of approval.

8.1. Project development, for the purpose of this review, refers to the awareness raising and engagement of prospective bidders with the programme and support provided for developing project ideas into ERDF bids. As set out above this is out of the scope of the managing authority role. The application process itself is covered in the next section.

8.2. With ERDF funding notionally delegated to LEP-level ESIF sub-committees, projects bids have been invited through calls for proposals issued by the respective ESIF subcommittees. These bodies have made decisions on the funding level and focus of the calls (including priority axis and investment priority focus), as well as setting out local priorities in the call for proposals documents.

8.3. The primary resource provided for promoting and supporting the development of bids is technical assistance funding (the focus of PA9) which local partners have been able to bid for in the same way as for other ERDF funding. Over the course of the ERDF programme, most LEP areas have invested in a technical assistance programme.

8.4. Other advice, support, and guidance to projects in developing bids may have been provided by GDTs (limited to objective clarification of guidance), as well as other local partners such as LEPs.

Effectiveness of the Project Development Process

8.5. The delivery of **calls for proposals** has operated largely in line with original expectations. ESIF sub-committee members commonly felt that their committees had limited scope for significantly influencing the shape of calls for proposals, considering these to be constrained by the inflexibility of programme regulations (covered in Section 2). As such, these stakeholders commonly felt that the local input to this process was of limited value. Clearly, the limitations of ERDF requirements are the main limiting factor in this respect, and it is unlikely that any significantly greater flexibility could have been made available within these constraints. In practice, the local content of calls and specific local priorities was substantially informed by the advice of local stakeholders, which frame calls alongside standard ERDF programme content.

8.6. With respect to **programme promotion**, respondents to the survey of applicants highlighted that they had primarily heard about ERDF opportunities via the LEP and through published information. A large number also noted that they were aware of ERDF from previous experience with this funding source and kept up to date on this funding opportunity. With most technical assistance partnerships working closely with LEPs, or being based within LEP teams, it is highly likely that much of the awareness raising work that has taken place to engage prospective bidders will have been led by these teams, in line with original expectations. This would have

been further supported by managing authority communications, through social media, partner and programme bulletins and bespoke communications in response to other circumstances, such as confirmation of the HMG EU Funding Guarantee in the event of the UK exiting the EU without a negotiated agreement.

8.7. While the programme has clearly been sufficiently successful in attracting applications, as seen in the fact that programme-wide funding commitment and spend is meeting targets, it is a concern that there have been relatively low levels of take up of technical assistance funding. Technical assistance teams typically play a major role in awareness raising and engagement with the programme, so significant under-utilisation of this funding might suggest that awareness raising work might not have reached far beyond the core audience for ERDF funding.

8.8. **Support for project development** has been identified as an important need for applicants throughout the course of this ERDF programme. Surveyed applicants highlighted that they most commonly required support around questions of eligibility of activities, advice on procurement or state aid, development of bid concept and supporting evidence, and support around drafting of the bid document. The managing authority seeks to provide comprehensive guidance on these issues trying to make them as accessible as possible; however, given the competitive nature of the programme is unable to provide bespoke support for prospective applicants. Applicants are free to seek advice from other parties including seeking independent legal advice.

8.9. The lack of project development capacity in partner organisations is cited by GDTs as one of the main constraints to the submission of robust, good quality applications and project deliverability. Development capacity in partner organisations – particularly public/HE sector – is reported as significantly less than was available to support the delivery of previous ERDF programmes. Some project partners are unwilling to invest in detailed development and/or incurring project costs (e.g., RIBA/Planning consents) prior to approval of grant, which in turn has implications for the appraisal process

8.10. Despite these support needs, the support sought from technical assistance partners appears to be significantly lower than might have been expected. It is notable from Figure 8.1 that only around one in four applicants sought project development support from the technical assistance partnership, with more applicants accessing support through the GDT, LEP or external consultants. The precise support roles of each organisation type were not specified in survey responses. With many technical assistance partnerships being based in LEPs, it is possible that some respondents were unaware that support received through the LEP was actually from a technical assistance partner, however these figures nevertheless appear low. This finding may also mirror a national trend of under-utilisation of technical assistance funding in the programme.

8.11. With technical assistance funding allocated at a LEP level, many technical assistance partnerships have similarly been set up at this geographical level, meaning a large network of small teams across England, which may

(understandably) lack thematic specialism across the range of ERDF programme priority axes. This lack of specialist expertise is likely to affect their ability to add significant value through the project development support they provide, compounding the challenge outlines in Section 5 around limited thematic expertise available at GDT levels.

Figure 8.1 Most Common Sources for Applicants Seeking Project Development Information and Advice
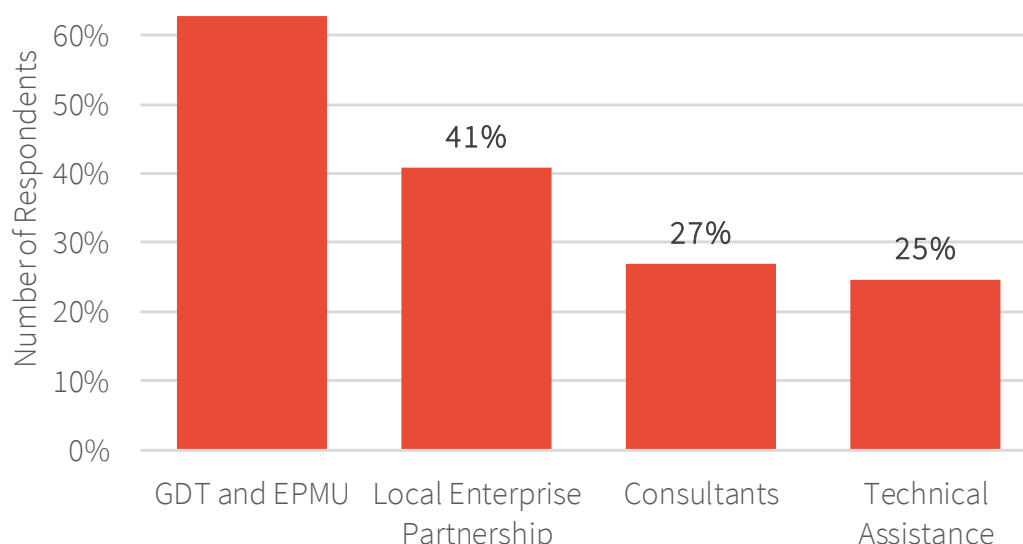
Source: Hatch Regeneris; Survey of Applicants, 2019; Responses: 223

8.12. A further key challenge faced in project development has been around developing cross-LEP projects. Consultees highlight that this has been particularly challenging given the need to align decision making about calls for proposals issued across two or more LEPs (as both would need to issue a call for the same priority axis and investment priority at the same time), as well as negotiating discussions about how outputs are allocated to each area (and the complications that this generates at delivery stage). Feedback from ESIF Committee stakeholders also suggests limited appetite for larger cross-LEP projects, but other consultees within MHCLG highlighted that the effect of this could be that larger, more strategic, and higher impact projects may be more limited under this ERDF programme than was the case under the last.

Implications for Programme Implementation

8.13. Overall, the programme data shows that sufficient project bids have come forward and have been developed to a sufficient quality to be put forward for appraisal. As programme commitment and spend targets are being met then this clearly reflects a broadly effective system of support for promoting the programme and engaging prospective applicants.

8.14. Some of the challenges highlighted which could potentially have a negative effect on programme implementation, however, include the following:

- Take-up of technical assistance funding has been low (despite the managing authority issuing numerous calls for proposals covering this priority axis), which may have limited resource invested in proactively engaging new organisations and individuals, promoting the fund and the opportunities it presents. The potential effect of this could mean more limited competition and innovation in funding bids, which might constrain total impacts generated by programme investments. *Further analysis could be undertaken to compare the number of applications and organisation types by area and priority axes, with data from the previous ERDF programme, to help assess the importance of technical assistance in this awareness raising role.*

- Evidence suggests there may have been less project development support under this programme than the previous ERDF programme. This might be expected ultimately to affect the quality and impact of projects delivered. This might be expected to have particularly affected organisations developing more innovative or complex projects, or those with less internal resource for project development. *It is likely to be difficult to isolate the effects of this on project performance and ultimately impacts, however, this will be important to consider in understanding and contextualising programme impacts.*

8.15. With respect to the issue of few cross-LEP projects coming forward under this programme, there is potentially a trade-off. There is a risk that the fact that there have been relatively few strategic cross-LEP projects supported might be expected to lead to lower total programme impacts. However, the fact that larger projects are typically led by larger organisations in larger conurbations, means there is a risk that such projects fail to generate impacts in smaller parts of these conurbations. As such there may be a trade-off between scale and distribution of impacts, with this programme potentially having greater distribution of impacts than the previous ERDF programme. *Analysis of the spread of beneficiaries and impacts through the impact evaluation will be important to help to understand the extent to which we might be able to witness this (although it will not be possible to compare this spread to previous programmes due to the absence of suitable data for these earlier programmes).*

9. Grant Application Process

9.1. The grant application process allows applicants to respond to calls for projects. The application process is intended to provide the detail and rigour required to ensure only appropriate projects are approved for funding but also to ensure the application is not too onerous for applicants and appraisers. The application process is split into 2 parts:

Outline Application

9.2. The outline application is intended as a streamlined application to test strategic fit of the project and provide a high-level overview of the project, without needing to provide extensive details on all of the project's specifics. This is intended to support bidders, through a less onerous application process but also appraisers as unsuitable projects can be filtered out early on in the process more efficiently. The assessments of outline applications are shared with ESIF sub-committees, with their input helping to inform decision making on approval by the managing authority. All applicants, successful and unsuccessful will be informed of the outcome through a formal letter response.

Full Application

9.3. The full application requires full details on specifics around the strategic, economic, financial, commercial and management cases for investment, with clear evidence provided for each. Key questions also test the project to ensure it meets requirements around issues such as state aid and procurement, in order to ensure compliance. Full applications are again shared with ESIF sub-committees with their input helping to inform decision making on approval by the managing authority. Subject to completion with specified timescales, approved outline applications are expected to be approved at full application stage, although a number of iterations may be required if full information and evidence has not been provided on first submission.

Effectiveness of the Grant Application Process

9.4. The implementation of the grant application process has largely been delivered in line with the original design. The balance between information at outline and full applications has been adjusted throughout the delivery period, through the continuous improvement process in order to achieve an optimum balance.

