



Ministry of Housing,  
Communities &  
Local Government



**European Union**  
European Regional  
Development Fund

# National Evaluation of English ERDF Programme 2014-20: Phase Two Report: Interim Impact Evaluation

Appendix C: Review of Summative Assessments

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# Contents

<b>Executive Summary</b> .....	<b>i</b>
Purpose of the Review .....	i
Appropriateness, Relevance and Consistency .....	v
Financial and Output Performance .....	vi
Enhancing Summative Assessments .....	xii
<b>1. Overview of Summative Assessments</b> .....	<b>1</b>
Sample Representativeness .....	1
Overview of Quality .....	3
<b>2. Continued Appropriateness and Relevance</b> .....	<b>5</b>
<b>3. Financial and Output Performance</b> .....	<b>9</b>
<b>4. Priority Axis 1: Research &amp; Innovation</b> .....	<b>12</b>
Conclusions and Lessons Learnt .....	18
<b>5. Priority Axis 3: SME Competitiveness</b> .....	<b>20</b>
Conclusions and Lessons Learnt .....	24
<b>6. Priority Axis 4: Low Carbon Economy</b> .....	<b>27</b>
Conclusions and Lessons Learnt .....	30
<b>7. Impact and Value for Money</b> .....	<b>32</b>

# Executive Summary

## Purpose of the Review

- i. This report presents a review of ERDF project summative assessments (SAs) which were submitted to the Ministry of Housing, Communities and Local Government (MHCLG) by the end of December 2019. Summative assessments are the ERDF grant funded projects' own evaluation of their performance and where possible, impact. The analysis presents the findings from a sample review of 81 submitted summative assessments out of the 186 which were available. The review is intended to inform:
  - The on-going collection of evaluation evidence around delivery, process and impact
  - The work of grant recipients and their evaluators in undertaking summative assessments
  - The design and delivery of projects drawing on emerging lessons
  - The national evaluator's approach to reviewing the summative assessments.
- ii. This is the first review of the summative assessment evidence as part of the national evaluation. A much more extensive review will be undertaken as part of Phase 3, when the much larger number of assessments available will enable the analysis to be grouped by the ERDF programme's investment priorities (and hence Specific Objectives).
- iii. The specific evaluation questions addressed by this review are set out in the table below (drawn from the full list of research questions for the evaluation):

Research Questions	National Evaluation Phases and Strands
<b>Programme Relevance, Appropriateness and Consistency</b>	
1 In what context was the programme delivered?	<ul style="list-style-type: none"> <li>Some limited evidence from review of summative assessments</li> </ul>
2 Has the programme remained relevant, consistent and appropriate given the changes in economic and policy context which have occurred at an EU, UK or sub-national level, allowing for the changes which have been made to the programme strategy and resourcing? [new question]	
<b>Programme Financial and Output Progress</b>	
4 Did the programme meet its targets for inputs and outputs? What factors explain variations, including under or over-performance?	<ul style="list-style-type: none"> <li>Some limited evidence from review of summative assessments</li> </ul>
<b>Delivery and Process Evaluation</b>	
5 How was the programme delivered? Was the policy implemented “on the ground” in the way it had been planned? Was the logic model (set out above) linking policy and outcomes supported in the delivery?	<ul style="list-style-type: none"> <li>Phase 2 will also add insight from the review of the summative assessments (especially in terms of variations from logic models and delivery).</li> </ul>
6 What did participants and staff feel worked well in delivering the programme, why and how? What did they feel worked less well in delivering the programme, and why?	<ul style="list-style-type: none"> <li>Phase 2 (and 3) beneficiary surveys, reviews of summative assessments and to a lesser extent case studies will also provide valuable insight.</li> </ul>
7 How effective were risk management strategies in anticipating and mitigating risks?	<ul style="list-style-type: none"> <li>Touched on in a light touch way in phase 1 process strand (and will also get some insight from phase 2 review of summative assessments).</li> </ul>
8 Did delivery meet budgetary expectations when rolled out, or were there unforeseen issues and hidden costs?	<ul style="list-style-type: none"> <li>Touched on in a light touch way in phase 1 process strand (and will also get some insight from phase 2/3 review of summative assessments).</li> </ul>
12 How effective has the delivery processes helped to reduce the administrative burden on beneficiaries to date? What can be done to further reduce the burden within Regulatory and resource constraints?	<ul style="list-style-type: none"> <li>Review of summative assessments and beneficiary surveys in phase 2 and 3 impact strand may also provide some further insight into this issue from the perspective of delivery bodies and beneficiaries.</li> </ul>
14 To what extent have the horizontal principles helped to achieve equality and sustainability objectives? (note: not	<ul style="list-style-type: none"> <li>Coverage in review of summative assessment evidence in impact strands during phase 2 and 3 (although very limited coverage in the SAs)</li> </ul>

specific research question in evaluation plan, although highlighted as a theme)	
<b>Impact Evaluation</b>	
15 To what extent did the interventions delivered to beneficiary groups make a difference to their outcomes? What was their experiences of receiving this support? [new questions]	<ul style="list-style-type: none"> <li>Assessed as part of the impact strand in phases 2 and 3.</li> <li>Main source of information is the beneficiary surveys, plus bottom up evidence from review of summative assessment evidence</li> </ul>
16 Is there a difference in outcomes on each of the priority axes pre and post implementation of the ERDF programme?	<ul style="list-style-type: none"> <li>Assessed as part of the impact strand in phases 2 and 3.</li> <li>Uses mixed methods, including review of summative assessments, beneficiary surveys and CIE approaches.</li> </ul>
17 Is there a difference in outcomes for the priority axes between the operational programme group and control group?	<ul style="list-style-type: none"> <li>Assessed as part of the impact strand in phases 2 and 3, although fuller evidence will be available in later phase.</li> <li>Additional insight may be provided by review of summative assessments and case studies (using theory of change approaches where CIE not undertaken at a project level).</li> </ul>
20 Which aspects of the programme seem to have led to an observed outcome?	<ul style="list-style-type: none"> <li>Evidence from all evaluation strands and phases will contribute, especially beneficiary surveys and review of summative assessments</li> </ul>
21 Where sufficient levels of data are available, did any changes in outcomes vary across different individuals, stakeholders, sections of society (sub groups), Categories of Region (including at LEP area level) and if so, how did they compare with what was anticipated?	<ul style="list-style-type: none"> <li>Assessed as part of the performance and impact strands in phases 2 and 3.</li> <li>Uses mixed methods, including analysis of change in contextual indicators, review of summative assessments, beneficiary surveys and CIE approaches.</li> <li>Variation considered by intervention type, PA and category of region/LEP area subject to robustness of each type of evidence.</li> </ul>
22. Did any outcomes occur which were not originally intended, and if so, what and how significant were they?	As above

<p>25. To what extent did the application of the horizontal principles help to achieve equality and sustainability at the project level and contribute to achievement of impacts and mainstreaming [new question]</p>	<ul style="list-style-type: none"><li>• Addressed in light touch way in phase 1 process evaluation, as well as the bottom-up evidence from the review of summative assessments and to some extent the beneficiary surveys</li></ul>
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## Sample Representativeness

- iv. Our review has sampled 81 of these summative assessments, representing 44% of those received to date. The total ERDF grant awarded to the sampled projects is £212.5m (an average of £2.6m) which represents 62% of ERDF grant awarded to all 186 projects for which summative assessments have been received.
- v. The review is limited in that there are a small number of summative assessments available in some priority axes. For this reason, we have taken a more detailed look at three priority axes in particular:
  - Priority Axis 1 (PA1) – 30 out of 55 available summative assessments (55%)
  - Priority Axis 3 (PA3) – 30 out of 88 available summative assessments (34%)
  - Priority Axis 4 (PA4) - 12 out of 20 available summative assessments (60%).
- vi. There are a number of conclusions and lessons that can be drawn from the summative assessments. We have broken these down into the following categories:
  - The work of grant recipients and their evaluators in undertaking summative assessments
  - Grant recipients and project delivery teams in project development, delivery and management.
- vii. The lessons below reflect the key findings of the assessment.

## Appropriateness, Relevance and Consistency

- viii. The quality of this chapter in the summative assessments was varied in that policy and economic context was generally well-covered at project inception stage but then not necessarily updated in terms of continued relevance throughout the project lifecycle. Many evaluators also failed to adequately identify market failures and assess the extent to which demand evidence drove project design.

## Project Context

- ix. Project contexts were suitably localised, focusing in the main on alignment with LEP level strategy documents but with themes drawn from national policy where appropriate. This is consistent with the national programme's design to meet local growth objectives and need.
- x. Where changes to project context were covered, the main issues highlighted which had impacted on continued relevance and consistency were:
  - Uncertainty surrounding Brexit

- Publication of major policy documents
- Implementation of competitor support programmes.

### **Validity of Market Failure Arguments**

- xi. The main market failures cited by the summative assessments reviewed were:
- Information failures: driven by a lack of awareness amongst SMEs of the benefits of support.
  - Positive externalities: that is, the market failures which constrain the ability to secure positive spillover benefits to wider society and hence under investment in particular activities.
- xii. Although evaluators failed to explicitly identify them, a number of other market failures were implicitly evident, including:
- Access to finance information failures: related to banks' willingness to provide finance to SMEs, particularly for R&I activity.
  - Path dependencies: a lack of track record for delivery partners and a lack of investment experience from SMEs constraining demand for support.
  - Co-ordination failure: a lack of incentive or accessible mechanism for bringing together different delivery partners.

### **Financial and Output Performance**

- xiii. The quality of the analysis of financial and output performance was generally better than other sections of the summative assessments reviewed. Most projects had achieved or were very close to achieving their output targets at the time of the summative assessment.
- xiv. Amongst the projects which had underperformed, the most common issue was a delay to project commencement, often due to uncertainties around funding continuity at the time of the EU referendum result. Other common issues included:
- Recruitment (and often also the retention) of staff, particularly for more specialised interventions
  - Unexpected delivery efficiencies leading to an underspend in contracted activities
  - Poor scoping of demand in project design
  - Challenges securing anticipated public sector match funding and the unexpected loss of key personnel due to austerity measures at project implementation stage
  - Impacts of external economic shocks on demand for support (such as Brexit impacting on projects focusing on inward investment opportunities).
- xv. Where good performance was identified, common drivers included:



- Experience of the delivery team and strong governance and partnerships
- Proactive risk management
- The advantages of rolling forward similar or enhanced projects from previous programme periods and the opportunities for greater efficiencies and effectiveness this provided.

## Delivery and Management

- xvi. Although there were some significant issues with the quality of the summative assessments reviewed, the breadth of the sample meant that there were some useful conclusions and lessons that could be drawn from the evaluations, particularly around delivery and management. This strand of the SAs reviewed tended to have been more insightful than others with three out of four assessed as moderate or strong in terms of the quality of the assessments.
- xvii. Many of the conclusions concerning the delivery and management of the projects that can be drawn from the review apply across priority axes 1, 3 and 4 (from which the majority of the summative assessments reviewed were drawn). These are as follows:
- **Building in a phase 0 into delivery timescales:** following the completion of contractual matters, there were often delays in the commencement of delivery which were not built into project timescales. There is merit in explicitly allowing a three month period for new projects. This would have the added benefit of allowing grant recipients some time to refine the design of the project and check the continued appropriateness of their logic model to guide the delivery phase. This is less relevant for continuation projects which would already have tested the appropriateness of their delivery model, given they would likely prefer to get started quickly to enable a smooth transition for delivery between programme periods.
  - **Streamlining and simplifying project processes and the support offer:** this is cited as a key factor for a number of successful projects. It extends to streamlining a number of aspects of delivery and management including administration, sign up and screening of beneficiaries, marketing and communication of the support and benefits available and mapping of the client journey. As well as cutting down some delivery resource, this is also linked to much better take-up of support as beneficiaries gain a clearer understanding of the offer.
  - **Building on previous project experience and structures:** many summative assessments of continuation projects (often in PA3) cited the value of previous experience, existing networks and an established presence amongst local beneficiaries in enabling efficient and effective delivery and management. This enabled continuation projects to start promptly with a tried and tested delivery model that had already worked through the kinks during the previous project period. Whilst continuing to grant support projects is not always appropriate or desirable, the review

points to the delivery benefits of doing so where they already have a track record of achieving good outcomes.

