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## SECTION 1

### 1.1 Why evaluation is important and the purpose of EEDA's evaluation strategy

Evaluation is a central part of EEDA's business model for a number of reasons:

- In providing evidence to better understand and demonstrate the impact of our strategies, programmes and projects on the regions economy and communities
- Given increased scrutiny of regional development agencies, and major reviews of public finances (e.g. the Operation Efficiency Review, Public Value Programme and forthcoming comprehensive spending review), to provide independent evidence of our value for money
- As a principal means of learning, better decision-making, performance improvement and innovation
- To provide staff, the Board and stakeholders with greater confidence and increased motivation from validation of our work

The purpose this Evaluation Strategy is twofold:

1. To ensure EEDA impact evaluation-ready.
2. To implement and embed evaluation into EEDA's strategies, programmes, operational structures and processes.

Annex 1 of this document then provides a draft evaluation schedule setting out key programmes and projects that EEDA are committed to evaluating in the current corporate plan period 2009-11.

### 1.2 National Context

#### 2.1 Sub National Review (SNR)<sup>1</sup>

SNR outlined that Regional Development Agencies (RDAs) are now expected to tackle market failures and quantitatively and qualitatively prove their impacts on their respective regional economies. The tool for measurement has shifted from Outputs; direct deliverables, to Outcomes<sup>2</sup>; changes brought about in the behaviour, capacity and performance of participants in EEDA programmes, as well as impacts; the regional problems that were addressed through those interventions. SNR stated that measures that are taken by regional delivery bodies must be based on evidence properly appraised and evaluated, and that lessons learned are reflected in future interventions and resource allocation.

<sup>1</sup> [http://www.hmtreasury.gov.uk/spending\\_review/spend\\_csr07/reviews/subnational\\_econ\\_review.cfm](http://www.hmtreasury.gov.uk/spending_review/spend_csr07/reviews/subnational_econ_review.cfm)

<sup>2</sup> SNR p 93 para 6.92

## **2.2 Draft Sponsorship Framework<sup>3</sup>**

The Draft Sponsorship Framework, signed off by RDA Chief Executives in December 2007, has followed the SNR recommendations by exchanging the outputs based framework with outcomes as detailed in SNR.

Although not yet an official document it gives us an indication of the role evaluation is likely to play in RDA performance measurement in the future. In terms of a proposed RDA External Performance Reporting and Review framework, it states a requirement of each RDA to produce an annual performance report on the activities it has undertaken in support of the single overarching growth objective and in support of the underpinning outcome-focused indicators as part of its Annual Report and Accounts. This will, amongst other things, involve RDAs setting out the results of evaluation work of their activities completed over the previous year, presenting evidence-based impact information using appropriate quantitative and qualitative data.

## **2.3 IEF/ Impact Evaluation Framework/ DTI occasional paper no 2<sup>4</sup>**

The IEF has been a requirement of RDAs from BERR since February 2006.

It is a framework designed specifically for the evaluation of RDA interventions and follows a 'logic model' structure to enable the evaluation of the programme/project lifecycle from the point of options appraisal through to the impacts of the desired outcomes of the intervention on the regional economy in line with the aforementioned government expectations.