9.5. Overall, GDT team consultees were generally satisfied with the application process and thought the level of detail required at the outline and full application stages were appropriate. As shown in Figure 9.1, more than half of applicants similarly felt that the level of detail required at each stage was about right.

9.6. It is notable, however, that technical assistance team consultees and a significant minority of applicants felt that the full application stage required too much detail, as shown in Figure 9.1 below.
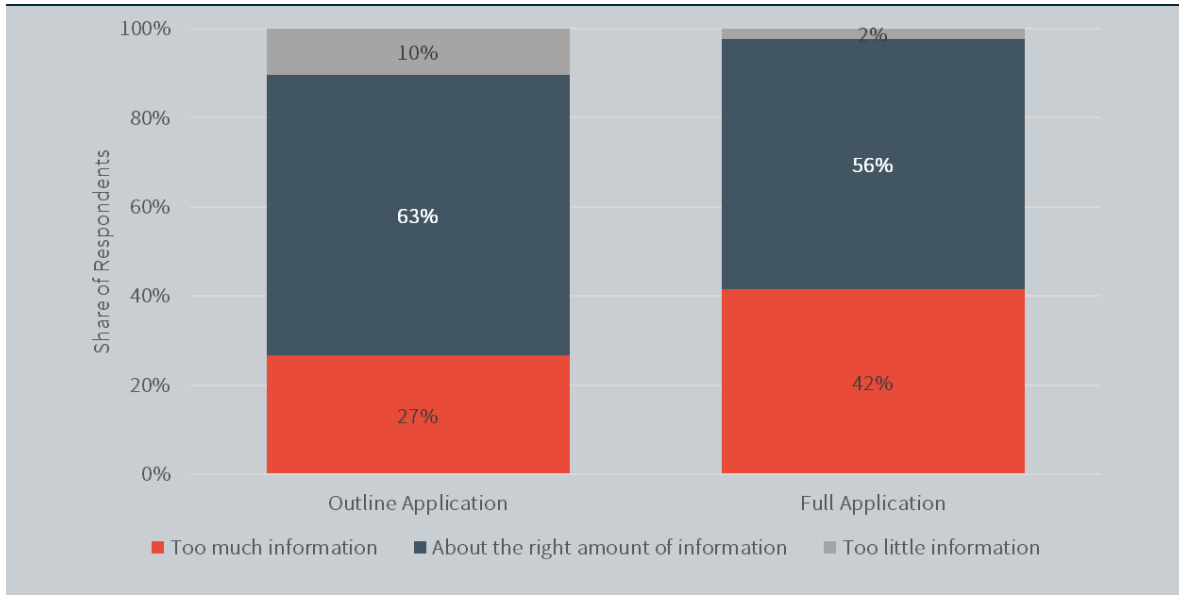

Figure 9.1. Applicants' view on the level of detail required in the application form
Source: Hatch Regeneris; Survey of Applicants, 2019; Responses: outline – 214, full – 207

9.7. Feedback on the clarity of grant application forms and associated guidance shows that over half of applicants felt the support and guidance available was clear or very clear, with only around a quarter feeling it was unclear. Feedback from technical assistance teams and GPB members however suggested that applicants needed more support, particularly around more technical issues such as eligibility, state aid and procurement (at present the managing authority is unable to provide advice on either state aid or procurement, beyond the guidance it has published).

9.8. More generally, applicants noted that the volume of guidance documents, and the fact that it was not all in one place and not always well cross-referenced between documents, sometimes made it difficult to ensure every requirement was covered; the degree of this dissatisfaction is illustrated in figure 9.2. A better system to guide applicants through the guidance documents could be very valuable.
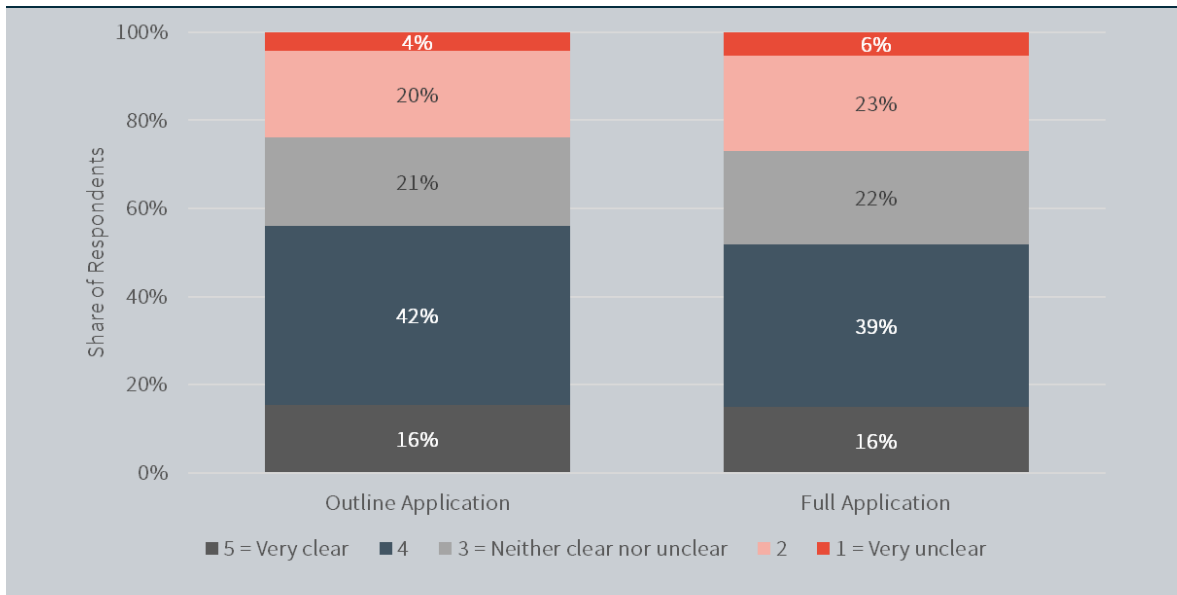
Figure 9.2. Applicants' views on the guidance available for the application forms

9.9. In terms of project size, ESIF committee members felt the minimum project level was too high and had discouraged some organisations from bidding, however GDT representatives highlight that higher volumes of smaller scale projects would have a disproportionate effect increasing the costs of management and administration of projects and slowing the approval process. GDT consultees also highlight there is flexibility to reduce the threshold in certain situations and this has been employed where appropriate. Although CLLD goes some way to address this, applicants felt it hadn't significantly delivered on aspirations to cut bureaucracy and was not meeting local community needs. GDT teams reported having had some success in grouping projects together to overcome minimum project size and gain efficiencies at application stage, but this has not been consistent across all regions.

9.10. Specific suggestions from consultees on the application process included moving state aid to the full application stage, a reduction in the detail required on costings at outline stage and adding the logic model to the outline stage.

Implications for Programme Implementation

9.11. Overall, the programme has broadly met its contracted expenditure targets, reflecting success in the grant application process. The effective balance of information requirements at each stage and detailed guidance available has enabled grant applications to be submitted of a sufficiently high quality for approval, in order for the programme to hit its contracting and spend targets. This balance of information requirements has been tweaked over the delivery period through the continuous improvement process and while further areas were identified in this process review where this could be tweaked further, these are relatively minor issues.

9.12. The level complexity and potential uncertainty associated with parts of the application (e.g., around state aid and eligibility) were highlighted by some GPB consultees as a constraint of ERDF funding that has discouraged some organisations from applying to the fund (especially where other funding programmes with lighter touch bidding processes support similar activities), however these are not things that the national programme could have easily addressed. A more detailed analysis of the way that this is approached by the ERDF programme, compared with other domestic programmes could be beneficial in identifying any opportunities to simplify this for future programmes.

10. Bid Appraisal Process

10.1. The appraisal work is carried out within GDT teams (and the London intermediate body), with appraisals undertaken at outline and full application stage.

Outline Appraisal

10.2. This stage is intended to be an initial light touch appraisal. Gateway criteria are provided as a first step which is intended to allow appraisers to eliminate ineligible projects early on without having to complete the rest of the appraisal.

10.2. Projects which meet all of the requirements at outline stage can then be progressed to full application stage. If a project partially meets the requirements, conditions can be placed by the appraiser which then need to be rectified for full application. This is intended to provide a mechanism for feedback and an opportunity for applicants to tweak their projects to meet the programme/call requirements.

Full Appraisal

10.3. For the full appraisal, an appraiser is appointed when the applicant is invited to submit rather than after the application is received. This gives the opportunity for a de-briefing session between the appraiser and bidder, to advise on any conditions and relevant points from the outline application. Once the full application is submitted there is then the opportunity for further clarifications on points of details.

This is not intended to take the form of project development support, but rather clarifications in order to ensure all key conditions are met.

10.4. At each stage, the relevant ESIF sub-committee for the application has the opportunity to review the bid and provide advice to support the final decision, which is made by the managing authority (or by the intermediate body where authority for approvals have been delegated).

Effectiveness of the Bid Appraisal Process

10.5. The delivery of appraisal work has broadly taken place in line with the expectations for this part of the process. GDT appraiser consultees felt generally happy with the process and felt the split between appraisal work at outline and full application stages was broadly appropriate. Some noted however, that the outline application eligibility criteria were not as rigorous as they could be, meaning more projects that appraisers believed were unlikely to be suitable, were being taken forward than some felt was optimal.

10.6. Appraisers were generally very positive about the ESIF sub-committee inputs and felt their role was appropriate, whereas many ESIF committee members (particularly in areas without intermediate body status) felt they had too little influence on decision making about bids to be supported. As outlined in Section 4, members also highlighted that the volume of information provided on project applications was too great, and not sufficiently clear and succinct.

10.7. While the input from ESIF sub-committees provides critical input on strategic fit at a local level, some of the strategic partner consultees highlighted a concern that there was not necessarily equivalent input from a national strategic perspective, considering the alignment of the programme with national policy, which could be a gap in the process.