- **Understanding clients' needs and engaging early:** a number of summative assessments cited the knowledge of target client groups built up over time or through the commissioning of additional research prior to commencing delivery.
- **Putting in place mitigating measures to address any staff changes:** A number of projects have faced significant challenges where key staff have left the project. A clear continuity plan should be set out in the project development phase to show that projects can continue to deliver in the face of such challenges.

### Priority Axis 1: Research and Innovation

- xviii. This ERDF programme has had much higher levels of funding for research and innovation (R&I) interventions than historically has been the case. It has covered a broader mix of interventions often through more complex and ambitious delivery arrangements and covering multiple delivery partners (when compared to the investments made through the former Regional Development Agencies for example). Nonetheless it has delivered this funding to bring about largely effective projects (at least in terms of contractual targets) and is generating typically high levels of satisfaction among beneficiaries.
- xix. Research and innovation focused projects face a number of similar challenges to business support projects. However, there are a number of challenges that are specific to research and innovation, not least the uncertainty around the achievement of certain outcomes associated with the support. The key lessons specific to research and innovation support are listed below:
- **Managing the early stages of delivery:** Projects delivering altogether new activities have often struggled early-on, as time is required for demand to build, to engage with and market to clients and to refine delivery mechanisms. These issues should be considered when profiling activities in the earlier stages of delivery.  
  
Careful consideration especially needs to be taken when looking to engage with clients that have not engaged previously in R&I support and infrastructure/facilities. Part of the solution will be to ensure the clear integration of R&D infrastructure and services with wider R&I support.
  - **Capturing and reporting outcomes:** A number of summative assessments noted that outputs and outcomes which related to research and innovation focused projects such as the introduction of new products and services or collaboration between organisations tended to take longer to achieve than grant recipients expected or MHCLG was able to allow for given the timing of the summative assessment report and final claim (given EC programme regulations). At the project development stage, grant recipients should ensure they are aware of these timescales, manage expectations and set

achievable targets. MHCLG may need to review if the available flexibilities around in the timescale for completing summative assessments are understood by grant recipients, but also actively encouraging grant recipients to undertake longer evaluations (although this would be at their own expense).

- **The complexity of multi-partner delivery:** As is appropriate, project teams for research and innovation projects tended to include a wide range of partners from industry, public sector, and academia. Although this brings strengths to the project in terms of experience, it also brings challenges in terms of co-ordination and governance. A number of evaluators recommended ensuring there are strong governance procedures in place, in particular around accountability and ownership of responsibilities where delivery is through multiple partners.
- **Managing client expectations:** As with business support projects, managing beneficiary expectations was raised in a number of summative assessments. For research and innovation projects this tended to be around beneficiary expectations of the ability of the support to enable businesses to move along the TRL (Technology Readiness Level) scale. As most projects focus in on certain parts of the TRL scale, grant recipients should ensure beneficiaries are aware of exactly which stages of development the project is providing support for. This was most prominent where projects were not clear on whether the project was also providing assistance around commercialisation at the latter stages of their support. Some evaluators also noted the importance of identifying other projects or external support that was available to beneficiaries to provide support around these subsequent phases of development.

### Priority Axis 3: SME Competitiveness

- xx. There are a number of key findings and lessons learned around the design and delivery of projects from the PA3 SAs, which will help improve the efficiency and effectiveness of future SME business support projects:
- **Importance of clarity:** a common theme arising from PA3 SA reviews is the need for clarity, in particular related to the ultimate aim or objective of the project (i.e., not losing sight of the purpose of the project whilst seeking to hit contractual targets), ensuring clear roles and responsibility with multi-partner delivery, and beneficiaries' expectations of the type and standard of support they will receive.
  - **Drawing on experience from previous projects:** the analysis makes clear that drawing on experience from previous projects has been a key driver for success in a number of areas. Project performance is also enhanced when combining experience with the use of tried and tested processes, systems and structures. There are numerous examples of successful projects which have rolled over previously successful delivery models, management and governance structures and reporting systems. This highlights the need, where possible, to draw on experienced personnel to the project delivery

team and tried and tested methods when delivering business support. Where mirroring project delivery is not possible or optimal, taking an existing template, drawing on evaluation evidence and networking with business support professionals provide a good starting point for those designing new projects.

- **Securing stakeholder buy-in:** given the wider context that projects work in, both locally and across LEP boundaries, it is important for grant recipients to engage with stakeholders. The summative assessments highlighted that this can be very helpful in driving up take-up of support through referrals, as well as expanding knowledge and capacity within the project delivery team. This is particularly true for projects that use locally based and trusted champions and organisations to engage harder to reach or minority populations.
  - **Tailored project and support:** where appropriate, beneficiaries and stakeholders alike have praised the benefits and effectiveness of tailoring client engagement to the local context and business support to beneficiary needs. However, there is a balance to be struck between tailoring support and delivering these services to businesses in cost-effective ways.
- xxi. Conversely, the review also found several common themes and patterns among projects which were considered relatively less impactful and cost effective:
- **Quantity over quality:** it is clear, from the review, that there are some projects which have provided service offerings which have been fairly light touch with the intention of delivering a high volume of outputs. As noted in some of these summative assessments and only a tentative conclusion at this stage, whilst the approach may be meeting contracted targets it may not be providing an effective pathway for businesses to grow and enhance their competitiveness, nor to secure local economic impacts. This issue will need to be explored further in the next phase of the evaluation and through the counterfactual impact analysis.
  - **External changes:** it is unsurprising that the rationale and intended focus of some projects has been affected by changes in the policy and delivery landscape (including Brexit and introduction of other competing projects). Although not widespread, the review has identified a number of projects (e.g., a number of inward investment projects) which have faced significant challenges have re-orientated themselves in ways which enable them to meet their output targets, but which may then fail to deliver local impacts and value for money.
  - **Relaxing eligibility criteria:** some projects have had to relax their eligibility criteria after having set themselves challenging output targets. This has often come at the sacrifice of enrolling businesses outside of the target area or sector and in other cases those that do not meet the objectives of the project specifically in terms of the potential for growth (e.g., growth programmes) or common characteristics of the group of businesses (e.g., peer networks). This has diluted the initial project's offer, core beneficiary groups' experiences and, ultimately, intended outcomes.

## Priority Axis 4: Low Carbon Economy

- xxii. Relatively few PA4 summative assessments were available for review as part of this exercise. However, the assessments which were reviewed suggests the projects on the whole are being fairly effectively governed and managed, generating high levels of satisfaction among clients. The key conclusions and lessons are:
- **Knowledge and experience of advisors, clarity of client journey and regular contact:** providing clear expert advice is crucial in PA4, where services are supporting clients to adopt new technologies and measures that they may have limited understanding/experience of or require specialist academic and commercial support to develop new technologies.
  - **Delivering to more holistic solutions:** including the expansion of project support to include resource (alongside energy) efficiency and holistic approaches such as 'whole place' energy efficiency and circular economy solutions.
  - **Technical advice, supplemented with grant funding, is an attractive offer to SMEs:** to ensure that clients are able to successfully implement resource efficiency projects and delivered on anticipated impacts.
  - **Linking into wider support providers, key industry players and supply-chains:** These have proved to be two of the most successful means of tapping into specific industries where the project has a sector focus or is looking to support large energy users including certain manufacturers. Putting in place a formal structure to oversee and develop stakeholder relationships like these can help to ensure a steady stream of demand, and that clients have access to wider support and commercial opportunity.
  - **Ensuring clarity of client recommendations and action plans:** Projects that put in place clear action plans for SMEs appear more likely to deliver concrete benefits for their clients. This is particularly important for projects that are supporting businesses to invest in new energy efficiency or low carbon measures that they have little or no previous experience of.

## Impact and Value for Money

- xxiii. The review of the impact and VFM assessments in the summative assessments reviewed has clearly shown the inconsistency of the impact and outcomes evidence. Whilst the summative assessment guidance and templates are intended to secure greater consistency in the form of measurement and presentation of the data (although not necessarily the evaluation techniques), the extent to which this is being achieved is limited to date. As a result, it is difficult to draw out which intervention categories and specific activities are providing higher or lower impacts, and their variations in the associated unit costs.
- xxiv. However, there is some tentative evidence pointing to the following conclusions, but these will need to be tested further through the phase two counterfactual impact

assessment and the more extensive review of summative assessments in Phase 3:

- PA3 projects tend to be more successful in generating job creation and at a lower unit cost. There is some tentative qualitative evidence that lighter touch forms of support in this priority tend to perform less well compared more intensive forms of support (especially where this later support type is well tailored to the needs of its target audience and is able to secure the intended level of take-up).
- PA1 and PA4 projects (excluding capital schemes) tended to provide lower economic benefit at the time of the assessment compared to PA3 projects, although this is in part due to the greater likelihood that these assessments fail to capture some outcomes and impacts due to their timing in relation to that of the assessments.

### **Enhancing Summative Assessments**

- xxv. Given the general low quality of a number of aspects of the summative assessments, there are some clear lessons that can be drawn from the analysis and actions taken by MHCLG to strengthen the quality. This needed negatively impact on the national evaluation design providing the actions to enhance the quality of the assessment are taken promptly.

### **Importance of the logic model and theory of change**

- xxvi. The summative assessment guidance recommends a proportionate approach to the assessments. Given many projects were unable to apply more analytical approaches to impact and outcome assessments such as counterfactual impact evaluation, this makes a thorough assessment of the project's logic model and its theory of change very important. Many summative assessments could strengthen their analysis through more explicit use of theory of change approaches.

### **Understanding the case for market failure**

- xxvii. Although the national programme is focused on meeting local needs and objectives, relative underperformance on a particular measure does not, in itself, present a robust case for investment. Evaluators and grant recipients should have a deeper understanding of the specific market failure that the project seeks to address. This will help in forming the ultimate aim of the project and, subsequently, reviewing its success against it.

### **Transparency and clarity of impact methodology and approach**

- xxviii. The wide range of project types means it is appropriate to undertake assessments using a wide range of approaches. This brings some difficulties in drawing out messages and comparisons across summative assessments. To address these

difficulties, it is important that methodologies are clear and transparent so that it is obvious where impact estimates are not consistent, and comparison of estimates between projects is not appropriate. Clarity and transparency are also very important in assessing the level of confidence that can be put on the figures and findings, as the level of robustness of approaches can differ significantly. The impact template needs to be fully completed where this is appropriate given the types of outputs being delivered.

### **Transparency and clarity of survey methodology and approach**

- xxix. Where evaluators rely on primary survey data and analysis, it is important to provide sufficient detail on the approach and a critique of the findings. This includes transparency on the representativeness of the sample (sample rate, split by sector, location etc), the lines of questioning used, the method (web, telephone, face to face) and any challenges faced. It should also be clear how and where survey evidence is used within the evaluation and the implications of the robustness of the sample and method on the findings. If necessary, some of this information such as survey questionnaires can be provided as an appendix.

### **Justification of methodology and approach**

- xxx. Where it is not possible to undertake sufficiently robust forms of evaluation, as well as being clear about the methodology, evaluators need to clearly justify the approach taken. This should include a clear statement on the reasons that more robust evaluation cannot be undertaken and the implications that this has on the reliability of the findings. The implications should be clear throughout the evaluation as the robustness will affect different strands of the evaluation in different ways.