## **2.4 NAO Independent Performance Assessment 2006 (IPA) and the EEDA Self Assessment 2006**

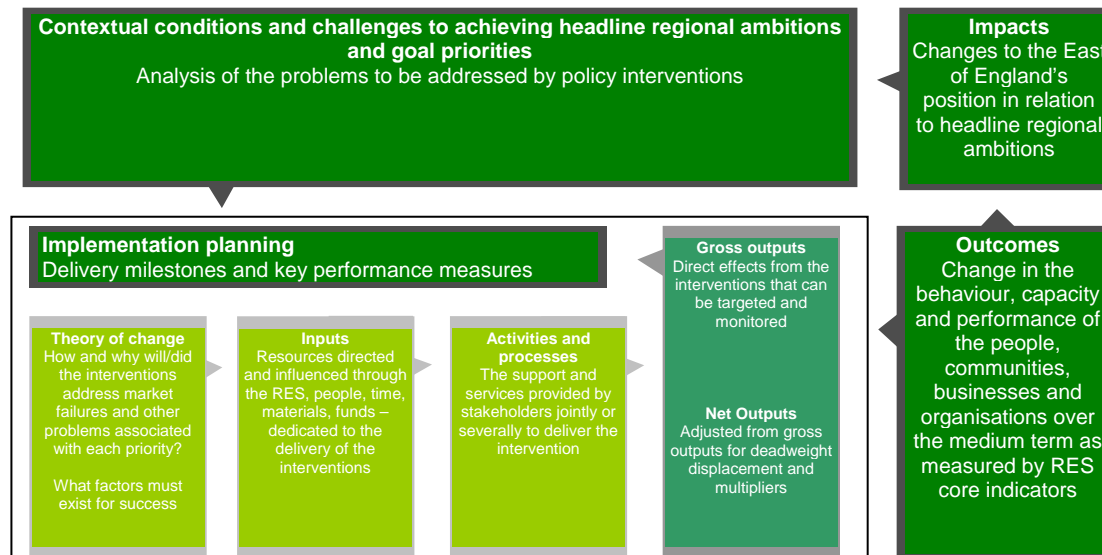
The IPA identified evaluation as an area for further development for the organisation. The evaluation strategy is a major element of the organisation's efforts to address this.

### **Figure 1: A Logic Model**

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<sup>3</sup> Interpretation taken from RDA Tasking and Sponsorship Framework Notes for the SW RSP Performance Monitoring Group, Guy Price – SW RDA

<sup>4</sup>[http://eedanet2/sites/policy/evaluation/evaluation\\_doclib/Policy%20and%20Guidance/RDA\\_IEF\\_FINAL\\_REPORT261005\\_5\[1\].pdf](http://eedanet2/sites/policy/evaluation/evaluation_doclib/Policy%20and%20Guidance/RDA_IEF_FINAL_REPORT261005_5[1].pdf)



An IEF compliant evaluation estimates an intervention's impacts in qualitative and quantitative terms. It measures what **additional**<sup>5</sup> (net) value/outputs interventions have generated, which is the balance remaining after what may have happened anyway and what may have been detracted from the economy is removed from the gross reported outputs. An IEF compliant evaluation is largely informed by beneficiary surveys and impact is estimated in a range of ways, including Gross Value Added (GVA). Up until recently RDAs had only been measuring their gross outputs.

With decreasing budgets and increasing delegation the IEF, importantly, also directs RDAs towards identifying the qualitative and sometimes quantifiable, strategic value RDAs contribute to interventions which benefit the economy. This is referred to as Strategic Impact/Strategic Added Value (SAV). Methods are under development for improving analysis and/or measurement of such impacts. Furthermore, during the course of recent Select Committee reviews of RDA interventions, a concept of 'hidden value' has emerged, concerned with the qualitative effects of interventions (e.g. increased civic confidence, pride and leadership) on a place or community. There is still significant work to be done to refine these concepts, their analysis and crucially the recognition of their importance in central government.

### 1.3 Regional Context

<sup>5</sup> Refer to Annex 2

The East of England economy is buoyant relative to the other regions in terms of higher employment rates and fewer areas of multiple deprivation. The region does have more obvious skills; hidden under the high employment rate is a working population characterised by early school leavers, a low skills base and low wage jobs. There are some very strong sub regional disparities characterised by hot spots where the market is more efficient and cold spots where the market is less efficient at producing socially desirable outcomes.

EEDA's investment is a vital catalyst for change, flexible and can be applied at a scale to initiate major projects. However, it is important to recognise that our annual budget comprises 0.38% of public sector expenditure in the East of England, and around 0.1% of regional GVA. Therefore it is crucial that our interventions are designed to maximise impact and leverage. Moreover, we need to monitor these impacts closely, to track and measure them effectively through robust evaluation. This is critical to refine strategic priorities and increase the effectiveness of our programmes.