10.8. Despite these concerns, ESIF committee members engaged through the process review work responded positively about the overall quality of projects that had been supported through the programme. As illustrated in figure 10.1 over 60% felt that the suite of projects supported were well aligned to the project calls, of the level of quality required, and would provide good economic impacts and value for money. It is notable however that this majority was only a little over 60%, suggesting a significant minority did not fully agree with this, and may reflect outstanding concerns over the quality or suitability of approved projects to deliver local ESIF strategies. As set out in the Partnership Working Review, however, projects selected by the managing authority had consistently aligned with the advice of local partners on ESIF sub-committees.
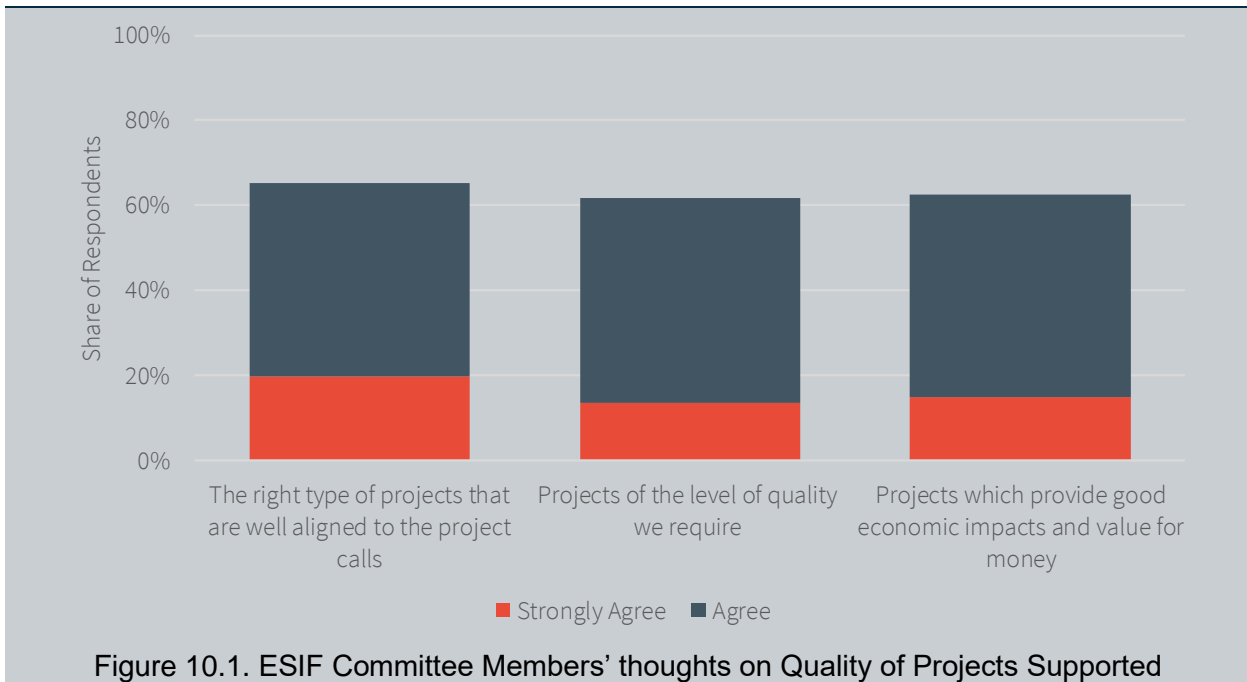
Figure 10.1. ESIF Committee Members' thoughts on Quality of Projects Supported

Source: Hatch Regeneris; Survey of Applicants, 2019; Respective responses to the questions above: 92, 89, 88.

10.9. From an applicant perspective, 64% of respondents felt that feedback provided by appraisers following the approval decision was clear, although this was lower (58%) for unsuccessful applicants.

10.10. With respect to timescales for appraisal and approval, there was a common view amongst consultees that the process has taken too long. As Figure 10.2 shows, this was felt by applicants to be a far greater issue at full application stage, with 69% of applicants feeling that the amount of time taken at this stage was unreasonable. In part, this reflects the time taken for applicants to provide information at the full application stage and the significant detail needed by the managing authority for projects involving significant sums of public investment, providing due diligence to ensure optimal outcomes and value for money.

10.11. The managing authority reports that appraisal timescales can be protracted for a number of reasons:

- Insufficiently developed project applications;
- Late submission of applications;
- Requests for extensions to application submission deadlines;
- Incomplete applications;
- Insufficient development of state aid and/or procurement routes; and,
- Time taken by applicants to respond to appraisal questions.

Figure 10.2. Applicants' thoughts on the timeframe for assessment and feedback
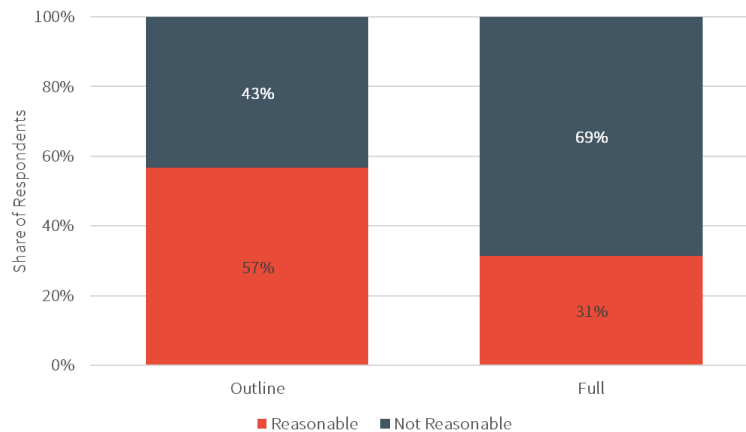
Source: Hatch Regeneris; Survey of Applicants, 2019; Responses: outline – 180, full – 166

10.12. As shown in Figure 10.3 below the time between outline application and grant funding agreement has dropped from over 500 days at the outset of the programme to under 200 days by the end of 2017. This may reflect both the steps that have been taken by the MA to streamline the process and reduce the average length of time, as well as applicants getting to better understand the process and its requirements. The particularly long timescales in the early stages partly reflect two period of hiatus, around the EU Referendum, and the General Election.

10.13. There remains however a wide variation in timeframes across projects. Priority Axes 4, 5 and 6 for example are expected to have a longer appraisal timescale, which could reflect the complexity of the project, alignment with other (often government) funding and detailed planning requirements, as well as appraisers in some cases being less familiar with these types of projects.

Figure 10.3. Processing time for applications by date outline application received
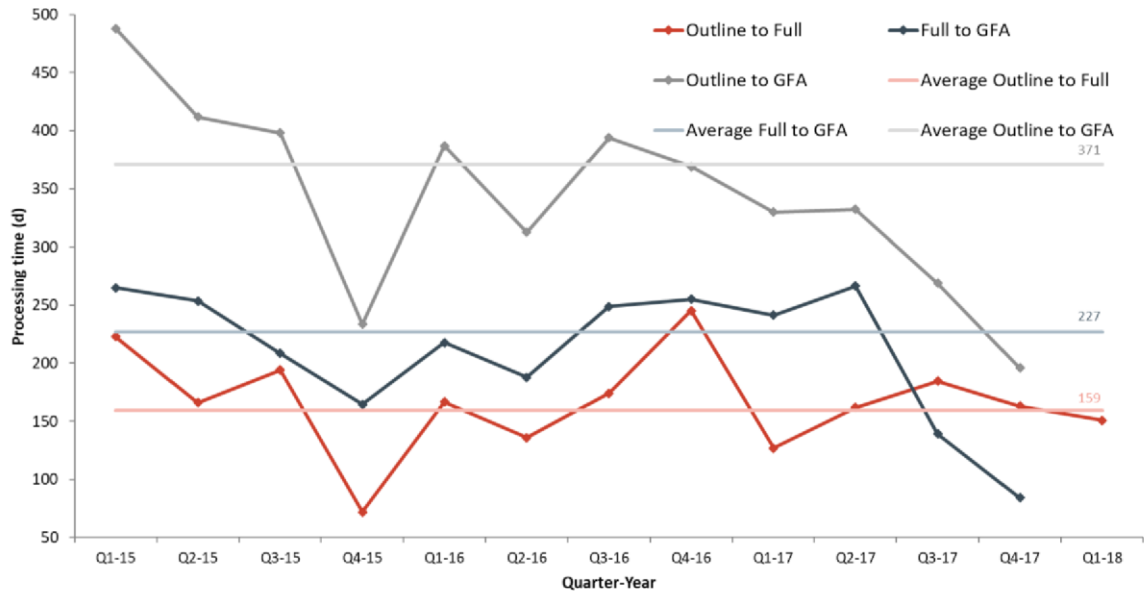
Source: MHCLG. Note: the 'outline to full' and 'full to GFA' averages do not sum as not all applicants reach full application stage

10.14. While approaches to addressing cross-cutting themes are included in the grant application form and appraisal process, some stakeholders felt that applicants had not been pushed to be more proactive in addressing these.

Implications for Programme Implementation

10.15. As for the grant application process, one of the key programme measures is the ability to achieve committed expenditure targets, and in this respect, the appraisal process has been an important enabler of the programme hitting this target.