# 1. Overview of Summative Assessments

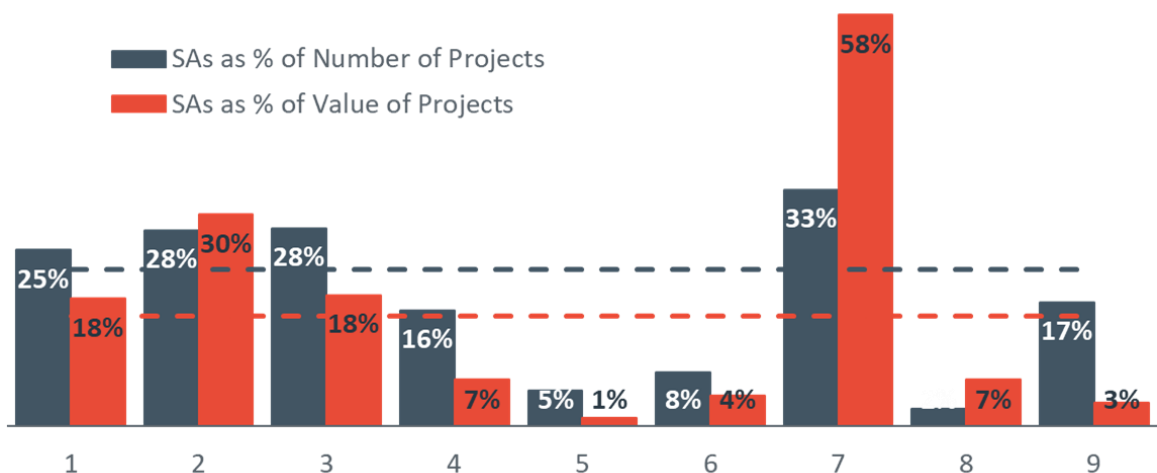
As of January 2020, 186 summative assessments had been provided to the evaluation team. This review has sampled 81 of these summative assessments, representing 44% of those received to date. The total ERDF grant awarded to the sampled projects is £212.5m (an average of £2.6m) which represents 62% of ERDF grant awarded to all 186 projects for which summative assessments have been received.

## Sample Representativeness

Summative assessments were selected to provide a good spread, in terms of priority axis, of summative assessments submitted for projects in each priority. Where necessary, we have over sampled to ensure the review considers projects with a range of themes. The selection also favours larger projects in terms of total budget, as these are more likely to have undertaken summative assessments with greater robustness and a wider range of techniques.

The charts below show the number and value of Summative Assessments received as a proportion of all live projects. In general, there is much lower coverage in the priority axes that have fewer projects, with the exception of PA7 where there has been a much greater proportion of summative assessments received.

**Figure 1.1 Summative Assessments Available by Priority Axis**



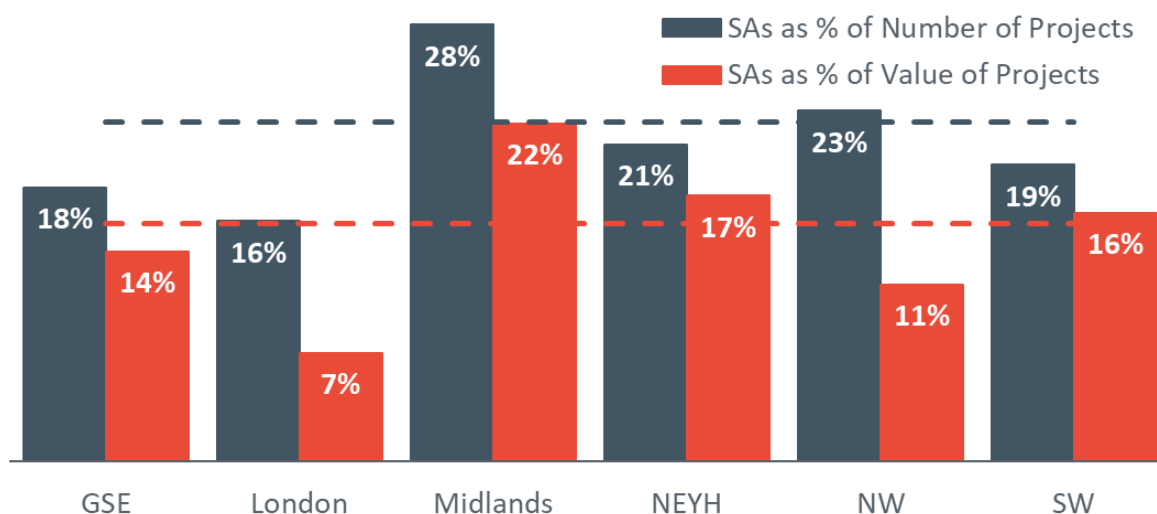
Source: Review of 81 Summative Assessments; MHCLG, Project Tracker, January 2020

The analysis by GDT region shows a relatively lower proportion of summative assessments have been received in London and the Greater South East, with the largest proportion received in the Midlands. The analysis also shows that across all areas the proportion of summative assessments received is greater than the value of these projects. This demonstrates that on average, the projects for which summative assessments have been received have been slightly smaller projects. In areas with large disparities, this is



partially driven by a small number of particularly large projects that have not yet reached summative assessment stage such as the Northern Powerhouse Investment Fund.

Figure 1.2 Summative Assessments Available by GDT



Source: Review of 81 Summative Assessments; MHCLG, Project Tracker, January 2020

Table 2.1 below shows the sample representativeness by both number of summative assessments and value. As shown, the review has oversampled in certain areas, this is to allow us to gain insights across different priority axes. We have also targeted larger summative assessments in some areas, in part to account for the smaller than average project sizes for summative assessments received, but also because larger projects have more scope to apply a broader range of evaluation techniques.

Table 1.1 Summative Assessment by Priority Axis

	No of SAs	SAs Sampled	%	Value of SAs (£m)	SAs Sampled (£m)	% of SAs
PA 1: Research and Innovation	55	30	55%	£85.4	£63.6	74%
PA 2: ICT	8	4	50%	£18.2	£15.8	87%
PA 3: SME Competitiveness	88	30	34%	£185.7	£97.7	53%
PA 4: Low Carbon Economy	20	12	60%	£27.1	£16.4	60%
PA 5: Climate Change Adaption	1	1	100%	£0.5	£0.5	100%
PA 6: Protecting the Environment	3	2	67%	£1.9	£1.2	62%
PA 7: Sustainable Transport in Cornwall and IoS	2	2	100%	£17.3	£17.3	100%
PA 8: Promoting Social Inclusion	1	0	0%	£1.9	£0.0	0%
PA 9: Technical Assistance	8	0	0%	£3.0	£0.0	0%
<b>Total</b>	<b>186</b>	<b>81</b>	<b>44%</b>	<b>£341.2m</b>	<b>£212.5m</b>	<b>62%</b>

Source: Review of 81 Summative Assessments; MHCLG, Project Tracker, January 2020

The review also aims to ensure good coverage across investment priority. Although, due to the number of SAs available for review, it is not possible to ensure a fully representative sample, the tables below show that the review is able to draw in SAs for a variety of intervention types.

For innovation focused projects, the review has covered a broad range which includes both infrastructure such as equipment, facilities and incubation space and more general innovation advice and guidance.

Table 1.2 Coverage by Investment Priority for PA1		
Investment Priority	SAs Reviewed	% of PA1 SAs Reviewed
1a: R&I Infrastructure	8	27%
1b: Innovation Support	26	87%

Source: Review of 81 Summative Assessments; MHCLG, Project Tracker, January 2020; Note: proportions do not sum as some projects cover multiple investment priorities

For projects focused on SME competitiveness, there is good coverage across all project types aside from SME finance, for which there were no, or a very small number of projects that summative assessments had been received for. The table shows a fairly even spread across investment priorities.

Table 1.3 Coverage by Investment Priority for PA3		
Investment Priority	SAs Reviewed	% of PA3 SAs Reviewed
3a: entrepreneurship	19	63%
3c: improving SME capabilities	15	50%
3d: new markets	11	37%

Source: Review of 81 Summative Assessments; MHCLG, Project Tracker, January 2020; Note: proportions do not sum as some projects cover multiple investment priorities

Given the smaller sample of PA4 projects, it is not possible to ensure an even spread. However, the review does ensure coverage of a variety of interventions.

Table 1.4 Coverage by Investment Priority for PA4		
Investment Priority	SAs Reviewed	% of PA4 SAs Reviewed
4a: Energy Production	4	33%
4b: LCE Take-up in SMEs	6	50%
4c: housing and public energy efficiency	1	8%
4f: LCE R&I	3	25%

Source: Review of 81 Summative Assessments; MHCLG, Project Tracker, January 2020; Note: proportions do not sum as some projects cover multiple investment priorities

## Overview of Quality

Taking a view across all the sections of the summative assessments, the quality was mixed (32 judged to be moderate and 19 strong, whilst 30 were considered to be weak). In general, they were not reflective of the scale of the project with little variation in the techniques used by evaluators.

Across all project types there were a lot of different approaches adopted and often a lack of clarity around methodologies. As shown in the table below, less than one in four of the SAs were judged by us to demonstrate strong transparency around their methodology. This was a particular issue for those that had conducted beneficiary surveys (59 SAs), where only 7% (4 SAs) were judged to have provided a strong survey and sampling method. Of those that conducted beneficiary surveys, less than one in four provided a critique of sample representativeness.

Table 1.5 Transparency of Methodology in SAs Reviewed		
	SAs	Proportion of SAs
Strong	19	23%
Moderate	32	40%
Weak/Insufficient Info	30	37%

Source: Review of 81 Summative Assessments; MHCLG, Project Tracker, January 2020

This creates an issue with the level of confidence that can be placed around the findings of the summative assessments, affecting all aspects but particularly the impact and value for money findings as these relied most heavily on survey findings.

The summative assessments are likely to be most useful in gaining insight into project progress and delivery and management as these aspects of the assessment were generally better quality than others. This is in part because they rely less heavily on beneficiary survey evidence and advanced quantitative evaluation techniques.

The detail behind the quality of each aspect of the summative assessment is covered in the subsequent sections of the report.

Across project types, summative assessments for projects focused on SME competitiveness and advice and guidance on innovation provided the most useful insights, partly because evaluation in these areas is well-trodden ground. Innovation projects were constrained by the scope to assess impacts as the timing of impacts tends to be a longer lag from support.

Infrastructure projects such as transport, land & property development (of which relatively few were covered in our review) provided the least useful insight, mainly due to the timing of the summative assessments as most were yet to realise any impacts or outcomes. This meant lessons and conclusions were mainly linked to progress in delivering the infrastructure itself. The exception to this was broadband projects of which the few covered provided relatively higher quality assessments. As with business support projects this was due mainly to the larger project budgets and wider body of evidence around impacts and evaluation in this field.

## 2. Continued Appropriateness and Relevance

This section of the summative assessment is intended to critique the design, appropriateness and consistency of the project from outset through to closure. It should be noted that 14% (11) of the SA's reviewed did not cover continued appropriateness, relevance and consistency.

### Quality

In general, the summative assessments provided a decent overview of the wider policy and economic context for the project. However, in a lot of cases, evaluators failed to identify and test the market failure justifications underpinning the project, often providing only evidence of relative underperformance on a range of indicators rather than a specific market failure. This is important as, although the national programme is designed to meet local need, it is intended to address specific market failures as set out in the application form and logic model templates for projects. Amongst other things, failure to understand and identify the market failure rationale undermines the additionality analysis as the extent to which the project is not displacing activity from elsewhere is tied to its market failure case.

There was also a notable lack of analysis and commentary on the demand for support in the local area. This is particularly important for interventions that focus on specific sectors of the economy or types of organisations. Without this demand analysis it is difficult to say which factors have driven performance of the project, whether it is market conditions or specific actions taken by the project team.