The strengths and weaknesses of the East of England region are detailed in the RES evidence base<sup>6</sup> and further evidence can be found on the Insight East website ([www.insighteast.org.uk](http://www.insighteast.org.uk)). Such evidence forms the ideal initial point of reference for identifying and prioritising market failures that require action and establishing clear baseline conditions from which to measure progress.

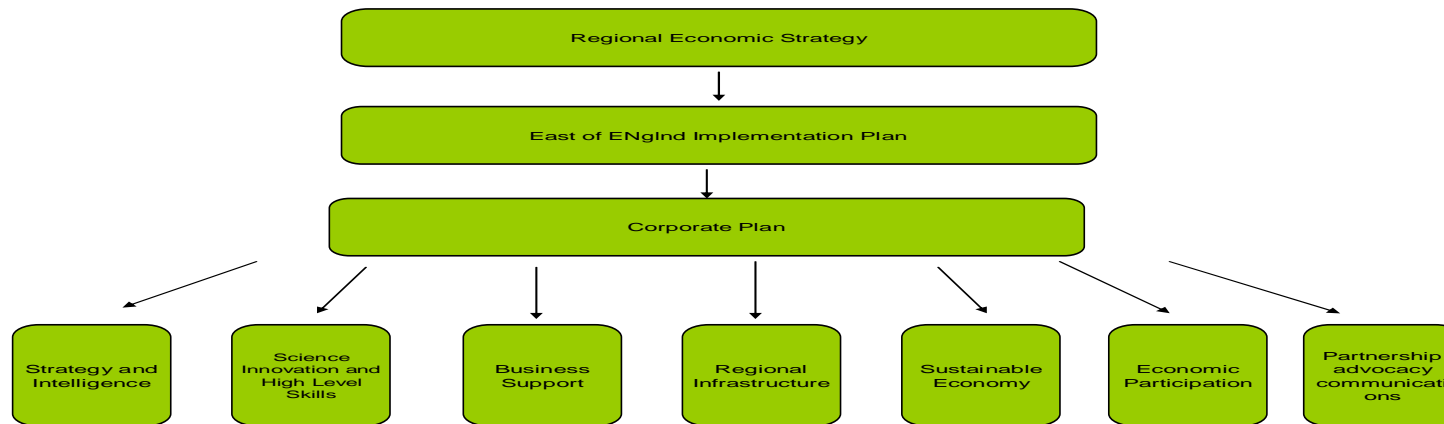
## 1.4 Organisational Context

There is a clear framework for the design and implementation of EEDA programmes and projects, linking intervention to targets, priorities and market failures identified in the RES, East of England Implementation Plan and Corporate Plan.

### Figure 2: Strategic Context

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<sup>6</sup> *Link to res evidence base*



As a result of evaluations carried out by PA Consulting and SQW in 2007/8, at the point of introduction of this evaluation strategy there are IEF compliant evaluations covering over £142 million of EEDA's spend. Alongside assessing the impacts of this expenditure, PA Consulting and SQW have produced a separate report that identifies 'Lessons to be learned'<sup>7</sup> if we are to increase the impact of EEDA's interventions and improve learning. Following the Impact Evaluation Framework categories (business; people and skills; physical regeneration) specific lessons have been identified for different types of programmes and projects:

#### 4.1 Lessons for the improvement of future impacts of Business Interventions

- Clearly identifying market failure that the intervention intends to address
- Ensuring that there is a clear demand for the intervention in order to avoid duplicating existing interventions
- Attempting to predict the size and nature of demand for the intervention. Over-estimating demand and then 'pushing' a free or subsidised service to businesses which would not otherwise have considered or needed it will again raise the deadweight. Conversely, overly restricting demand so that one company benefits while a neighbouring company cannot will lead to an increase in displacement