10.16. Some of the challenges highlighted which could potentially have a negative effect on programme implementation, however, include the following:

- The timescales for project appraisal and approval may have created challenges in project delivery for approved projects, with grant recipients often needing to reprofile project spend and outputs at an early stage and manage impacts on match funding sources and partner inputs which may have been disrupted by delays to project commencement. *While there is not sufficient evidence at this stage to test the impacts of delays to project commencement on delivery of these projects, the analysis of project summative assessment findings may help to draw out a more detailed understanding of the implications of delays for project delivery.*

- A limited focus on cross-cutting themes, while not seen as a major concern for many consultees, may suggest the programme could have a more limited impact on supporting equality and sustainable development as a wider benefit than it could have. *Again, findings from the summative assessments*

should help to identify the scale and nature of impacts support cross cutting theme aims.
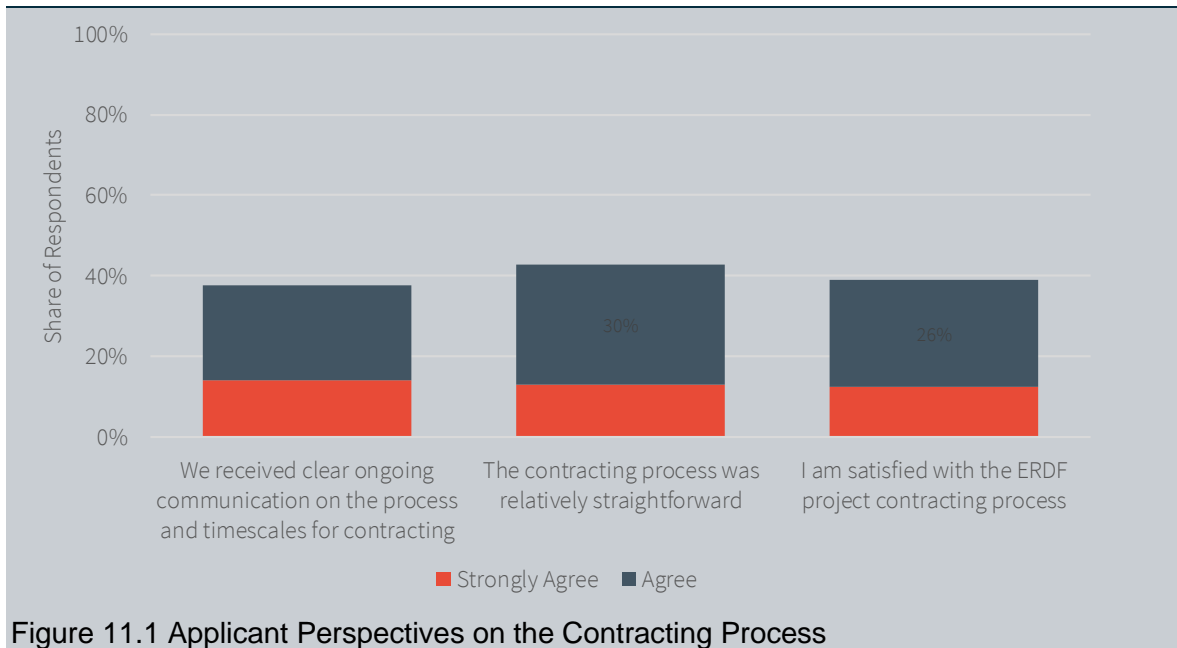
11. Contracting and Payments Process

11.1. The contracting and payments process has been designed to operate as follows:

- Following appraisal and approval of full applications, and subject to any pre-contract conditions, projects are passed onto a nominated contract manager, who liaises with the project applicant around development of the grant funding agreement. This is drafted by the managing authority and once finalised and agreed by the applicant is signed off by both sides, before being set up on E-CLAIMS and the national database.

- Once project delivery is underway, project applicants submit financial claims on a quarterly basis, either via E-CLAIMS directly or by email to their contract manager. The contract manager then undertakes a number of checks and liaises with the applicant if there are any problems with the claim. Once finalised, this is uploaded onto E-CLAIMS and moves through for payment.

Effectiveness of the Contracting and Payments Process

11.2. The **contracting** process has been reported by MHCLG consultees as a relatively seamless part of the process and appears to have followed the intended design well. Feedback from applicants, however, suggests relatively low levels of satisfaction. As Figure 11.1 shows, only 38% of applicants felt they received sufficiently clear ongoing communication about the process and timescales for contracting, only 43% felt the process was relatively straightforward and only 39% reported feeling satisfied with this part of the process. In commentary feedback, applicants particularly highlighted the length of time it takes to get to grant funding agreement as the main problem (although in many cases it is clear that this perspective is closely tied up with the timescales taken to get through outline and full application stage, so is not purely a contracting issue).

Figure 11.1 Applicant Perspectives on the Contracting Process

Source: Hatch Regeneris; Survey of Applicants, 2019; Respective responses to the questions above: 92, 89, 88.

11.3. The **claims and payments** process was recognised as challenging and at times, onerous, by both managing authority staff and applicants. The detail of the information requirements and need for high attention to detail and close scrutiny of guidance has meant that many projects have made errors in submitting claims. This has led to payment delays as contract managers are required to liaise and ensure the correct information is provided. In particular for smaller organisations with greater cashflow challenges, this was identified as a more significant concern. By identifying any errors at this stage however, MHCLG consultees highlight that this can reduce issues with compliance and audit at a later stage and reduce the risk to applicants of having funds clawed back.

11.4. These delays can be clearly seen in the programme data. Out of around 3,600 quarterly claims across all projects, programme data shows that around 53% have taken more than 40 days to process. Data shows that in many of these cases there are issues with the information that has been provided, which has contributed to slower returns. These most commonly include issues with the hourly rate methodology used, insufficient evidence provision, and potential irregularities identified.

11.5. Feedback from the applicant survey, illustrated in figure 11.2, mirrors this with only around one in three feeling payments were dealt with quickly and around the same feeling satisfied with the overall process.
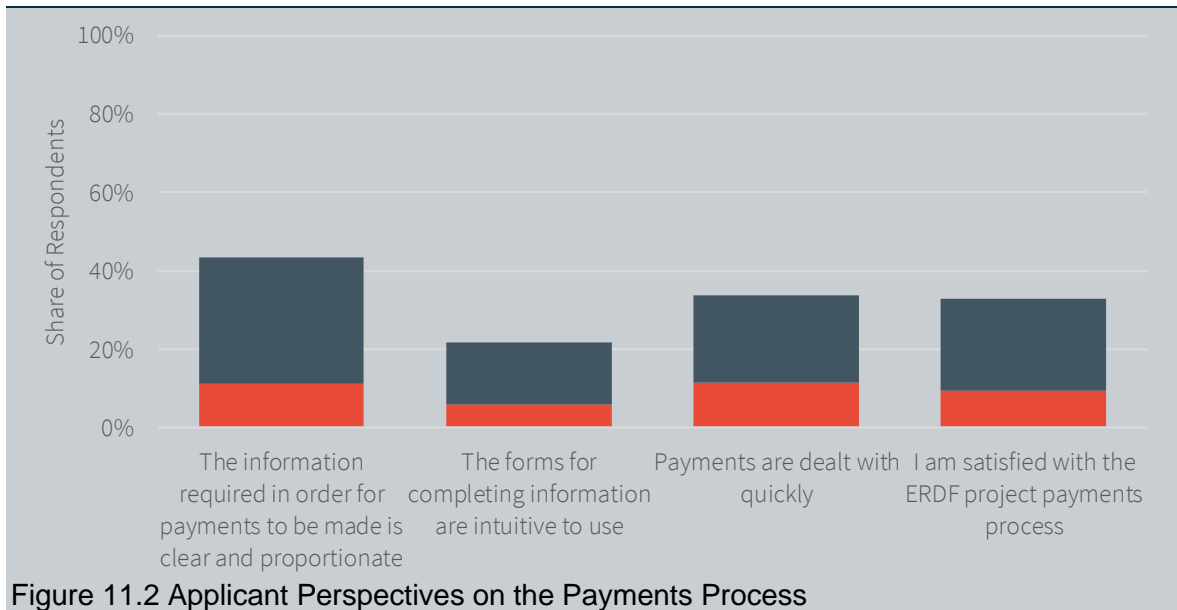
Figure 11.2 Applicant Perspectives on the Payments Process

Strongly Agree   Agree

11.6. Applicants particularly identified the level of information required and format of the claims forms as key challenges, with only 22% of applicants feeling that the claims forms were intuitive to use and less than half feeling that the information required for payments was clear and proportionate. An alternate perspective from some MHCLG staff was that the weaknesses in completion of claims forms was reflective of project staff lacking the required capabilities to deliver and oversee this quite complex work. From this perspective, the involvement of more senior project managers (not just project administrators) could help to improve quality control by applicants and reduce the errors in claims forms submitted, which would also reduce the processing time.

11.7. Other MHCLG staff highlighted that the Project Initiation Visits (PIVs) were helpful in supporting applicants to address the potential issues that could arise in claims submission, and also that after going through the process of liaising around the first claim, it was often a more straightforward process for subsequent claims. Clearly however, if administrative staff on ERDF projects change, then this experience gained from the PIV is lost to the project, and there is once again a higher risk of errors in claims submission.

11.8. As discussed in Section 6, the feedback around E-CLAIMS again highlights challenges experienced with the system. Although E-CLAIMS has been found to meet the required standards for audit purposes, and functionality has improved, MHCLG staff highlighted challenges with system functionality, with many having to combine E-CLAIMS reporting alongside offline claims submissions. Applicants similarly highlighted problems with the ECLAIMS system as a further frustration with the process.

Implications for Programme Implementation

11.9. Ultimately, the contracting and payments system has enabled grant funding agreements to be reached and claims paid to projects, reflecting that the systems have worked, just not as quickly or smoothly as some stakeholders have desired.

11.10. Some of the issues highlighted which could potentially have a negative effect on programme implementation include the following:

- In some cases, delays caused at contracting and payments stage compounded by appraisal stage timescales, with projects potentially having to reprofile costs and realign match funding. For smaller organisations with more significant cashflow challenges, payment delays have been a particular concern. *The impacts of this on project level implementation, if any, can be drawn from the review of summative assessment evidence in later stages of the programme evaluation.*

- There is a longer-term risk that the challenges associated with contracting and payments complexity and delays (much of which is a product of the ERDF regulatory requirements) could deter potential applicants in the future from bidding for similar funding schemes. Indeed, numerous consultees to this evaluation work, highlighted that many organisations choose not to bid to ERDF funding at all, partly due to its reputation for complexity and risk.

12. Project Monitoring and Reporting Processes

12.1. The project monitoring and reporting process has been designed to operate as follows:

- Quarterly progress reports are provided by grant recipients to their GDT contract manager. Where there are any concerns with project progress, these will be further discussed and could lead to project change requests or

other underperformance measures. In extreme cases this could lead to withdrawal of funds.

- Grant recipients are required to undertake summative assessments, in line with formal guidance, covering review of continued appropriateness and consistency of the project, project performance, management and governance, impacts and value for money. These should be completed and submitted to MHCLG before final payment and project closure.

- Risks of project non-compliance are assessed through project appraisal stage, following the project inception visit and any on-the-spot visits, with any actions for the grant recipient communicated formally and monitored.

- Following the completion of project activity and financial spend, the project closure commences, and will follow one of three routes determined by the contract manager – either involving an on-the-spot verification visit, a contract management visit, or a desk-based closure. Following authorisation and completion of paperwork, a closure letter is sent to the grant recipient.