Most summative assessments also only provided contextual evidence in terms of the project's initial design and critically failed to assess the continued relevance of the project during the delivery period. This may be due to a mix of reasons including this aspect of assessment being overlooked by evaluators, there being few economic shocks or policy changes in the last 2-3 years (besides Brexit), and the delivery period for some projects being fairly short.

	SAs	Proportion of SAs
Strong	22	27%
Moderate	35	43%
Weak/Insufficient Info	24	30%

Source: Review of 81 Summative Assessments

Given the steps taken towards exiting from the European Union, and the recent coronavirus pandemic, this may change over the next year. Changes to context and consistency will become a much more important issue for ongoing projects and we would

expect to see much more focus on it in upcoming summative assessments. As well as being important to the general business base, ongoing economic uncertainty is particularly relevant to R&I projects as businesses look to cut expenditure on riskier endeavours.

## **Original and Continued Relevance**

The economic and policy context in the SAs reviewed was often localised, and the main themes covered were appropriately specific to the LEP area with alignment to specific economic challenges or policy objectives such as target sectors, productivity gaps, business start-up rates and a disproportionate reliance in some areas on public sector employment. This is in-keeping with the national programme's design to meet local growth objectives and need.

Whilst still mainly focused on local context, PA1 projects also tended to focus more on national policy objectives and challenges such as the Industrial Strategy. Again, this is appropriate given research & innovation focused projects are more likely to have national impacts.

A significant number of Research, Infrastructure and Knowledge Transfer projects are looking to build on existing links between HEIs and SMEs, overcome barriers to knowledge transfer and HEI-SME collaboration, and/or develop clearer routes to commercialisation for R&I.

Many projects were looking to build on existing R&I strengths, establish centres and clusters of excellence and boost the UK's standing internationally in a range of R&I areas (including life science, digital, materials).

Where changes to the project context were covered, the main issues noted were:

- Uncertainty surrounding Brexit has affected investor and business confidence. This is particularly relevant to business support projects, with the reluctance of businesses to pursue growth and new investment dampening demand for some support (but also stimulating demand for support related to trade and international markets). As well as affecting SME competitiveness focused projects, reluctance to pursue growth and investment during a prolonged period of on-going uncertainty has changed the demand context for many R&I projects, particularly those focused on business support (80%+ of the PA1 Summative Assessments reviewed - primarily PA1b). Brexit has also made the follow-on/match funding position for future/extension projects uncertain.
- Publication of major policy documents such as the Industrial Strategy (and Industrial Strategy Challenge Funds), Clean Growth Strategy and the UK Digital Strategy, which include strategic foci for economic growth and innovation nationally. The Industrial Strategy in particular has put a clear focus on delivering productivity enhancements, while ever more attention is being placed on digital solutions. R&I activities have a clear role to play here. Recent Sector Trade Deals are also cited to support the continued relevance of sector or supply chain development focused interventions. These strategies are also filtering down into local policy, e.g., through emerging

Local Industrial Strategies, although many of the overarching objectives and needs remain unchanged.

- Implementation of competitor support programmes that were not running, or grant recipients were not aware of, at inception. This was seen to have a significant effect on take-up of support in some cases, particularly where the competitor programme offered more favourable terms such as better intervention rates. Although this was more prevalent in PA3 projects, there were also examples in other areas such as a Low Carbon Innovation Support project which suffered from the existence of a similar project delivering support at a lower intervention rate in the local area.

## Validity of Market Failure Arguments

A number of common themes arise in terms of the underlying the market failure rationale for ERDF (and wider public) investment:

- **Information failure:** a lack of awareness among SMEs of how to invest and engage in R&I and the opportunities and benefits for their businesses of doing so. This includes a lack of awareness of the skills and knowledge that HEIs (graduates and academics) could bring to SMEs.
- **Positive externalities:** spill-over benefits to the wider economy and society associated with the development and deployment of innovative new products and processes.

Although rarely highlighted in the summative assessments we have reviewed, we would also highlight the relevance of three further market failures:

- **Access to finance information failures:** as well as the information failure mentioned above, there is also an information failure related to SMEs' ability to access finance, particularly for investment in R&D and innovation. Many banks will be unwilling to provide finance to businesses. From another perspective, many SMEs may not have the knowledge or access to the information on how to access the right type of finance for their purposes, or the breadth of financial assistance available.

Many projects investing in R&D highlight the wider barrier associated with **bridging a financial gap and uncertainty** in the development of R&I and technology. The development of R&I is often associated with longer and more uncertain payback periods, especially for earlier stage R&D.

- **Path dependency:** Where HEIs do not have a track record or structures in place to engage with SMEs or a strong culture of doing so, they can often be reluctant to invest in new structures for SME engagement, support and collaboration. Similarly, where SMEs do not have a track-record of investing and engaging in R&D and innovation, they are less likely to do so in future. This is particularly the case for more generic innovation support projects.

A handful of summative assessments reviewed also highlight the lack of appropriate skills and/or ability to access skills for R&I as a barrier. This is

another form of path dependency that can lead to persistent under investment in R&I.

- **Co-ordination failure:** This is a factor for projects operating through multiple delivery partners (HEI, industry, public and third sector), and typically more R&D-focussed and intensive innovation programmes. There is a lack of incentive for any one organisation to invest in bringing together and co-ordinating a group of partners to deliver a collaborative programme offer. Public investment is required so that this initial disincentive can be overcome and that the costs (and risks) of co-ordinated delivery can be bridged. Co-ordination failure was only highlighted in the summative assessment for one project but is likely to apply across other multi-partner projects.

### 3. Financial and Output Performance

The financial & output progress theme within the summative assessment assesses the project's success in meeting its contracted expenditure and output targets. This is both in terms of the progress itself and the reasons behind any identified under or overperformance. The fact that the summative assessments were typically completed prior to financial and practical completion means it is not possible to fully assess project progress, however evaluators have often provided a best estimate of the project's projected position at closure (as required in the summative assessment summary form ESIF form 1-014). This will need to be compared to analysis of final outturns of the reviewed projects in due course.

#### Quality

Overall, the quality of this section was better than some of the other sections with over three quarters of the summative assessments reviewed demonstrating a strong or moderate quality assessment.

The requirement in the summative assessment guidance and in the summative assessment summary form to standardise the presentation of financial and output progress and to provide a RAG (Red, Amber, Green) rating, meant that there was a degree of consistency in the approach to this section of the assessments reviewed. It should be noted however, that 22% (18) of the summative assessments review did not provide the standardised table with RAG rating.

In most cases, the summative assessments reviewed did not provide a justification for the projected figures at project closure. As such, it is difficult to say how much weight can be put on the projections, particularly where projects are projecting a significant improvement in progress at closure.

	SAs	Proportion of SAs
Strong	24	30%
Moderate	39	48%
Weak/Insufficient Info	18	22%

Source: Review of 81 Summative Assessments

#### Emerging Findings

Overall, just over half of summative assessments are expecting to have achieved 95% of output and financial targets by project closure:

- **Financial Performance:** 58% (47) of summative assessments reviewed recorded a green or mostly green RAG rating (greater than 95% of target) for financial performance



- **Output Performance:** In line with financial performance, 60% (49) of summative assessments reviewed had mostly green (greater than 95% of target) or all green output performance with 38% showing all green.

RAG Rating	Financial		Output	
	SAs	%	SAs	%
Green	47	58%	31	38%
Mostly Green	-	-	18	22%
Amber	12	15%	-	-
Mostly Amber/Mixed	-	-	11	14%
Mostly Red	-	-	2	2%
Red	3	4%	1	1%
Insufficient Info	19	23%	18	22%

Source: Review of 81 Summative Assessments

Where projects have underperformed, the most common issue was a delay to project commencement, mainly due to getting the Funding Agreement in place. Although some projects could push delivery back to accommodate the delay, others were working towards fixed or less flexible end dates. This then impacted on timescales for delivery and ultimately, take-up and the support on offer to beneficiaries. Although not explicitly noted in the SAs reviewed, it is likely that these delays were due to the EU referendum and uncertainties around funding continuity. Moving forward this is less likely to be an issue.

Other issues faced by projects were varied and in a lot of cases, project or delivery partner specific, but some common issues include:

- Retention and recruitment of staff, particularly for more specialised projects
- Contractual delays to project start
- Outputs delivered more efficiently than expected at inception, leading to an underspend
- Existence of competitor support programmes, particularly those with more attractive intervention rates or support packages, impacting on demand and hence take-up of support
- Poor scoping of demand for the project from beneficiaries resulting in unrealistic output and/or expenditure targets
- Financial difficulties with public sector partners affecting the ability to provide match funding or recruit appropriately, leading to a lack of capacity within the project team or wider steering group
- External factors such as Brexit uncertainty and other economic shocks impacting either adversely on demand for the support, or positively, resulting in efficiencies due to a reduced need for marketing and engagement activity and subsequent underspend.

Common factors driving good progress against targets include:

- Strong governance and partner relationships enabling quick reactive and proactive decision making

- Appropriate procedures in place to deal with foreseen and unforeseen risks including successfully implemented project change requests
- The continuation or replication of successful projects from earlier periods (although with minor changes)
- The strength of project teams' experience often drawn from running similar projects
- Unforeseen improvements in local economic circumstances such as increased business formation stimulating higher than expected demand for the support offered by project.

## 4. Priority Axis 1: Research & Innovation

The ERDF programme has had much higher levels of funding for research and innovation interventions than historically has been the case. It has covered a broader mix of interventions often through more complex and ambitious delivery arrangements and covering multiple delivery partners (when compared to the investments made through the former Regional Development Agencies for example). Nonetheless, the review of the summative assessments suggests the projects are delivering this funding to bring about largely effective innovation activities (at least in terms of contractual targets) and generating typically high levels of satisfaction among beneficiaries.

The review of summative assessments included 30 Priority Axis 1 projects falling into three broad categories:

- **R&D-focussed and more intensive innovation projects:** 15 projects (50%) drawing on industry and/or HEI R&D expertise to develop new technologies/products (includes one graduate knowledge exchange project)
- **More generic innovation projects:** 12 (40%) projects delivering advice and support to SMEs to introduce greater innovation into their businesses (includes two projects delivering innovation vouchers)
- **R&D infrastructure:** 3 (10%) projects where the construction of new research and innovation space is funded, often alongside access to academic and research expertise within the research institutions.

The quality of the delivery and management themes of the summative assessments generally good (with four out of one in four assessed as weak or providing insufficient information), which is marginally better the average across all 81 summative assessments.

	SAs	Proportion of SAs
Strong	12	30%
Moderate	14	48%
Weak/Insufficient Info	4	22%

Source: Review of 81 Summative Assessments

### Governance, Management and Partnership Working

The majority of summative assessments found that, overall, projects were effectively managed and governed and had suitable structures in place (covering for example the effectiveness of governing/management teams, meetings and communication). At least 80% (24) of the PA1 summative assessments reviewed found this to be the case.

Around a half of summative assessments reviewed were for projects involving multiple delivery partners working together on the governance, management and delivery. This is the case among at least 16 (53%) of the PA1 projects reviewed, and particularly among

more R&D-focused and intensive innovation projects. In addition, delivery partners are often working with a significant number of stakeholder organisations to ensure they draw on the experience and resource held across the local area (and nationally in some instances).

For many projects this sees multiple universities working together with other support organisations, industry partners and the public sector. This can yield significant benefits: packaging a range of services and facilities to offer SMEs and researcher choice through a single point of entry, aligning with existing provision, increasing the potential for collaboration and innovation, wider client engagement and on-going relationships.