<sup>7</sup> PA/SQW Lessons Learned Report

- Being too 'light' in terms of the degree of support offered will raise deadweight<sup>8</sup>, as recipients of this support will find it difficult to distinguish the benefit received in this way, so immediate feedback from participants is vital to inform future activity – for example, this means thorough consideration of the balance between penetration and intensive assist targets
- The delivery model must be designed to ensure that customers (e.g. employers) get what they want, not necessarily what Government think they need. A challenge for the future is to use the connection made through delivering 'what firms want' to influence them to 'do the right thing' for the longer term needs of their staff
- Where matched funding from the private sector is required, speed and flexibility of decision-making is key and responsibility for committing funds and negotiating outcomes should rest at the most appropriate level to make decisions, consistent with the need to ensure accountability for expenditure of public money
- To counter issues arising from high staff turnover, major projects would benefit from senior Project Champions, to provide visible support for a project in times of changeover

#### **4.2 Lessons for the improvement of future impacts of People and Skills Interventions**

- It is vitally important that interventions are properly specified, have clear objectives and that they are addressing a clear market failure
- A number of findings relating to the additionality of “People and Skills” interventions appear to be a function of the particular macro-economic circumstances in which they were delivered. In a future economic context that is a good deal less buoyant, some of the underlying assumptions need to be re-appraised. The context for intervention in 2009 is quite different from that of, say, 2005/06 and this will feed through into assessments of additionality. This means that (a) interventions – even successful ones – should not simply be rolled out without reconsidering critical issues relating to the underlying rationale and its precise specification, and (b) on-going interventions ought to be regularly re-appraised – and re-engineered as appropriate – as external conditions change. This in turn argues for a higher level programme-based approach to intervention rather than one that is locked into very tightly engineered projects in which the scope for “tweaking” in response to changing conditions is negligible.
- Effective intervention in the domain of “People and Skills” appears to depend critically on using EEDA spend to “lubricate” the process of accessing mainstream provision in a way that can subsequently be sustained. EEDA is not a major funder in this domain, but its funding is among the most flexible. The workforce development interventions evaluated demonstrated what could be achieved in responding flexibly to the self-diagnosed needs of businesses and using well-established sector bodies as the principal intermediaries.
- Crucially, for major HE capital expansions greater consideration and negotiation of apportionment of results needs to take place during the project concept and business planning phases. For example, as part of agreements, it could be specified that EEDA is apportioned some of the direct outputs associated with HEFCE-funded students or the wider economic benefits of all students (HEFCE and non-HEFCE funded).

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<sup>8</sup> Refer to Annex 2

### **4.3 Lessons for the improvement of future impacts of Physical Regeneration Interventions**

EEDA would be more likely to offer value for money through its physical regeneration interventions if it:

- Resolved explicitly the trade-off between committing to high value-added uses of the sites/premises it funded and ensuring that commercial, office or industrial space was occupied as quickly as possible.
- Establishing a framework to assess the potential knock-on effects of its direct investments on developments in adjacent or nearby sites.
- Ensured that effective partnership, governance and delivery structures are developed early on, that lessons in this respect are learned from best practice elsewhere and continuity of staffing is maintained throughout the project life-cycle
- Identified and managed the risks that it was prepared to own - and agreed with partners those that they would have to own. Large physical regeneration schemes take many years to implement and require dedicated teams and robust governance if they are to be successful. EEDA needs to be assured of robust governance mechanisms and retain the right to intervene where this is not the case.
- Provided for rigorous appraisal, monitoring and risk analysis, in partnership with other involved public and private sector agents, in order to mitigate and manage risks to the delivery of the regeneration projects, particularly in relation to their costs and timescales, and – most important of all - their longer term, regeneration purpose and potential. Delivery of the outputs identified needs to be managed throughout the duration of the relevant contract(s).