Effectiveness of the Progress Monitoring and Reporting Process

12.2. GDT consultees highlighted that the **progress reporting** process had broadly operated in line with expectations and had been an effective tool in monitoring the extent to which projects were meeting performance expectations and addressing this where any issues had arisen. Some highlighted a degree of frustration that resource constraints limited their role in project monitoring to analysis against targets, rather than having more scope to engage closely to better understand delivery issues and help projects with overcoming barriers to delivery.

The monitoring process supports early detection and action to address underperformance. The managing authority considers that its approach to monitoring is a key factor in the achievement of targets and delivering programme results. There is also a clear underperformance policy. Underperforming projects may be subject to recovery plans and/or de-commitment of ERDF where delivery cannot be brought back on track. This enables ERDF to be reinvested in a timely manner.

12.3. The applicant experience of the project monitoring process has been less positive, however. As Figure 12.1 shows, 50% of respondents felt that reporting requirements were reasonable and proportionate, and less than a third felt that the forms were intuitive to use. Overall, only 42% felt satisfied with this element of the process.
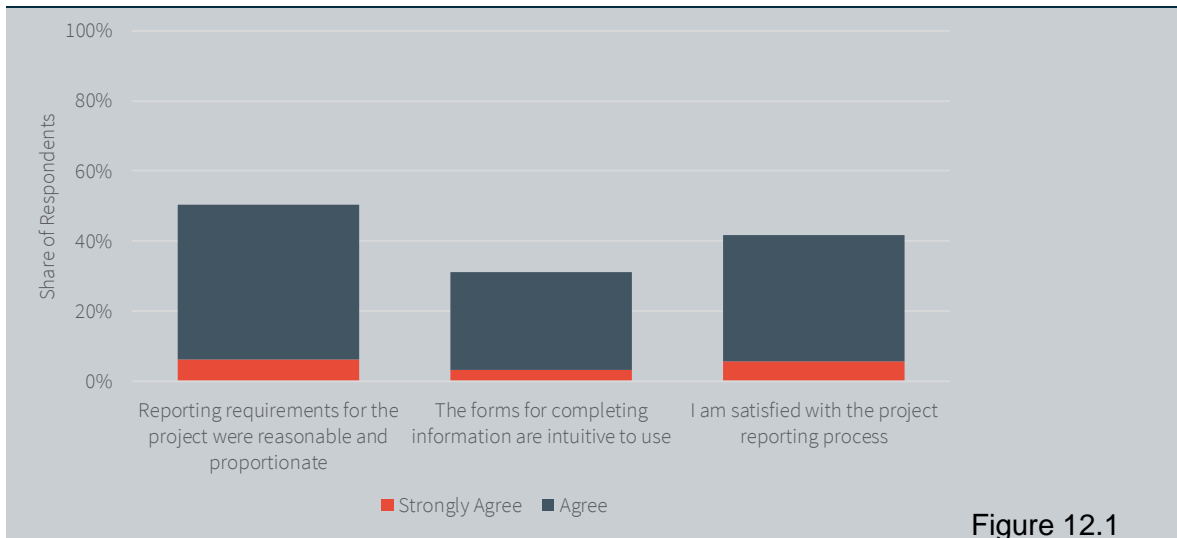
12.4. As part of the monitoring and evaluation process, all grant recipients are expected to undertake a **summative assessment**, and this programme commitment to evaluation was recognised by a range of consultees as a significant strength. The requirement is built into the process and grant recipients should not receive final payments until the summative assessment reports are submitted, helping to ensure this is delivered for every project.

12.5. One of the challenges for the summative assessment process has been that the project guidance on summative assessments – including around methodology and budget setting - was published sometime after the programme outset, meaning that earlier stage projects did not have timely access to this guidance, to plan and budget for this work.

12.6. Feedback from applicants on the summative assessment process, as illustrated in Figure 12.2, shows that only 23% felt that the requirements for summative assessment were clear and proportionate, and a similar proportion felt the guidance on this was clear and easy to understand. This reflects a number of factors including: MHCLG's desire that the guidance enables a high standard of summative assessments given their role in informing the national evaluation; the inclusion of more technical evaluation themes in the guidance which are less accessible to the lay reader; and insufficient support for grant recipients on the guidance and implementation of summative assessments.

12.7. Given shortcomings in understanding of these evaluation requirements and guidance, support from GDTs on this topic is particularly important, however only 24% of respondents suggested they knew where to go for specific advice on summative assessments. While contract managers have been reviewing summative assessment plans and providing advice on this, and evaluation champion roles have been established within each GDT, these measures appear

not to have fully addressed this challenge. Overall, only 21% of respondents reported feeling satisfied with this part of the process. This is likely to in part reflect the fact that some aspects of summative assessments are a new element within the evaluation framework and so are less familiar to organisations.

Figure 12.2.

Applicant Feedback on Summative Assessment Process
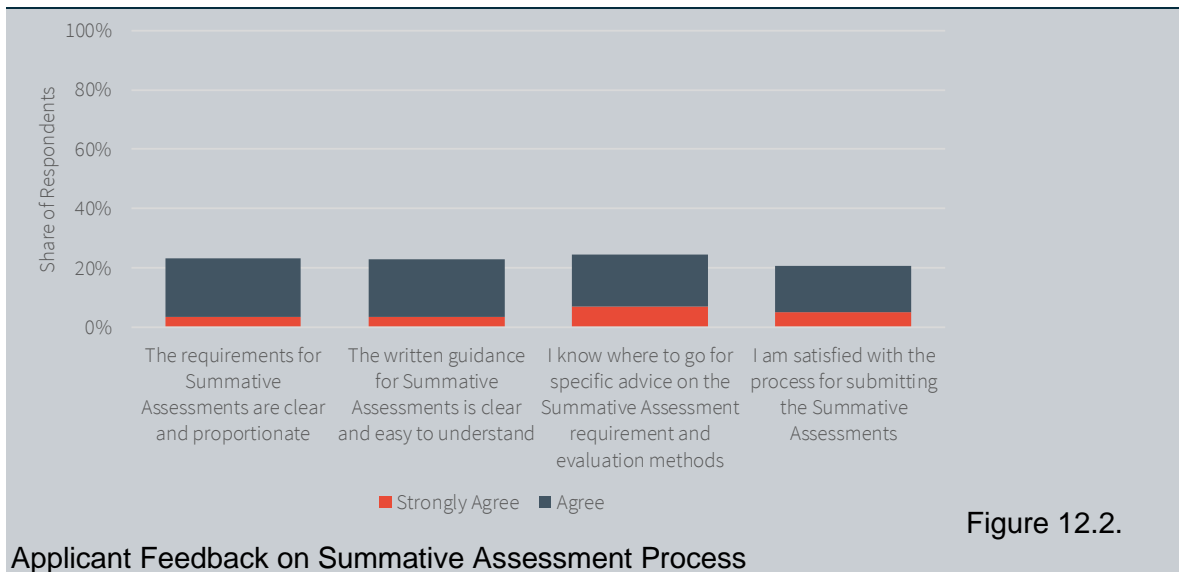
Source: Hatch Regeneris; Survey of Applicants, 2019; Responses respectively by question: 151, 149, 147, 141 (note: proportions exclude those responding do not know or not relevant)

12.8. These findings are backed up by feedback from GDT consultees who felt grant recipients sometimes lacked the skills to commission evaluation work. More generally, some GDT consultees suggested that parts of their teams were not equally clear about the summative assessment programme, and highlighted, for example, that the assessments came too late to help with decision making about project extensions – although this would not have been practical to build into the summative assessment model. Where GDT respondents did see the value, there was a degree of frustration that findings of the summative assessments were not well shared, limiting the extent to which these could shape learning and future activity.

12.9. While it is a relatively early stage to review progress with summative assessments (the first cohort of projects supported have just reached the stage of completing these over the last 6-12 months), these are nevertheless useful messages that need to be addressed.

12.10. The project **compliance and auditing** process has been a high priority for MHCLG under this programme, and GDTs report a very tight process to compliance monitoring, which has yielded very strong results. The average error rate for the

programme (i.e., proportion of spend which is non-compliant) is just 0.3%, against a programme target of 2%.

12.11. Interestingly, as Figure 12.3 shows, applicant feedback on this topic has been relatively positive, with 62% feeling they had received clear ongoing communication on this topic, 55% feeling that the process was relatively straightforward and 53% overall feeling satisfied with the process.

12.12. One of the key concerns raised by applicants with compliance and audit, however, is the requirement for records to be retained for up to five years after project completion, which is seen by many as an excessive burden.
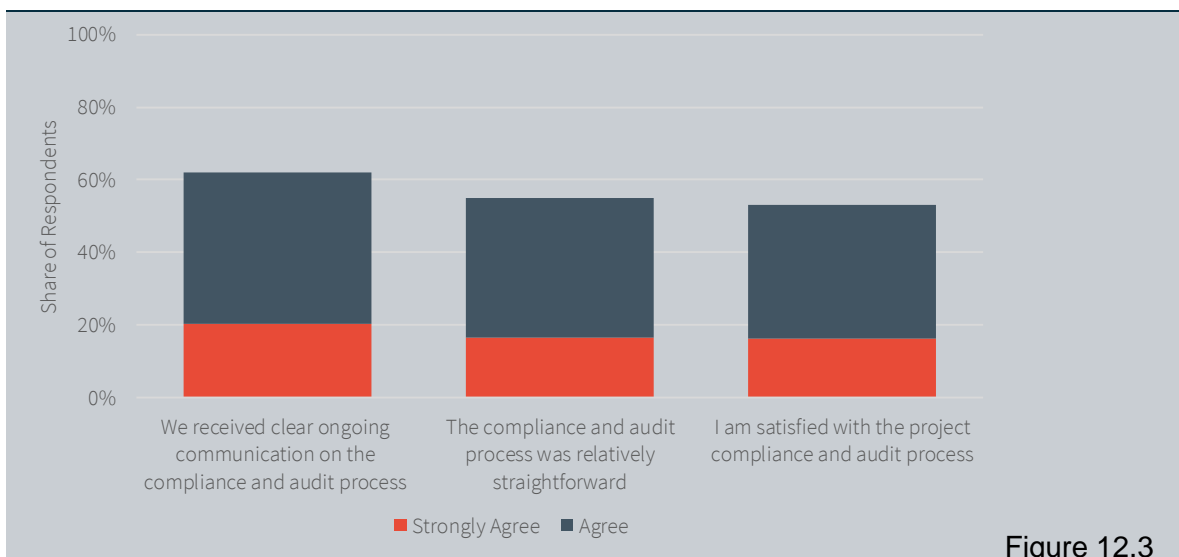
Figure 12.3

Applicant Feedback on Project Audit Process

Source: Hatch Regeneris; Survey of Applicants, 2019; Responses respectively by question: 153, 151, 149 (note: proportions exclude those responding do not know or not relevant)

12.13. The project closure process was felt by GDT consultees to have been delivered in line with expectations, and, while a limited number of applicants responding to the survey had reached that point yet, over 60% of those that had broadly reported that the process had been clearly communicated and relatively straightforward.