The summative assessments highlight that delivery through consortiums of partners also introduces complexity in the way projects are coordinated. The assessments point to lessons on how this complexity varies and can be mitigated:

- **Building on experience and existing partnerships:** Successful governance and management is often tied to the experience of the project team. Those with previous experience in delivering R&I through ERDF projects, and particularly projects that were rolling on from previous programmes, were seen to be more successful in their governance and management than others.
- **Clear communications & roles from the start:** where roles and communications are not clear, it can influence a project's ability to swiftly address emerging challenges. It can also filter through to project delivery and the engagement and experience of clients. The clarity of roles and commitment of each partner can be strengthened significantly if strong buy-in is secured from all partners and detailed agreements are put in place during the development phase. Where possible and appropriate, contracts/MOUs/service level agreements should be created to establish formal agreements and clear governing and management structures.

Once projects have entered the delivery phase it is also clear that regular meetings between governance and management teams is a pre-requisite for effective delivery, that these meetings have a clear agenda and result in practical actions.

- **Strong centralised and shared administrative systems:** establishing comprehensive, shared administrative systems can help to mitigate much of the complexity associated with monitoring key indicators under multi-partner delivery of PA1 projects. Several summative assessments pointed projects gathering information from delivery partners in an uncoordinated way using multiple spreadsheets containing overlapping data which had caused various monitoring and reporting issues.

Two additional governance and management themes emerge from the analysis of PA1 summative assessments (spanning all project types):

- **Flexibility to adapt to challenges:** Several PA1 projects have had the flexibility and willingness to adapt their delivery and management model to address emerging challenges. The summative assessments indicated that this has enabled these enabled projects to enhance delivery and performance.

**Recruitment and retention challenges:** A key factor affecting governance and operational management (as well as service delivery) is the recruitment and retention of experienced (and often specialised) staff throughout the project lifecycle. Where this has not been the case projects have placed themselves at risk of not having the right skills in place in time and/or caused delay and set back in delivery and progress. This is one of the key factors cited as impacting on project performance in PA1.

- Similarly, where key delivery partners have withdrawn (partially or fully) from projects, affecting the scale of resource available to deliver client engagement, support and outputs. There is a clear need to ensure all partners have capacity for, and a strong interest in, contributing fully to projects from the outset.

## Marketing and Client Engagement

The review of summative assessments highlighted a lessons and best practice in marketing and client engagement research and innovation projects:

- **A clear communications and marketing plan:** A number of projects have experienced slow take-up early-on in the delivery phase. A slow start is often natural, as it will take time for awareness to build. Nonetheless, developing clear plans for marketing and engagement early-on, and in agreement with all delivery partners, can ensure that projects do not fall behind output forecasts. The following points provide some guide to the most effective means of engagement.
- **Ensuring sufficient resource is available for marketing:** some PA1 projects have had to develop additional measures to drive up demand part way through delivery.
- **Consider dedicated Business Development Managers:** we highlighted the potential benefit of BDMs under Support and Service Delivery above. The use of Business Development Managers (BDMs) in engaging SMEs can provide a key advantage in terms of demand stimulation. This is particularly true among HEI partners that are looking to build their engagement with SMEs.
- **Linking into existing networks of clients/stakeholders and supply-chains (before & after support):** link into existing partners in industry, local business networks and sector bodies, also including local partners such as local growth hubs, related council run support schemes. Where partners have existing relationships with the SME community, direct contact has proved to be one of the most effective means of engaging clients. There is a risk that HEIs engage only with those businesses that they have already engaged in R&D support and services; some summative assessment findings show that HEI led projects have failed to reach a wider client audience in taking too strong a focus on existing SME links.
- **Targeting the right SMEs:** It is crucial that the right types of SMEs are targeted for support. This is particularly true for projects delivering more

intensive and R&D-focused services, where beneficiaries should be well placed to collaborate & engage in research in the specialist areas covered. Ensuing thorough application and screening processes and targeted marketing can help ensure that this is the case. The summative assessments point to a number of examples of research projects have not been focused on the appropriateness of the businesses, instead be more concerned about the need to meet business support volume targets.

- **Implementing simple application and administrative processes:** several summative assessments have stressed the benefit of having streamlined and simple processes for accessing and applying for services. One project highlighted the benefit of the first point of contact being knowledgeable about industry and business requirements. This can lead to effective early diagnosis of business need and direction to the right support (where multiple options are available).

## Support and Service Delivery

The review of summative assessments for Priority Axis 1 projects point to high levels of self-reported client satisfaction gathered through beneficiary surveys. However, the factors which have contributed to this, as well as efficient and effective delivery, are varied.

Prior experience and clear communications were two factors highlighted under Governance and Management above but are also relevant in delivering services to clients:

- **Building on experience:** partners that have delivered R&I and/or ERDF projects previously, or especially where they are rolling forward from a predecessor project, are able to build on best practice and lessons learnt to adjust and refine delivery, e.g., in line with client feedback and challenges encountered previously.
- **Building on existing SME engagement:** There appears to be an advantage where HEI delivery partners have resources, systems and (in particular) a culture of engaging with SMEs. In contrast, adhering to delivery requirements (e.g., on eligibility and monitoring) can be more challenging where organisations do not have previous experience in delivering ERDF funded support.
- **Using Business Development Managers (BDMs):** Related to the point above, a number of projects saw BDMs and business advisors taking a key role in the delivery of innovation support to SMEs. It can allow projects to build on the experience of BDMs and advisors, the work they have already done in building a network of client leads and connections into the SME community.
- **Strong client communications:** Across all project types it is critical that SME beneficiaries are fully informed about the services available, how to access the services and their key contact. This is especially true for projects delivering services and facilities in complex areas of R&D and innovation, across multiple delivery partners and workstreams. As highlighted under Governance and Management above, poor communication and a lack of

clarity around roles and responsibilities can filter down to the services being offered to clients and can cause confusion among beneficiaries.

The review of summative assessments also provided a range of additional findings about the delivery of research and innovation activities:

- **Matching expertise to project objectives:** it generally appears best to shape PA1 projects to existing skills held among delivery partners, rather than relying too greatly on the recruitment of specialist skills or retrofitting staff roles to match project requirements. This means that the right skills will be in place from the start, be it in project management and administration or delivery. For projects drawing on academic expertise to deliver support and research in collaboration with businesses, it appears vital that projects build on the areas of academic expertise held among HEI delivery partners. This ensures that academics will be engaged in the activities they are delivering and that existing capabilities are capitalised on.
- **Consider implications of targets on partner/client incentives:** This is a particular issue for projects delivering through multiple partners. There are instances where each delivery partner is contracted to deliver outputs, introducing competition between partners. This can create a situation in which clients are not directed to the optimal service solution. This needs to be carefully considered during the project development phase, in terms of:
  - arrangements for directing clients to the appropriate part of project support, potentially through an initial gateway assessment
  - the way outputs are counted, potentially sharing outputs between delivery partners where multiple partners are supporting the same client.

## Support Types and Intensity

As stated earlier, research and innovation projects can be split between those that are delivering infrastructure for research (e.g., R&D space and facilities), those delivering more intensive, tailored, collaborative and R&D focused support services for SMEs that are already engaged in R&D, and those delivering more generic innovation support for businesses that are less engaged in innovation on a day-to-day basis.

The review of summative assessments, although limited in number in phase 2, suggests that in general terms all three types are delivering effective services which help SMEs to engage and invest in R&I. There is a clear on-going requirement to maintain a balance between more intensive and bespoke (or technology/sector specific) services alongside more generic innovation support. This can ensure that the range of market failures and barriers to R&D investment, the development of new technologies and products and wider business investment in R&I can continue to be addressed.

We have drawn a number of additional findings from the review of PA1 summative assessments relating to the nature of support provided:

- **Good market assessment evidence to underpin capital investments:** the provision of funding to deliver research infrastructure, for new R&D

space, facilities (including equipment) and incubators should be carefully assessed on the scale of local demand and need (as well as funding availability).

- **Strong business advisers have been a key component of many projects:** in addition to Business Development Managers, a significant number of PA1 summative assessments have highlighted the key role of experienced business and innovation advisers in delivering support directly to businesses. This predominantly applies to more generic forms of innovation support (where business advisers have a particularly important role in communicating ideas), but also to a smaller number of more intensive and R&D-focused services.
- **Innovation vouchers can be an effective means of securing business investment, but evidence is limited:** We have reviewed findings from a limited number of summative assessments covering projects that delivered innovation vouchers or SME grants. This shows that it has typically been effective in encouraging and de-risking SME investment in R&I. Often a relatively small grant/voucher contribution can allow SMEs to build on the wider advice and support received to invest in new technologies and process to enhance productivity.
- **Ensuring strong strategic/action planning for clients:** A number of projects have pointed to the need for clear action planning on top of wider R&I support, to ensure that practical business considerations are considered, investment is feasible, and support is converted into impacts. More projects should consider providing this type of support.
- **Demand for specific additional support types:** PA1 summative assessments have pointed to the effectiveness of, and demand from SME clients for, various types of support approaches. This includes:
  - **Longer term support:** a number of PA1 projects have provided support to SMEs beyond the 12-hour requirement for a C1 output. There have also been some demands from clients for longer-term support. This could be for intensive services (e.g., where R&D requires long-term support to progress to commercialisation) and for more generic support (e.g., where clients have progressed along a ladder of support and move towards larger scale plans for investment in R&I). Options should be considered to incentivise more-in-depth support where appropriate.
  - **Workshops, networking opportunities and cohort approaches:** allowing opportunities for peer-to-peer learning and collaboration. Cohort approaches have been found in a number of cases to be an effective way of engaging clients and facilitating strong commitment to change within a shorter term and more intensive service.

At this stage, the summative assessments reviewed have not pointed to specific approaches to the delivery of support as being more effective than others (e.g., workshops vs on-to-one support vs collaborative projects). Each project needs to carefully structure services to align to client need/demand and the nature of R&I support being provided. Projects should also be prepared to change the means of support during the delivery



phase where there is evidence that this is in high demand or that it would be more effective than existing approaches (as long as contractual outputs and outcomes are still met).

## Conclusions and Lessons Learnt

This ERDF programme has had much higher levels of funding for R&I interventions. It has covered a broader mix of interventions often through more complex and ambitious delivery arrangements and covering multiple delivery partners (when compared to the investments made through the former Regional Development Agencies for example). Nonetheless it has delivered this funding to bring about largely effective projects (at least in terms of contractual targets) and is generating typically high levels of satisfaction among beneficiaries.

Research and innovation focused projects face a number of similar challenges to business support projects. However, there are a number of challenges that are specific to research and innovation, not least the uncertainty around the achievement of certain outcomes associated with the support. The key lessons and recommendations specific to research and innovation support are listed below:

- **Managing the early stages of delivery:** Projects delivering altogether new activities have often struggled early-on, as time is required for demand to build, to engage with and market to clients and to refine delivery mechanisms. These issues should be considered when profiling activities in the earlier stages of delivery.  
  
Careful consideration especially needs to be taken when looking to engage with clients that have not engaged previously in R&I support and infrastructure/facilities. Part of the solution will be to ensure the clear integration of R&D infrastructure and services with wider R&I support.
- **Delivering on outputs:** A number of summative assessments noted that outputs and outcomes which related to research and innovation such as the introduction of new products and services or collaboration between organisations tended to take longer to achieve than grant recipients expected or MHCLG allowed for in the summative assessment requirement. At the project development stage, grant recipients should ensure they are aware of these timescales, manage expectations and set achievable targets. MHCLG may need to review if the available flexibilities around the timescale for completing summative assessments are understood by grant recipients and suitable.
- **The complexity of multi-partner delivery:** As is appropriate, project teams for research and innovation projects tended to include a wide range of partners from industry, public sector, and academia. Although this brings strengths to the project in terms of experience, it also brings challenges in terms of co-ordination and governance. A number of evaluators recommended ensuring there are strong governance procedures in place, in particular around accountability and ownership of responsibilities where delivery is through multiple partners.