### **4.4 Lessons for monitoring data**

PA/SQW recommended that EEDA should:

- make its current systems more harmonised, with minimal investment, at the same time as serving other corporate requirements
- increase general understanding of what the different systems (and/or their use) are designed to do and what they produce
- ensure that Agency staff, especially project managers, use and maintain the systems appropriately (e.g. updating project details and ensuring that the requisite information is on the performance management system)
- reinforce commitment of senior EEDA management to bring about the necessary changes in corporate culture and practice.
- a corporate management information system which allowed for flexibility in the types of output information that could be entered, monitored and reported. It would be particularly helpful if the system prompted consistent recording of EEDA's interventions and contributions where its funding was less important than its strategic added value (SAV). This would require consideration to be given to defining different SAV categories and how they might be assessed, recorded and used.

### **Lessons for monitoring processes, systems and culture**

The experience of the evaluations suggests a need for EEDA to:

- maintain accurate records of project beneficiaries' contacts and other details
- have contractually binding commitments on delivery partners and agents to track beneficiaries and indirect and longer term outputs and outcomes (i.e. for a defined period beyond the end of funding) where these were critical to the justification for assistance
- assess the effects of a partnership, programme or project in terms of improving capacity and performance
- monitoring must not be confined to establishing whether funded facility is built /completed to specification/schedule. Instead it must be extended to assess the extent and mix of occupancy of the facility are as anticipated at the time of project appraisal, and whether the anticipated outputs and impacts are being delivered

### **Lessons for evaluation strategy and planning**

- EEDA should introduce an evaluation planning cycle, with close reference to the corporate planning periods, in which resources (budgets and people) are focused on the priority areas for evaluation

In planning its evaluations and building its capacity for commissioning and interpreting evaluations, EEDA might like to consider the following key points:

- make sure that monitoring and tracking are carried out and systems put in place to generate the information that later evaluation will need (e.g. clearly identifying and tracking beneficiaries)
- embed evaluation in corporate procedures - not as an end-of-pipe activity but as a key part of the planning, design and approval of programmes/projects – so, for example, a proportion of project spend could be ring-fenced for evaluation and the specification of an EEDA programme should include evaluation plans
- use the results of evaluation as feedback to inform investment strategy and the design and delivery of future interventions by EEDA and its partners.

### **Actions already underway**

- Many of these lessons are already being learned and others avoided altogether through their incorporation of the logic model to the Corporate Plan, the new Service Plans, the Programme Business Case and will be the basis of the project lifecycle.

## SECTION 2

The lessons learned through the PA/SQW impact evaluation report inform the following proposals for embedding evaluation across the agency.

### 2.1 Objectives

These objectives have been arrived at through the recommendations in the IEF for the implementation and development of evaluation in RDAs, Off PAT Guidance on Evaluation and they have also been informed by findings in the PA/SQW Lessons Learned Report 2009.

### 2.2 Getting EEDA Evaluation Ready

#### Short Term (within 3 months)

1. Commit the organisation, at all levels, to a culture where comprehensive and strategic evaluation are seen as an essential element of the business model, organisational systems and processes
2. Ensure programme leads have identified resources for evaluation activity by the start of the financial year 09/10
3. Continue to increase capacity and capability for evaluation across EEDA through commissioning and commencement of a corporate training programme in 09/10
4. Develop a formal, comprehensive and cost effective evaluation plan in time for the financial year 2009/10
5. Begin to adjust existing organisational and intervention management systems and processes in order for EEDA to sustain a robust and ongoing impact evaluation strategy by May 2009
6. Engage fully with the development of national evaluation structures post National Impact Evaluation report (NIER)

### 2.3 Embedding Evaluation in EEDA

Key objectives include:

#### Short Term (Quarter 1 2009)

1. Commence implementation of the new Evaluation Policy in time for the 09/10 financial year
2. Commence implementation the evaluation plan 09-11

3. Upgrade EEDA's processes and systems to enable robust evaluation
4. Embed in performance appraisals a clear requirement of officers to maintain PMS data for evaluation purposes
5. Agree service/programme plans which set out clear programme and activity objectives, metrics and an evaluation plan
6. Formalise the evaluation reference group and meet bi-monthly to oversee implementation of the evaluation strategy and plan