Implications for Programme Implementation

12.14. The audit process for this programme has been highly effective, reflected in relatively high levels of satisfaction amongst grant recipients and an extremely low error rate, which will help maximise the value of ERDF funds received.

12.15. The processes of project monitoring and closure have followed MHCLG expectations, and on the basis of programme performance, appear to have been delivered effectively, strongly supporting programme implementation.

12.16. Around summative assessments, the programme has strongly committed to investing in evaluation work, and the systems appear to be effectively ensuring that summative assessment requirements are being met by all projects. At this stage, a number of issues remain around maximising the value of the summative assessments, including the following:

(i) There is a risk that a lack of understanding amongst grant recipients on evaluation may constrain their ability to effectively plan for and commission high quality evaluation, particularly in more technical areas, such as counterfactual impact evaluation. Clearly if evaluation work is not appropriately scoped and commissioned, this may affect the quality of evidence generated. *The quality of summative assessment evidence will be tested on an on-going basis throughout the national evaluation.*

(ii) A second risk is that there is not yet a clear approach established for sharing summative assessment evidence. As such, there is a risk that a wealth of evaluation evidence will be produced, however may not be available on a project by project basis to help shape learning and the development of future interventions.

13. Conclusions and Recommendations

13.1. The process review has analysed the effectiveness of management and delivery processes across the ERDF programme at a strategic level. The analysis is strongly weighted towards perceptions of effectiveness, provided by different stakeholders; however, where possible these findings have been sense checked against management data.

Key Successes of the Programme Design Process

13.2. Overall, the programme design process has established a clear, evidence-based national programme and a series of local ESIF strategies in every LEP area, which are driving investment decisions on the projects that will support sustainable economic growth across England.

13.3. The programme has established a clear, evidence based national programme while also enabling a development of local strategies that can interpret and refine delivery in line with local needs and opportunities, with an understanding of the significant value of local knowledge. With allocations broken down by 38 LEP areas, it did have an influence on the effective management at a national and local level more challenging and affected flexibility.

13.4. Overall, this concept has been strongly supported and felt to be a very effective model, providing a strong opportunity for the development of high-quality local investment strategies.

13.5. The national evaluation of the English ERDF 2014-20 Programme, identified many successes, detailed in the report. Some key successes include:

- Standardised processes for funding rounds, grant applications, appraisal, contracting and monitoring, easing access to funding.
- The programme has successfully met its key performance indicators, including output and spending targets.
- There has been a retention of core highly experienced staff within the team as well as recruitment of additional capable staff, a critical success factor in effective implementation.
- Public money is being appropriately spent, supported by a robust management and control framework, with just 0.3% of spending failing to meet required EU standards.
- Early/robust testing has been a significant factor in driving high spending compliance.
- Establishment of MHCLG regional network of Growth Delivery Teams (GDTs), which has promoted strong HMG-stakeholder collaboration, information flows and delivery.

- A central Policy Team which has ensured strategic goals are being met and that funding is effectively knitted into and helping to drive HMG and Ministerial levelling up priorities.

13.6. Appendix A provides a more comprehensive summary of the assessment of programme effectiveness. Appendix B summarises the achievements against the operational programme principles

Key Learning from Programme Implementation

13.7. Despite the significant achievements of the programme and effectiveness of many areas of management and delivery outlined above, there remain areas where stakeholders have identified potential challenges, or opportunities exist to further enhance impacts.

13.8. In some cases, these reflect aspects that could be addressed within the current programme accepting that the scope for change at this stage is limited; in other cases, they reflect learning that could be applied in designing future growth programmes.

13.9. The detail of these recommendations is set out in Appendix C. Some key learning points include:

- **Future programme design**: a national programme with local strategies developed in response to this was widely seen as an effective model but would have benefited from more time for local strategy development, more flexibility in funding allocations, and to advise on intervention types where cross-LEP working may be most beneficial.

- **National Sub-Committees**: greater support to national thematic groups would enable them to do more to identify project opportunities, broker cross-LEP working and promote good practice across all LEP areas.

- **Local Sub-Committees**: many local consultees sought greater delegation of decision making on project selection and ability to refine local strategies and funding allocations, to better enable areas to manage implementation of local strategies.

- **Project development**: both GDTs and applicants could benefit from access to greater thematic expertise at a GDT area level, across the breadth of priority axes. This could be secured for example, through closer working with other relevant Government departments, or more effective use of technical assistance funding.

- **Project appraisal**: it would be beneficial to explore opportunities to reduce bid appraisal timescales, which many feel takes too long. This could include reviewing the need for local sub-committees to receive full documentation at full application stage (particularly where there are no substantive changes from outline stage).

- **Summative assessments**: more could be done under the current programme to develop evaluation expertise within GDTs and draw on the expertise of the evaluation national sub-committee to enhance the quality of summative assessments, and to explore opportunities to enhance dissemination of findings.

Appendices

Appendix A - Assessment of Programme Effectiveness

The table below sets out a summary assessment of the effectiveness of each of the ten aspects of management and delivery defined in the scope of this work, alongside a short summary of the key factors influencing these assessments.

Assessment of Programme Effectiveness				
Aspect of Management and Delivery	Assessment of Effectiveness			Summary Points
	Fully Effective	Mostly Effective	Partially Effective	
Programme Design		☑		• Established a clear, evidence-based national programme and enabled development of local strategies to drive growth, addressing local needs and opportunities, with notional funding allocations at local level to deliver this. • Concept of a national level programme with local strategies interpreting and refining that to focus on local needs and opportunities, is well supported. • Main issues and challenges identified by some national and local stakeholders have been around limited timescales to develop local strategies and delays in achieving strong alignment with national policy around Priority Axes 4-5.

Assessment of Programme Effectiveness				
Aspect of Management and Delivery	Assessment of Effectiveness			Summary Points
	Fully Effective	Mostly Effective	Partially Effective	
Strategic Governance		▨		• Growth Programme Board (GPB) membership provides a good organisational and sectoral mix, and training / away days have built members' expertise, helping them to play an effective role at the board, in line with roles and responsibilities set out in the GPB terms of reference. • The national sub-committees are adding value to the role of the GPB, but some sub-committee consultees felt with more resource, potentially they could become greater enablers for the development of high-quality projects by having more capacity to analyse areas of programme underperformance, share good practice and broker cross-LEP working.
Role of ESIF Sub-Committees		▨		• The value of local knowledge and experience of ESIF sub-committee partners is well recognised by all partners as adding significant value in decision making on project approvals. • For many local partners, the sub-committee's role could be an even greater enabler of effective programme implementation, with greater powers for local partners to own and drive implementation of local ESIF strategies (though in part this is constrained by inflexibilities in the national ERDF programme itself). • Other areas where there was felt to be opportunities to refine the role included: enhancing the induction programme for new committee members to help enhance the committee's advice and decision making; and reviewing the need for bids to be assessed by the ESIF sub-committee in detail at full application stage.

Assessment of Programme Effectiveness				
Aspect of Management and Delivery	Assessment of Effectiveness			Summary Points
	Fully Effective	Mostly Effective	Partially Effective	
Strategic programme management by MHCLG		✓		• Well-designed team structure has been very effective in successfully integrating a national operational programme with local level ESIF strategy and implementation. Retention of key expertise amongst more senior members of the team has been critical to this, as has a continuous improvement approach to all aspects of delivery. • Some of the main challenges faced have been around resourcing in some GDT areas and limited access to thematic expertise at a GDT level across the broad range of priority axes, as well as managing the complexity of the programme and volume of work instructions entailed, with the risk that some aspects have been given a lower priority than others (e.g., Cross Cutting Themes (CCTs), summative assessments).
Programme spend and output progress monitoring		✓		• Spend and output progress monitoring for the programme to date has been very successful. Key targets around N+3 spending have been achieved, and a strong pipeline of projects contracted and committed. Effective monitoring has been achieved with the managing authority developing an internal national database which has allowed effective monitoring of spend and output targets nationally and at GDT level whilst E-CLAIMS was coming online. • Enabling wider accessibility to more detailed and timely monitoring data, for GPB national sub-committees and ESIF sub-committees could potentially enhance the role of these groups to review areas of programme underperformance, draw on local and thematic expertise to identify solutions, and initiate key stakeholders to respond proactively.

Assessment of Programme Effectiveness				
Aspect of Management and Delivery	Assessment of Effectiveness			Summary Points
	Fully Effective	Mostly Effective	Partially Effective	
Project development process				**Note: Project development is the responsibility of the applicant, and the managing authority is unable to engage in the process.** • The programme has attracted sufficient numbers of project bids of sufficient quality to be put forward for appraisal, in order to meet commitment and spending targets. • The managing authority (MA) does provide funding to support applicants through technical assistance, however, take up has been relatively low despite the managing authority keeping it open to applications through regular calls. • Potentially this has limited the reach of programme awareness raising beyond the core audiences for ERDF funding, and limited capacity for project development support. If this is the case this might be expected to have constrained the quality of projects applying for funding.
Grant application process				• Effective ongoing review and adjustment through the continuous improvement process has enable the programme to achieve an effective balance of information requirements between outline and full stage, in order to meet programme requirements, minimise abortive time for bidders on project bids which will not be successful, and ensure managing authority appraisers have sufficient information to confidently approve projects.