- **Managing client expectations:** As with business support projects, managing beneficiary expectations was raised in a number of summative assessments. For research and innovation projects this tended to be around beneficiary expectations of the ability of the support to enable businesses to move along the TRL (Technology Readiness Level) scale. As most projects focus in on certain parts of the TRL scale, grant recipients should ensure beneficiaries are aware of exactly which stages of development the project is providing support for. This was most prominent where projects were not clear on whether the project was also providing assistance around commercialisation at the latter stages of their support. Some evaluators also noted the importance of identifying other projects or external support that was available to beneficiaries to provide support around these subsequent phases of development.

## 5. Priority Axis 3: SME Competitiveness

The review of summative assessments covered 30 projects funded through Priority Axis 3 split between the following categories:

- **General business support:** 16 (53%) projects providing more generic forms of business support
- **Growth programmes:** 3 (10%) projects providing accelerator-type or specialised growth coaching which focussed on developing high-growth potential businesses
- **Sector and supply chain support:** 4 (13%) projects providing support focused on the development of business in particular sectors, spatial clusters and/or associated supply chains
- **Inward investment:** 1 (3%): project which sought to attract inward investment from domestic or international SMEs to a LEP area
- **Start-up support:** 6 (20%) projects providing support targeted at helping entrepreneurs start up a business or establishing and facilitating the growth of recent start-ups.

The quality of delivery and management assessment within these summative assessments was weaker than the average across all 81 assessments reviewed. Two out of five were judged to either be weak or to have significant gaps in the information provided. Given that the evaluation of business support projects is commonplace and the approach to process evaluation are well understood by evaluators, this is surprising.

	SAs	Proportion of SAs
Strong	5	17%
Moderate	13	43%
Weak/Insufficient Info	12	40%

Source: Review of 81 Summative Assessments

### Governance, Management & Partnership Working

The majority of summative assessments found that, overall, projects were effectively governed and managed and had suitable structures in place (73% found this to be the case).

More than two thirds of PA3 projects (70%) involved multiple delivery partners working together on the governance and management or delivery. Multi-partner business support projects were more common among specialised support projects. In addition, delivery partners are often working with a significant number of stakeholder organisations to ensure they draw on the experience and resource held across the local or regional area.

The review raised several issues related to design and implementation which have a bearing on successful governance and management:

- **Building on experience and existing partnerships, structures and systems:** successful delivery and management was tied to the experience of the project team. Those with previous ERDF experience, and particularly those that were rolling on from previous programmes, were seen to be much more successful in their governance and management than other projects. Often experienced grant recipients were able to use tried and tested management and governance structures, systems and processes which provided the foundations successful project delivery and management.
- **Deploying Project Managers:** using an experienced project manager from the offset was also seen as important. Over the lifetime of a project, this helped provide the necessary stability and continuity and the platform from which the project could rely on and build from. For larger projects, working with one or more delivery or strategic partners, possessing a dedicated resource, to manage and provide oversight, enabled the rest of the team to focus on facilitating and delivering support to beneficiaries.
- **Recruitment and retention challenges:** as with other priorities included in the review, one of the main factors affecting governance and operational management was the recruitment and retention of experienced staff throughout the project lifecycle with the loss of, or delay in recruiting, key delivery staff or key personnel within partner organisations significantly affecting the team's abilities.

The summative assessments point to the use of partners as both an important strength and a source of strategic and delivery tensions. The key lessons include:

- **Communication and clarity around roles and responsibilities:** for the reasons identified in in PA1 above, in terms of obtaining buy-in, sharing best practices and addressing problems early on, projects emphasising clear and regular communications were commended for their strong management and governance.
- **Supporting and training less experience partners:** the requirements of ERDF funded projects can be difficult to understand for those unacquainted with the programme. Projects have suffered from inefficiencies where the delivery team, and particularly partners, spend operational time understanding ERDF nuances including eligibility, State Aid, ERDF expenditure & claims, and outputs.
- **Approach to contracting targets:** where partners are formally contracted to deliver an aspect of a project, the manner in which they are contracted to deliver a share of outputs can both assist positively in terms of accountability, create perverse incentives and challenges related to claiming and monitoring outputs. Whatever the approach, more mature partnerships tend to be better at managing the issues these methods create.
- **Making use of expertise:** partnerships extend beyond helping with recruitment and delivery, the Enterprise Hub project in Liverpool demonstrated the benefits of bringing in a managing partner to help with

managing a large scale, 21 partner, ERDF funded project. The grant recipients, the City of Liverpool College, appointed the Women's Organisation as Managing Partners to help ensure consistency and coordination across the project from the outset to strengthen the governance and technical capacity of the project.

## Marketing and Client Engagement

A variety of marketing techniques were cited in the summative assessments including networking, major events, signposting from Growth Hubs and other services, and social media and website development.

Whilst no particular technique standing out overall, the need to adopt a tailored approach to the type of support and target beneficiaries was a common conclusion of the assessments. Typically, more specialist projects such as inward investment, sector support and supply chain initiatives, needed to work closely with wider stakeholders in order to lever these as referral routes.

Other common themes in the summative assessments were:

- **Understanding the context and wider offer** – more successful projects tended to have much better awareness of the wider context and other support on offer, particularly for business support projects where referrals from and to other stakeholders was particularly helpful. It was also clear that beneficiaries benefitted where project teams had mapped out their customer journeys to provide a clear cycle of support.
- **Evidenced based approaches** – linked to the above, a number of summative assessments pointed to the benefits of undertaking tailored market research to inform marketing and engagement approaches. The value of this approach was typically greater for new projects or new delivery approaches where less familiar with the target market, or where new markets were being targeted (e.g., international inward investment projects).
- **Leveraging local expertise** – for projects with more of a focus on sustainable local development, there is value in leveraging local partners with strong community roots links to deprived communities or hard to reach groups. These groups are often best reached and engaged with through other organisations which have established and trusted relationships with the target groups.

A range of additional findings can be drawn on marketing and client engagement from the review of the summative assessments:

- **Co-ordination** is key for larger projects involving multiple strategic or delivery partners. The summative assessments highlighted instances where uncoordinated activity has affected the quality and clarity of marketing and engagement, and in some cases led to additional work for the core delivery team in resolving issues.
- **Eligibility checks** for SMEs are a useful tool to quickly assess the eligibility and suitability of applicants for the support being provided. Ineligible or

unsuitable applicants can then be sign-posted accordingly, improving the quality of referrals overall in the wider business support landscape.

- Several growth focused projects had used **stage-gate mechanisms** as a means of testing suitability for more intensive support, providing lighter touch interventions initially to gauge suitability and appetite on both sides.

## Delivery of Support

The summative assessments, as in the other priority axis, pointed to business beneficiaries who are very positive about their experience of the support they received and its delivery.

The summative assessments pointed to a common set of messages about the approaches which helped to ensure effective delivery of support to businesses

- **Building on experience:** projects which were running continuation projects were able to refine the approach in light of lessons learned, as well as taking advantage of the experience which had been built to deliver efficiently.
- **Tailoring engagement, type of support and delivery approach to the businesses:** a number of summative assessments pointed to more effective support to businesses where it could be tailored to their specific needs. Whilst not always appropriate or necessary, initial diagnostic sessions were noted in a number of assessments as quick ways of identifying the business needs and tailoring the support (through for example, a personalised action plan).
- **Credibility of advisors and business support specialists:** a consistent message was the credibility of the business advisors and consultants that worked with businesses. This appears to help to reduce drop-out and build business commitment to long term action.
- **Clarity about support, client journey and aftercare:** where negative feedback has been received from businesses, a common factor highlighted in some summative assessments was the lack of clarity over the support that businesses would receive, when the support was complete and the absence of any aftercare (e.g., provision of sign-posting or suggestions for further networking opportunities).

Most of the projects covered in the review of summative assessments appear to be delivering effective business support services, but the size of the sample at this stage has not provided a basis for drawing messages about the variations between types of support. Depending on the context, both general and more intensive and bespoke support projects have their roles in helping businesses overcome their barriers to development.

The summative assessments did provide some insight into different types of support and delivery approaches:

- **Use of cohorts:** providing support through the use of cohorts of businesses is a fairly common mode of delivery where these businesses receive the support as a group. The approach can be particularly effective for growth, sector and supply chain focused projects where businesses have a common

characteristic or interest. However, a number of summative assessments pointed to the approach not working so well where it was not possible to achieve this degree of common ground amongst the participants.

- **Leveraging expertise:** *sector and supply chain intervention* projects were able to provide specialist support that was of additional value to their beneficiaries. Such projects were able to focus their support by utilising their knowledge, experience and sector specific network to provide peer-to-peer and specialists individual or group support.
- **Watering down of more specialist support:** the review pointed to instances where projects had either intentionally or unintentionally watered down the support they were providing to businesses. Various reasons were given including the challenges of recruiting sufficient businesses, changes in local and national context (including Brexit) and the pressures on projects to balance financial and output considerations. The summative assessment evidence (although limited in this regard at this stage) points to these projects underperforming in terms of the customer experience and impact.
- **Demand for specific additional support types:** several summative assessments pointed to the need for projects to be able to provide more intensive support or larger financial grants to businesses as a means of securing greater business and local economic benefits. However, these projects would normally have some flexibility to provide more than 12 hours of support to selected businesses, as well as sign-posting businesses to other sources of support and providers of larger amounts of repayable finance.

## Conclusions and Lessons Learnt

There are a number of key findings and lessons learned around the design and delivery of projects from the PA3 SAs, which will help improve the efficiency and effectiveness of future SME business support projects:

- **Importance of a clarity:** a common theme arising from PA3 SA reviews, that appears across consistently across the project's lifetime and structure, is clarity:
  - **Ultimate aim or objective:** without this clarity at inception, there is a risk that projects are developed to deliver outputs and activities, rather than to address a specific need or market failure. The root cause of this problem is related to poor assessment of the wider context or a poorly developed market failure case.
  - **Management and governance:** particularly for multi-partner projects, a clear understanding of roles and responsibility is critical for successful collaboration and consistent delivery.
  - **Client expectations:** from marketing and engagement to support on offer. In the case of the former, focussed and clear messaging and engagement methods will shape the quality and type of businesses applying to and joining a project. In the case of the latter, managing

beneficiaries' expectations can help mitigate and avoid disappointment and improve their engagement with the project.

- **Drawing on experience from previous projects:** the analysis makes clear that drawing on experience from previous projects has been a key driver for success in a number of areas. Project performance is also enhanced when combining experience with the use of tried and tested processes, systems and structures. There are numerous examples of successful projects which have rolled over previously successful delivery models, management and governance structures and reporting systems. This highlights the need, where possible, to draw in experienced personnel to the project delivery team and tried and tested methods when delivering business support. Where mirroring project delivery is not possible or optimal, taking an existing template provides a good foundation for project designers to tailor and build from.
- **Securing stakeholder buy-in:** given the wider context that projects work in, both locally and across LEP boundaries, it is important for grant recipients to engage with stakeholders. The summative assessments highlighted that this can be very helpful in driving up take-up of support through referrals, as well as expanding knowledge and capacity within the project delivery team. This is particularly true for projects that use locally based and trusted champions and organisations to engage harder to reach or minority populations.
- **Building in a phase 0 to project timelines:** that is, before a project officially commences delivery, to allow grant recipients time and the resources to set up the project, including recruitment, management and governance structures, and administration process and systems. Project delays, constrained by fixed term ERDF contracts, affect delivery and in turn grant recipient's ability to meet contracted targets and deliver positive and transformative outcomes.

This additional time will also allow for multi-partner projects to ensure all members of the team understand the nuances related to delivering an ERDF funded project, including reporting and output claim definitions.