Assessment of Programme Effectiveness				
Aspect of Management and Delivery	Assessment of Effectiveness			Summary Points
	Fully Effective	Mostly Effective	Partially Effective	
Bid appraisal process		☐		• Overall, the appraisal process has supported effective implementation, in bringing through sufficient numbers of projects at a sufficient level of quality, to meet programme implementation targets. • The timescales for the process are widely seen as taking too long however, particularly at full application stage, with a risk that this could have a negative effect on delivery at a project level. This in part reflects the quality of initial applications and the time it takes applicants to provide GDTs with information needed in order to ensure optimal outcomes and value for money in large-scale public investments. • Seeking to reduce the time taken for this process by reducing the information requirements could potentially give rise to negative effects and financial implications for the MA. However, putting in place resources up front to support applicants in the development of their applications could help to reduce timescales and result in a more efficient process.
Contracting and payments process			☐	• Ultimately, grant funding agreements have been reached and claims paid to projects, so the systems have worked, just not as quickly or smoothly initially as stakeholders may have desired. • In some cases, delays in contracting and payments may create delivery challenges at a project level, with payment delays a particular issue for smaller organisations with cashflow issues.

Assessment of Programme Effectiveness				
Aspect of Management and Delivery	Assessment of Effectiveness			Summary Points
	Fully Effective	Mostly Effective	Partially Effective	
Project monitoring and reporting process		✓		• The audit process has been highly effective, reflected in relatively high levels of satisfaction amongst grant recipients and an extremely low error rate, which will help maximise the value of ERDF funds received. • Project monitoring and closure processes have followed MHCLG expectations, and on the basis of programme performance, appear to have been delivered effectively. • The programme has made a strong commitment to gathering evaluation evidence through summative assessments and the processes implemented are ensuring these assessments are being produced for every project. • Some concerns remain around maximising the value of the summative assessments, particularly with respect to a lack of understanding amongst grant recipients about evaluation (especially more technical aspects) and the approach to dissemination of findings from the wealth of evidence generated. This in part reflects the fact that some aspects of summative assessments are a new part of the ERDF evaluation framework and the lack of expertise in some organisations in this area has made this challenging – though highlighting an important issue that future local growth spending can potentially focus on.

Appendix B - Achievements Against Operational Programme Principles

The Operational Programme outlined a series of aspirations for the programme systems and processes, and the table below summarises some of the significant achievements of the managing authority in meeting these.

Achievements Against Operational Programme Principles for Systems and Processes	
Principle	**Delivery**
A standardised national business process for ERDF... This includes a single point of access and standard documentation. Quality assurance and continuous improvement are built into the management of the system	• Despite the complexities of delivering across 38 LEPs, and meeting the detailed requirements of ERDF regulations, a national programme has been successfully established, allowing local partnerships to plan for and deliver strategies to maximise local growth. • A standardised process for calls for proposals, grant applications, appraisal, contracting, monitoring, and closure has been established and implemented across England. • The use of standardised forms, a national portal for grant submissions, and work instructions used by every GDT has played an important role in ensuring consistency of implementation and resulting quality • The establishment of GDTs serving local areas has allowed local relationship development and a single point of access through contract managers within GDTs. • There is a strong internal commitment to the continuous improvement approach which has been effectively co-ordinated by the CoE team within MHCLG, with GDT staff leading individual workstreams to ensure processes are continuously being reviewed and improvements being made. • The central Policy Team have played an important role in ensuring that the programme meets its strategic goals and is effectively integrated into wider domestic growth policy as this has developed over the lifetime of the programme. • The GPB and ESIF sub-committees have played a key role in quality assuring all aspects of the systems and processes, as well as ensuring the quality of all grant applications.

Achievements Against Operational Programme Principles for Systems and Processes	
Principle	**Delivery**
The customer journey is at the heart of the process design. Clear information will ensure there are no surprises for the applicant/grant beneficiary	• The provision of standardised application forms and detailed guidance has aimed to simplify the grant application process as far as possible. • The allocation of appraisers and contract managers to individual projects provides applicants / grant recipients with a main point of contact. • Despite grant application and project management processes which are significantly more intensive than under many other public sector grant programmes, applicants and grant recipients provide positive feedback around many of the processes e.g. the majority felt the amount of information requirements at outline and full application was about right and that guidance was clear; over half felt that timescales for outline application assessment were reasonable, and over half felt that ongoing communications around compliance and audit were clear and were satisfied with this process.
Doing the right things at the right time and doing it well. Avoiding duplication and focusing resources and effort where they deliver most benefit	• Despite a number of setbacks, the programme has successfully met its key targets around spend (N+3 targets) and is performing well against spend and output commitment. These achievements reflect effective focus of the team, working with local partners, in attracting bids, completing project appraisal, approval and contracting processes, and close monitoring of project performance against targets to ensure spend targets are met. • Retention of a core of highly experienced staff within the team has been a critical success factor in this, as well as recruitment of additional capable staff, able to lead effective implementation. • Despite resource constraints in some areas, the team has also made effective use of thematic champions across the wider team, ensuring all GDTs are able to access more specialist knowledge where this is required.
Reducing compliance risk through clear guidance and early and robust testing	• The managing authority has placed strong emphasis on compliance throughout process design, including through the appraisal process, project inception visits and on the spot visits. • Through effective management of this, the average error rate for the programme is just 0.3%, against a programme ceiling of 2%.

Achievements Against Operational Programme Principles for Systems and Processes	
Principle	**Delivery**
	• The level of prevented irregularity as a result of early/robust testing is considered to be significant, helping to avoid errors, financial corrections, and grant recipient/MA time in resolving audit issues. One GDT reports over £80m in early / prevented irregularity / compliance detection as a result of robust testing.
Digital by default. A single accessible IT system holding all relevant information and operating on the principle of "collect once, use often"	• Despite significant challenges encountered with the ambitious plans for use of E-CLAIMS, the managing authority responded by setting up a very effective national database which has met the key requirements of the managing authority for monitoring of spend and output targets. • The challenges with E-CLAIMS have been gradually addressed and this increasingly provides a primary IT system for use by MHCLG and grant recipients.

Appendix C - Recommendations for Enhanced Implementation

Despite the significant achievements of the programme and effectiveness of many areas of management and delivery outlined above, there remain areas where stakeholders have identified potential challenges, or opportunities exist to further enhance impacts. In some cases, these reflect aspects that could be addressed within the current programme accepting that the scope for change at this stage is limited; in other cases they reflect learning that could be applied in designing future growth programmes.

The table below sets these out under the ten main elements of the process review. In each case, it sets out the challenge or opportunity, potential benefit of addressing this, key drivers of the issue (particularly whether this was driven by design of systems, implementation, or wider contextual factors) and specific recommendations.

Aspect of Process Review	Challenge / Opportunity	Potential Benefit of Addressing This	Driver of Issue
1. Programme Design	Limited timescales for development of ESIF strategies	Could have improved the quality and distinctiveness of local strategies, potentially enhancing the impacts that implementation of these strategies will achieve.	**Implementation** – this process could have started earlier to give LEPs greater time for this task.
	Complexity of breakdown of funding allocations (by priority axes, LEP area and category of region)	• More flexibility for local areas to reallocate funding as needs and opportunities change, potentially enhancing impacts from implementation. • Reduced complexity to ongoing management of programme, potentially reducing management costs	**Design** – the structures of category of region and priority axes were fixed by the EC, so there was no way to avoid this complexity, given the decision to allocate funding at the LEP level.

Some parts of the Operational Programme (mainly PA5-6) not well aligned to national policy in early stages of the programme	• Better alignment with national policy could help to enhance the quality and impacts of projects coming forward.	**Context** – changes in national policy context took time to feed through to Operational Programme updates.
Potential for more large-scale cross-LEP projects to be developed	• Large projects with potential for transformational impacts, could increase efficient project delivery and overall impacts generated by the programme in some thematic areas.	**Design** – while it is possible to bring forward cross-LEP projects, the design factors of LEP level funding allocations and calls for proposals makes it challenging to develop cross-LEP projects.

Recommendations:

1.1 For future programmes adopting a similar national / local strategy relationship - greater lead-in time should be built in to allow for the development of higher quality, more distinctive local strategies. Consultation with LEPs and ESIF sub-committee members would help to get greater insight on an appropriate length of time for this.

1.2 For future programmes – it would be recommended to ensure a less complex approach to funding allocations and allowing flexibility for local partners to respond to changing needs and opportunities to help maximise local growth.

1.3 For future programmes adopting a similar national / local strategy relationship - key government departments and agencies should be strongly engaged in development and ongoing refinement of the national programme strategy, to ensure alignment with other government policy and to ensure local projects build on best practice approaches.

1.4 For future programmes adopting a similar national / local strategy relationship – it would be recommended for the national strategy to advise on types of interventions and implementation approaches where cross-LEP approaches may be most effective, advised by thematic experts and drawing on best practice.

Aspect of Process Review	Challenge / Opportunity	Potential Benefit of Addressing This	Driver of Issue
2. Strategic Governance	Some national sub-committees could bring greater benefits to programme implementation with additional resource to support more proactive activity e.g., around analysing areas of programme underperformance, brokering work across LEP areas, and sharing good practice in project delivery.	Could enhance the benefits generated from: more efficient programme delivery (through actions by the operational subcommittees) or more effective and impactful projects (through actions by the policy sub-committees).	**Implementation** – the groups have been created and stakeholders brought together, but limited resourcing is constraining them from more proactive activity.
	Recommendations: 2.1 Where appropriate, review resourcing (within MHCLG and other partners engaged in these sub-committees) to identify approaches and resource needed to support national sub-committee chairs with developing more proactive approaches around areas such as response to issues of underperformance, brokering opportunities for work across LEP areas, and promoting good practice.		

Aspect of Process Review	Challenge / Opportunity	Potential Benefit of Addressing This	Driver of Issue
3. Role of ESIF Sub-Committees	Many sub-committee members feel they lack sufficient powers (particularly authority for decision making on project approvals) to drive implementation of local ESIF strategies.	• ESIF sub-committees would feel better able to own and drive implementation of local ESIF strategies, which could affect the impacts that implementation of these strategies will achieve. • An enhanced feeling of authority within sub-committees may enhance retention / engagement of members.	**Design** – programme requirements mean managing authority must authorise projects, except some cases where there are intermediate body arrangements. Nature of national programme also constrains the ability to adjust local strategies in response to changing local needs and opportunities.
	Potential to enhance activity of ESIF sub-committees through better induction process for new ESIF sub-committee members.	Enhancing the potential for more informed debate within the subcommittee, and ultimately the quality of decision making.	**Implementation** – this would be relatively straightforward to implement at individual LEP level but needs greater co-ordination and commitment.
	Some ESIF sub-committee members feel they are required to review too much information on project applications.	• Would reduce the burden on members which could enhance retention levels of sub-committee members. • Could enhance the value of debate on project bids if the scope of discussion is more focused on key	**Design** – the terms of reference set out that subcommittees should input at outline and full application stage.

	points. This could enhance decision making.	