- **Tailored project and support:** where appropriate, beneficiaries and stakeholders alike have praised the benefits and effectiveness of tailoring client engagement to the local context and business support to beneficiary needs.

On the former, targeted and tailored marketing, especially for projects with a focus, was seen to be more effective for recruitment both in the number and quality of applicants. On the latter, SMEs were often positive about their experience of projects which offered "diagnostic" checks. Although not always appropriate, this gave them the rare opportunity to reflect and better understand their business, its barriers and growth ambitions. It was suggested that creating a growth plan from those conversations improved on-boarded business engagement and outcome achievement.

Conversely, the review also found several common themes and patterns among projects which were considered relatively less impactful and cost effective:



- **Quantity over quality:** it is clear, from the review, that there are some projects which have provided service offerings which have been more light touch, whether by design or through implementation, with the intention of delivering a high volume of outputs.

Though there is a case to be made for the provision of general business support, particularly among start-ups facing the same challenges the argument becomes less strong when talking about larger firms and those projects offering specialised ERDF projects. This raises questions as to whether these projects make best use of funding or are there alternative approaches which could yield more effective outcomes.

- **Relaxing eligibility criteria:** some projects have resorted to quantity over quality after having set themselves challenging output targets. This has often come at the sacrifice of enrolling businesses outside of the target area or sector and in other cases those that do not meet the objectives of the project specifically in terms of growth. This has an impact of diluting the initial project's offer, core beneficiary groups' experiences and, ultimately, intended outcomes.
- **External changes:** it is unsurprising that over a project's lifetime its relevancy and consistency is questioned as external or internal factors change the context under which the project's initial design and intervention logic was underpinned. In some cases, changes in circumstance have led to projects to shift their delivery models completely. Where changes have meant the project no longer complements the existing business support landscape locally, this has affected impact and value for money. As mentioned above, one such factor is Brexit which has in some cases adversely affected business support programmes, specifically inward investment schemes. In one example, the project effectively shifted its inward investment model to one that offered general business support for which it was not well designed for and meant it was difficult to redirect resources, scale and deliver value.

## 6. Priority Axis 4: Low Carbon Economy

We have reviewed 12 PA4 summative assessments. These split into the PA4 Investment priorities as follows:

- **Renewable energy systems:** 4 (33%) projects promoting the production and distribution of energy derived from renewable sources
- **Energy and resource efficiency in SMEs:** 6 (50%) projects promoting energy efficiency and renewable energy use in enterprises: projects
- **Energy and resource efficiency in public sector:** 1 (8%) project supporting energy efficiency, smart energy management and renewable energy use in public infrastructure and social housing sector
- **Low carbon innovation:** 1 (8%) project promoting research and innovation in, and adoption of, low-carbon technologies.

The summative assessment for the twelve Priority Axis 4 projects were assessed to have generally higher quality delivery and management assessments than the average, although the review of findings for this priority axis draws on a significantly smaller sample.

	SAs	Proportion of SAs
Strong	3	25%
Moderate	8	67%
Weak/Insufficient Info	1	8%

Source: Review of 81 Summative Assessments

### Governance and Management

All 12 of the PA4 summative assessments reviewed point to appropriate and effective governance and management structures having been put in place. Many of the findings are common to some extent to those for Priorities Axes 1 and 3 above. Nonetheless, a number of particular points came through strongly for these low carbon projects:

- **Continuity with previous projects:** several projects were adapted from similar schemes previously delivered offering a range of valuable advantages. However, contrast in this Priority Axis is that many of projects are wholly new, placing a greater emphasis on developing approaches and systems from scratch. This reflects the fact that the low carbon priority is being implemented on a far larger scale than has been the case in the past.
- **Staff changes:** at least four of the PA4 projects reviewed (33%) experienced significant changes with staff operating in key governance and management roles, leading challenges in ensuring the continuity of support. The scale on which low carbon economy projects are being implemented across the UK,

through ERDF and other public and private initiatives, is creating significant skill shortages.

- **Risks assessment and mitigation:** Several of the summative assessments highlighted the successful way in which projects had highlighted, tracked and mitigated against key projects risk, prior to and during delivery. As highlighted under PA1, allowing the flexibility for projects to alter delivery approaches appears to be key to enabling projects to adapt to emerging challenges.

## Marketing and Client Engagement

The summative assessments point to a range of marketing and engagement approaches with SMEs, where these are relevant, as being successful. The most often cited approaches include word of mouth, engagement through business networks (those of the delivery partners and wider stakeholders) and direct contact (face-to-face and via email). One project also generated a significant proportion of its leads through monthly newsletters shared with subscribers and stakeholders and a series of case beneficiary case studies to display the benefits of the support provided.

A number of wider findings can be drawn on marketing and client engagement from the PA4 summative assessments:

- **Linking into wider support providers and supply-chains:** Partnering and linking into wider support services is one way in which a number of projects have successfully engaged with significant numbers of SMEs. One project formed strong links into the local growth hub's manufacturing sector service. The same project also generated leads through the supply chains of major local employers. These have proved to be one of the most successful means of tapping into specific industries where the project has a sector focus or is looking to support large energy users including certain manufacturers.
- **Ensuring a local presence:** This seems to help in gaining the trust of local SMEs. One summative assessment recommended that the lead delivery partner, located outside of the project area, should have placed hot-desking facilities for the lead management staff, to improve the visibility of the project.
- **Preparing marketing and engagement plans:** as stated for the other PAs, it appears to be important to put in place a strategy and plans for marketing and engagement early on. This is particularly important where projects are looking to support clients that have little, or no understanding of the technologies or measures being deployed and developed under PA4.
- **Building on prior client relationships and links:** as emphasised under the other PAs, this can be a key indicator for projects that have been able to deliver support outputs early on, especially where the current project is an adaptation of a previous scheme.
- **Keeping early engagement simple:** reflecting the findings from other PAs, application processes, project entry points and client journeys (and the communication of these project elements) should be kept as simple as possible.

## Support and Service Delivery

Again, the summative assessments point to very high level of beneficiary satisfaction. A range of more specific findings can be drawn from the small number of summative assessments regarding support and service delivery:

- **Knowledge and experience of advisors, clarity of client journey and regular contact:** providing clear expert advice is crucial in PA4, where services are supporting clients to adopt new technologies and measures that they may have limited understanding/experience of or require specialist academic and commercial support to develop new technologies. A number of summative assessments have highlighted the importance of specialist advisers and business development managers (BDMs).
- **Ensuring clarity of client recommendations and action plans:** This is particularly important for projects that are supporting businesses to invest in new energy efficiency or low carbon measures that they have little or no previous experience of. Advisers should work closely with businesses to understand their needs and the practicality of implementation. Actions should then be set out in clear and understandable terms to ensure that businesses can invest in a way that will be problem-free, effective and generated the desired impacts.
- **Ensuring alignment with wider provision:** One project was competing with another national project, which offered larger and more favourable grants in the early stages of delivery. This resulted in limited take-up until that programme ended. Proper market scoping and alignment with the competing offer could have mitigated against this.
- **Dedicated resources and simplicity for administrative processes:** As mentioned for other PAs, it is important that projects organise to ensure that the administrative burden on clients is made as light and simple as possible. Under PA4, where some businesses are supported to access private consultancy support, this extends beyond the application process to the need to gather three quotes and provide payment evidence and complete works prior to receiving funds.
- **Targeting support to the right clients:** For PA4 projects it is important that they are able to establish which types of businesses are likely to have an interest in deploying or developing low carbon measures. Part of this needs to be addressed as part of a demand scoping exercise, undertaken during project development.
- **Technical advice, supplemented with grant funding, is an attractive offer to SMEs:** a key finding from one project delivering support to deliver energy efficiency measures to SMEs was that being able to offer advice alongside grant interventions meant that SMEs could be more confident in the investments they were making.

There were too few summative assessments included in the review to draw conclusions at this stage about the effectiveness of different types and intensities of support

## Conclusions and Lessons Learnt

The review of PA4 summative assessments points to a series of projects that have been effectively governed and managed and which have generated high levels of satisfaction among clients.

Many of the recommendations that can be drawn from the summative assessments for PA4 projects could apply across the PAs. For example,

- **Streamlining and simplifying project processes and the support offer:** covering administration, client application, the communication of the support and benefits available and the client journey
- **Undertake detailed market analysis and engage clients early:** a number of projects have started slowly. Define key client groups to target
- **Building on previous projects experience and structures:** covering staff experience, evaluation findings, and the networks of partners and clients previously engaged.
- **Putting in place mitigating measures to address any staff changes:** A number of projects have faced significant challenges where key staff have left the project. a clear continuity plan should be set out in the project development phase to show that projects can continue to deliver in the face of such challenges.

A range of findings and recommendations that are more specific to PA4 can also be drawn:

- **Knowledge and experience of advisors, clarity of client journey and regular contact:** providing clear expert advice is crucial in PA4, where services are supporting clients to adopt new technologies and measures that they may have limited understanding/experience of or require specialist academic and commercial support to develop new technologies.
- **Delivering to client need for longer and shorter-term support, aftercare and support on wider/holistic solutions:** including the expansion of project to support to include resource (alongside energy) efficiency and holistic approaches such as 'whole place' energy efficiency and circular economy solutions.
- **Technical advice, supplemented with grant funding, is an attractive offer to SMEs:** to ensure that clients are able to successfully implement resource efficiency projects and delivered on anticipated impacts.
- **Linking into wider support providers, key industry players and supply-chains:** These have proved to be two of the most successful means of tapping into specific industries where the project has a sector focus or is looking to support large energy users including certain manufacturers. Putting in place a formal structure to oversee and develop stakeholder relationships like these can help to ensure a steady stream of demand, and that clients have access to wider support and commercial opportunity.

- **Ensuring clarity of client recommendations and action plans:** Projects that put in place clear action plans for SMEs appear more likely to deliver concrete benefits for their clients. This is particularly important for projects that are supporting businesses to invest in new energy efficiency or low carbon measures that they have little or no previous experience of.

## 7. Impact and Value for Money

This section is intended to shed light on the impacts and outcomes of the activities delivered by the project on the local economy and other relevant receptors. The economic impact analysis then feeds into the assessment of value for money. Given the wide-ranging scope of the programme, there is a variety of impacts and outcomes resulting from each of the projects and evaluators have implemented a number of different techniques to capture and evidence them.

The value for money assessment demonstrates the return that the project is providing on the investment made. This can be done both quantitatively and qualitatively as appropriate. Unsurprisingly, most opted for a quantitative approach, as shown below:

	SAs	% of SAs Reviewed
Quantitative only	43	53%
Qualitative only	12	15%
Both	13	16%
None/ Insufficient info	13	16%

Source: Review of 81 Summative Assessments

### Quality

As is appropriate, there were a range of techniques used to capture impacts, however, the overall quality of the assessments was mostly weak. It is clear from the review that the techniques used were generally less sophisticated than expected with only one summative assessment achieving a Maryland Scale Rating of more than 1 which was the only summative assessment that used counterfactual impact evaluation. The proportion of assessments using each technique is shown below:

Impact Assessment Technique	SAs	Proportion of SAs Reviewed
Theory of Change analysis	14	17%
Impact Case Studies	25	31%
Beneficiary Surveys	59	73%
Administrative Datasets	5	6%
Comparison Groups	4	5%
Counterfactual Impact Evaluation	1	1%
None or unclear	12	15%

Source: Review of 81 Summative Assessments

As indicated earlier in the review, there was also a major issue around the transparency of methodology across summative assessments which made it difficult to understand

which techniques were being used and to assess their robustness. For example, less than one in four summative assessments reviewed have provided any critique of survey sample representativeness, making it difficult to judge how much weight to place on results. The low proportion reporting use of theory of change analysis is likely a consequence of the lack of transparency around methods noted earlier, as in practice most evaluators will have used the project logic model to guide their assessments.

Table 1.14 Quality of Outcome & Impact Assessments		
	SAs	Proportion of SAs
Strong	11	14%
Moderate	27	33%
Weak/Insufficient Info	41	53%

Source: Review of 81 Summative Assessments

In most cases, the value for money evidence also suffers from the poor quality and inconsistency of the impacts and outcomes evidence, meaning that little weight can be put on many of the findings of the value for money assessments. However, some have overcome these problems to some extent by comparing cost per output measures to evaluation evidence from similar interventions or benchmarking studies.

Table 1.15 Quality of Value for Money Assessments		
	SAs	Proportion of SAs
Strong	11	14%
Moderate	35	43%
Weak/Insufficient Info	35	43%

Source: Review of 81 Summative Assessments

Another issue highlighted by the value for money assessments is that, despite evaluators noting significant progress and performance issues with a number of projects, there were only two that explicitly identified poor value for money in the summative assessment. This indicates a potential optimism bias from evaluators, possibly stemming from the grant recipients having ultimate responsibility for commissioning and signing off the summative assessments.

In terms of quantitative impact evidence, there is a template in the Summative Assessment Report Summary (ESIF Form 1-014), which enables evaluators to present clearly their gross to net adjustments, impact areas and measures which are used. Unfortunately, summative assessment summaries were received for just less than half (40) of those reviewed and a lot of those that have, have not filled in the impact template. As shown in the table below, where quantitative evidence is provided, there is a lot of variation in the figures presented in the summative assessments, particularly in terms of gross versus net and present versus future impacts, as well as some where the basis of the impacts is often not clear. Where the methodology is presented, most SAs have used a combination of output, survey evidence and benchmark data such as GVA per job or turnover to GVA ratios to calculate GVA impacts.

Table 1.16 Range of GVA Impact Metrics Used: Timescale and Additionality Measures		
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	Gross		Net	
	SAs	%	SAs	%
To Date	32	40%	42	52%
Future	10	12%	18	22%

Source: Review of 81 Summative Assessments

For future impacts, there is also a lot of variation in the time periods used (e.g., 1 year after project close, 3 years into the future or further into the future) and the basis on which the projection is made. This lack of consistency makes it difficult to compare impacts across projects, even within the same intervention category.

In terms of qualitative impact evidence, over 40% (33) of the summative assessments reviewed have not provided any commentary on the reasons that the project has performed well or badly in terms of impacts and outcomes. Where factors influencing realisation of outcomes and impacts are set out, they are often linked to general project progress rather than specifics around impact and outcome realisation.

For Value for Money, as well as echoing the same consistency and comparability issues as the impacts evidence, there is also significant variation in the cost base used which makes comparing value for money across projects difficult:

	SAs	%
ERDF Grant	22	27%
Total Project Costs	19	23%
Total Public Sector Costs	8	10%
Mix	7	9%
Unknown	5	6%
Not Undertaken	20	25%

Source: Review of 81 Summative Assessments

Better quality assessments have used comparable projects or programmes to compare value for money on the basis of unit costs. While there are some issues with the comparability of methods used to calculate impacts and value for money measures, this has helped in the absence of other evidence. Some projects have opted for benchmarks based on industry evidence to assess value for money. While this is helpful in some instances, there is often an over-reliance on this type of evidence without appropriate caveats.

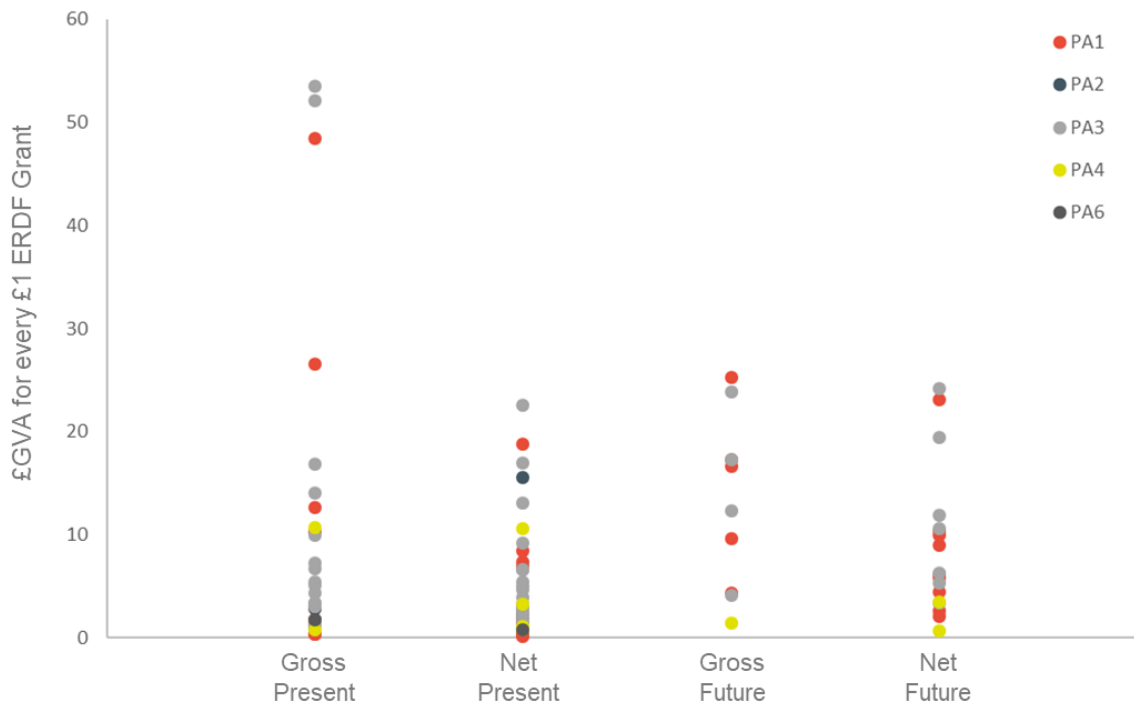
A significant number of summative assessments (24) have not provided enough information on which to draw a conclusion on value for money. This has been largely for three reasons:

- Difficulties the evaluators have faced in assessing the value for money due to a lack of data or output and impact progress to date
- Lack of availability of comparator projects or benchmarks to compare the return on investment with
- Evaluators simply stating the benefit cost ratio or cost per output with no further commentary.

## Analysis of Value for Money Findings

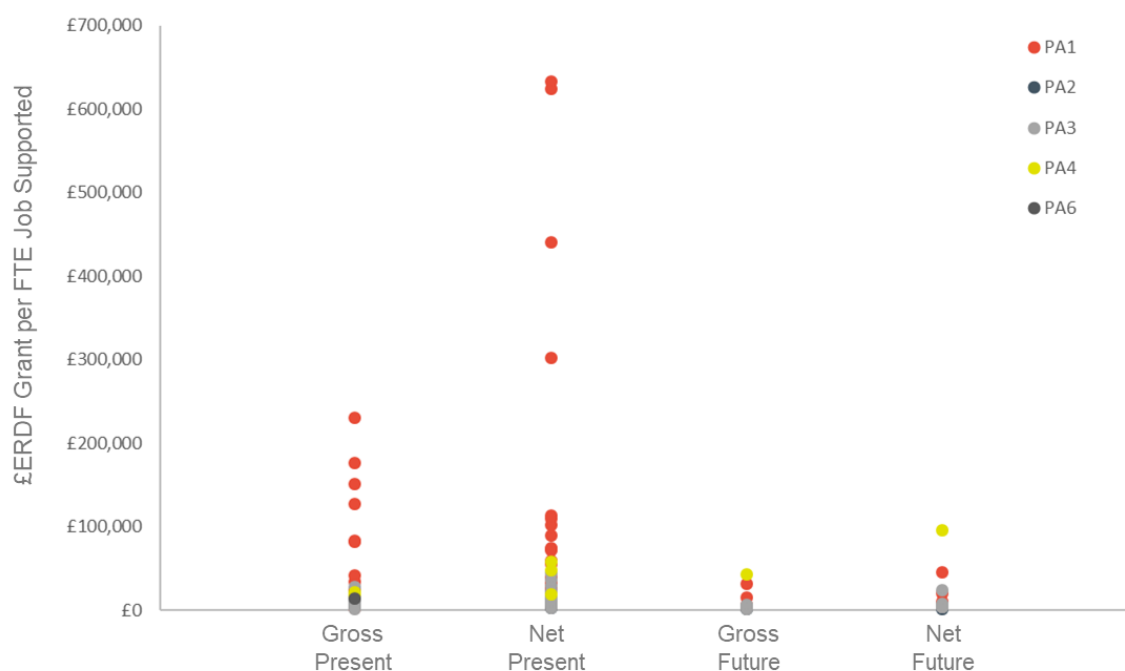
Although the sample size, inconsistency and quality of impact estimates, does not allow us to draw any robust conclusions from the value for money evidence, we are able to analyse the variability of estimates in summative assessments. The figures below show the variability, even within priority axes, of the value for money and cost per job estimates implied by the impact evidence in the summative assessments.

Figure 1.3 Illustration of Spread of Value for Money Estimates



Source: Review of 81 Summative Assessments; based on ERDF cost basis to assist with comparability

Figure 1.4 Illustration of Spread of Cost per Job Estimates



Source: Review of 81 Summative Assessments; based on ERDF cost basis to assist with comparability

The analysis below should be taken as illustrative at best, given the lack of comparability between value for money and impact estimates and the sample sizes. The review has taken the impact estimates from the summative assessments reviewed and divided them by the total ERDF grant for the project to provide illustrative value for money and cost per job estimates. Capital projects were excluded as the timing of the summative assessments meant that impact evidence was difficult to collect, resulting in very poor value for money. As such, these have been considered outliers. The table below shows the average of these estimates by priority axis with sample sizes shown in brackets.

Priority Axis	Gross (sample size)		Net (sample size)	
	Present	Future	Present	Future
PA1	£45,300 (18)	£11,400 (5)	£108,100 (25)	£13,800 (7)
PA2	£8,000 (2)	-	£17,000 (2)	-
PA3	£9,400 (17)	£3,700 (4)	£15,600 (26)	£4,200 (4)
PA4	£18,900 (2)	£42,900 (1)	£41,300 (10)	£95,400 (1)
All Projects	£26,400 (39)	£11,500 (10)	£57,500 (46)	£17,400 (12)

Source: Review of 63 Summative Assessments (excludes capital projects); note: sample sizes are presented in brackets

As expected, the analysis shows that cost per job reduces significantly when moving from gross to future impacts as projects are expecting interventions to deliver significantly larger impacts in future.

## Emerging Findings

The inconsistency of the impact and outcomes evidence means it is difficult to draw out which support types, intervention categories, or specific activities tended to deliver higher impacts at this time. However, there is anecdotal evidence on factors influencing realisation of outcomes and impacts from the summative assessments. For example, it is made clear that less intensive support contributes less to impacts and outcomes.

Factors leading to successful impact and outcome performance cited in the summative assessments reviewed included:

- More intensive support packages tending to perform better with lighter touch support leading to disproportionately lower impacts and outcomes
- The use of outcome and impact measures within the monitoring framework to steer delivery throughout the project lifecycle in order to keep a focus on impacts as well as the typical focus on contractual targets
- The use of partners and stakeholders in order to ensure enhanced take-up, the quality of service delivery and aftercare, and sign-posting to follow-on support.

Some of the challenges faced by projects include:

- Poorly scoped demand and ability to screen beneficiaries, leading to an inappropriate beneficiary profile (e.g., not enough businesses with high growth potential engaged with the project)
- Limited scope for change or adaptation of delivery methods and activities to react to beneficiary needs
- Impacts not realised until long after project closure with a great deal of uncertainty in projections (e.g., R&I or infrastructure projects)
- External factors such as Brexit uncertainty affecting take-up or enterprises' willingness to invest or recruit new staff.