Recommendations:

3.1 For future programmes adopting a similar national / local strategy relationship – need to review and consult with local partners on roles and responsibilities. If local sub-committees are charged with owning and driving implementation of local strategies, it is important that they feel they have the powers, subject to necessary controls, to do this. Decision making on projects to support, and an ability to refine their investment programme and associated funding allocations are likely to be seen as key elements in ensuring this.

3.2 MHCLG and ESIF sub-committee chairs could share best practice around induction processes for new members and the benefits this has generated, to support more sub-committees to adopt these approaches.

3.3 MHCLG could review the need for ESIF sub-committees to receive full documentation at full application stage (particularly where there are no substantive changes from outline stage). Optional approaches could include review of full applications only where there are substantive changes to the proposal from outline stage or a short summary sheet detailing any changes to outline bids to be shared with ESIF sub-committees. This review of the approach should be done in close consultation with ESIF sub-committee chairs (recognising there could be differences between the approaches preferred in different areas, and hence that flexibility in approaches may be needed), and should follow the defined continuous improvement approach used by the managing authority, with a view to finding ways to ease the paperwork burden on ESIF sub-committees, and potentially help to reduce timescales for project approvals by removing an iteration of reporting back to the sub-committees.

Aspect of Process Review	Challenge / Opportunity	Potential Benefit of Addressing This	Driver of Issue
4. MHCLG Strategic Programme Management	Limited access to thematic expertise at GDT level (although there are national thematic leads, the resource is limited and not available within each GDT).	Enhancing the ability of GDTs to provide specialist advice on project development and draw on detailed expertise at appraisal stage. Greater expert input could enhance project quality or better test suitability for funding.	**Implementation** – this expertise is available within government and in some cases exists at a local level (e.g., through local energy hubs) but is not consistently feeding into project development and appraisal processes.

Recommendations:

4.1 Review the resourcing available to provide thematic expertise across the breadth of priority axes, within each GDT area. In the case of some more specialist forms of support, MHCLG could review the potential for greater input from relevant government departments and agencies at a project level, in order to assist with project development and appraisal. There could be potential for technical assistance funding to be allocated, in order to generate greater resource to support this.

With most funding committed, it may be felt that it is too late in this programme to review potential for this change, in which case exploring closer input from relevant government departments and agencies at a project level could be considered in planning for future programmes.

Aspect of Process Review	Challenge / Opportunity	Potential Benefit of Addressing This	Driver of Issue
5. Progress Monitoring	National sub-committees and ESIF sub-committees could be provided with more detailed or up-to-date data on programme progress.	Would provide a new opportunity for national and local sub-committees to identify weaknesses in programme performance, draw on local and thematic expertise to identify solutions, and initiate key stakeholders to respond proactively. This could help to raise the overall quality of projects coming forward.	**Implementation** – had the ECLAIMS system met its original requirements, this information would have been easier to access and share with the sub-committees.
	Recommendations: 5.1 Greater resource could be allocated to provision of data for national sub-committees and ESIF subcommittees to ensure data is as up to date as possible and provides the local or thematic detail requested by groups. Given large parts of programme funding have already been allocated, this resource might best be focused on data around remaining parts of the programme where there is underperformance in contracted spend or outputs. This could be shared with the sub-committees best placed to review and proactively respond to these challenges, in order to help bring new high-quality projects forward.		

Aspect of Process Review	Challenge / Opportunity	Potential Benefit of Addressing This	Driver of Issue
6. Project Development	Greater utilisation of technical assistance funding could help raise awareness and promotion of programme to wider audiences.	• Could enhance competition and innovation in project bids, driving up overall quality and potential impacts from the suite of supported projects.	**Implementation** – technical assistance funding designed into the process to support this but has not been sufficiently drawn down.
	Greater utilisation of technical assistance funding for project development support could help to enhance project quality.	• Potential for higher quality of projects to be developed and supported, generating greater impacts. May be particularly relevant for more innovative and complex projects, or applicants with less internal project development capacity. • Reduced delays in project approvals as bidders have fewer issues raised by appraisers to address.	**Implementation** – technical assistance funding designed into the process to support this but has not been sufficiently drawn down.

Recommendations:

6.1 For future programmes – ensuring there is sufficient resource allocation to programme promotion and encouraging sharing of best practice on engaging a broad spectrum of partners could lead to greater competition and innovation in funding bids received. This would involve reviewing the role of technical assistance and the reasons why draw down of this funding has been so low. As the programme is close to full funding commitment, there would be little benefit revising the approach within this programme.

6.2 For future programmes – review the approach to delivery of technical assistance support. These teams need to ensure they provide sufficient resource for project development, but also ensure access to sufficient thematic expertise within a technical assistance team. One way to ensure this, might be to develop technical assistance support teams on the same geographic basis as GDTs (which is also the geographic basis used for local energy hubs). With greater scale, there would be more opportunity to

ensure thematic expertise (as well as more detailed technical expertise) within each technical assistance team, and these could help to add greater value in project development.

6.3 As the programme is close to full funding commitment, there would be little benefit revising the approach within this programme.

Aspect of Process Review	Challenge / Opportunity	Potential Benefit of Addressing This	Driver of Issue
7. Grant Application Process	Level of detail and complexity / uncertainty around aspects such as state aid and procurement have discouraged some organisations from bidding.	Could lead to enhanced competition and innovation in project bids, affecting overall quality and potential impacts from the suite of supported projects.	**Design** – these aspects are fixed elements of the EC requirements for the programme.
	Recommendations: 7.1 For future programmes – it would be beneficial to analyse approaches of other domestic programmes to providing advice and guidance around areas such as state aid and procurement, in order to identify any lessons that could be learned to help reduce the barrier that these create for potential applicants to the ERDF programme.		
8. Bid Appraisal Process	Timescales for appraisal and approval of projects could be reduced opportunity to enhance the focus on programme cross cutting themes through the project appraisal process.	• Improving deliverability of projects, as delays can affect delivery timescales, match funding and input from other partners. • Potentially encouraging more organisations to apply, increasing competition and innovation in project bids. • Could enhance the wider benefits the programme will have on equality and sustainable development issues.	**Design and Implementation** – the lengthy timescales are partly due to: (i) process design factors (e.g., the need to go through two rounds of ESIF subcommittee review), (ii) implementation of appraisal within GDTs (influenced by quality of applications). **Context** (iii) quality of applications submitted. **Implementation** – these aspects are built into the process design

			but have not been a strong focus in implementation.

Recommendations:

8.1 For future programmes – it would be beneficial to further explore the ways that timescales could be reduced, and a clear expectation provided on this to bidders (with targets agreed following consultation with ESIF subcommittee chairs). To reduce the time taken, MHCLG could consider changes to engagement with ESIF subcommittees at full application stage (see point 3.3 above); staggering calls to avoid the large number of applications reaching appraisers all at once; enhancing the support through technical assistance teams to address common appraisal issues (potentially in tandem with point 6.2 above) or increasing resource for appraisal work within GDTs. As the programme is close to full funding commitment, there would be little benefit revising the approach within this programme.

8.2 For future programmes – if these cross-cutting themes are retained, it would be beneficial to review opportunities to enhance the focus on delivering impacts against these themes, for example by MHCLG providing more guidance on the types of approaches that may be suitable for different types of project; co-ordinating the sharing of good practice around approaches and potentially incorporating core indicators to help to track impacts.

Aspect of Process Review	Challenge / Opportunity	Potential Benefit of Addressing This	Driver of Issue
9. Contracting and Payments Processes	Delays in payments to grant recipients.	• Could reduce delivery challenges, particularly for smaller delivery bodies, more greatly affected by cashflow issues.	**Implementation** – issues primarily arise as a result of grant recipients not fully following detailed scheme Guidance.

Recommendations:

9.1 MHCLG could further review the wider approach to claims and payments with a view to identifying ways to better support grant recipients with adhering to guidance and reduce payment timescales. While a continuous improvement project has been implemented on this matter, which did lead to an improvement in claims being submitted on time and improving the quality of claims, this remains an issue, with over 50% of claims still taking more than 40 days to process. Options to achieve this could include providing greater resource to help develop the understanding of applicants of key aspects of guidance or improving the clarity and simplicity of the forms required to be provided in claims submissions. For future programmes, this review could explore opportunities to reduce the complexity of the claims submission process and associated evidence provision, in order to reduce the timescales for this part of the process.

Aspect of Process Review	Challenge / Opportunity	Potential Benefit of Addressing This	Driver of Issue
10. Monitoring and Reporting Processes	Opportunity to provide greater support for, and quality assurance of, summative assessments.	• This could help to drive up the quality and robustness of summative assessments, particularly around impact evaluation, helping to increase the value of this evidence.	**Implementation** – support roles within GDTs have had a limited effect in this area.

Opportunity to enhance the sharing and utilisation of findings from summative assessments.	• This would help to ensure any learning generated from summative assessments feeds into development of future projects.	**Implementation** – this dissemination role sits with grant recipients, however there is little evidence that this is being systematically implemented.

Recommendations:

10.1 Provide further training and resource to contract managers and GDT evaluation champions around summative assessment requirements and ensure that grant recipients are clear that they can engage these GDT team members to discuss any queries they have around the summative assessments.

10.2 There is potential for the national evaluation sub-committee to play a greater role in quality assuring, martialling learning, and sharing good practice on evaluation. This could include: reviewing evaluation plans within relevant government departments and agencies to identify potential linkages and synergies with ERDF project evaluation plans; testing project evaluation evidence around thematic areas of interest to synthesise findings; engaging with targeted projects in certain cases to offer advice around evaluation approaches, where findings are seen as being particularly valuable; and sharing good practice around evaluation of certain intervention types with relevant grant recipients to help enhance evaluation quality.

10.3 MHCLG and the national evaluation sub-committee, in consultation with partners, could explore the development of a platform to help project summative assessment reports to be shared with relevant national and local stakeholders, in order that the project level lessons learnt can be shared and can support the development of higher quality interventions in the future. This is recognised as challenging, as some organisations may be sensitive to any negative findings, however the value of sharing good practice and lessons learnt across the substantial suite of projects supported is great.