### **Medium Term (Quarters 1 and 2, 2009)**

7. Embed the learning points from the national impact report and the PA/SQW evaluations/reports within investment decision-making processes of EEDA and its partners.
8. Actively engage with and shape the evaluation activities and developments at cross-RDA and central government level
9. Explore with the Regional Improvement and Efficiency Partnership and local authorities joint work to roll out IEF compliant evaluation approaches and systems to enable programme based delegation to be effective
10. Conduct a spot check audit of project objectives, descriptions and output data on PMS

### **Long Term (2009)**

11. Ensure delivery of year 1 of the rolling evaluation plan
12. Complete implementation of revised monitoring, appraisal, contractual, performance and business planning systems that are fit for the purpose of IEF compliant impact evaluation
13. Further develop the evaluation library and resources to enable consistent and continuous identification of what works well and not so well in terms of EEDA's interventions
14. Ensure 80% of all policy leads, programme and project management staff have completed initial evaluation training by March 2010
15. Incorporate evaluation findings and lessons into the six month and annual performance reports.

## SECTION 3

### Evaluation Action Plan

These are the actions which the evaluation team propose to take in order for the deliverables above to be progressed.

#### 3.1 Getting EEDA Evaluation Ready

##### Objective:

- Commit the organisation, at all levels, to evaluation to cultural change where comprehensive and strategic evaluation are seen as an essential element of the organisational systems and processed **by 31 March**
- Develop a formal , comprehensive and cost effective evaluation plan in time for financial by **September 2009** (BIS sign off date)

##### Action:

EEDA Evaluation Working Group, CET and Board to sign of evaluation strategy discussion paper which outlines EEDA evaluation framework, finance provisions, and the EEDA evaluation plan **by 31 March 2009**

Contract for Evaluation support to embed evaluation within EEDA **by 31 June 2009**

**Responsibility:** Evaluation Working Group, CET and Board

**Date:** September 2009

##### Outputs

Internal sign off process of strategy competed by **31 March 2009**

Development of strategically robust evaluation plans (through bundles) to facilitate learning and improve impact **by 30 November 2009**

BERR Sign off of evaluation schedule **by 30 November 2009**

##### Performance and Evaluation Measure:

'Performing well' category in the IPA review on corporate planning and evaluation?

60% expenditure evaluations fit for the purposes of the EEF

Monitoring and QA of Embedding Evaluation Contract through the Embedding Evaluation Contract Steering Group

##### Objective:

Ensuring adequate resources for evaluation

<b>Actions</b>
In addition to the corporate evaluation budget of 300 000 for 2009-11, programmes leads will allocate between 1-3% of the programme budget to deliver evaluations set out in the Annex 1 schedule for corporate plan period 2008-2011
<b>Responsibility</b>
Heads of Service and Executive Directors
<b>Date:</b> Service plans approved by CET in July 2009
<b>Performance and Evaluation Measure:</b>
Increased allocation of funds for evaluation within each team annually from start of Corporate Plan: To be measured on review of the strategy in commencing <b>December 2010</b>
Improved robustness of evaluation reports: to be continually reviewed/monitored by appraisal ad evaluation group and to be assessed on review of Evaluation Strategy December 2010
<b>Objective</b>
Begin to adjust existing organisational intervention management systems and processes in order for EEDA to sustain a robust and ongoing impact evaluation strategy by <b>31 December 2009</b>
<b>Actions and Outputs:</b>
<ul style="list-style-type: none"> <li>○ Review contractual documentation and processes to <i>inter alia</i> make evaluation, and the collection of beneficiary data conditional to the contract</li> <li>○ All organisational service plans to be informed by evaluation and to outline evaluation plans based on priority interventions</li> <li>○ All programmes and approved projects to have an evaluation plan and budget at the outset</li> <li>○ Evaluation plan and resourcing to be a condition to the approval of all grant/project applications</li> <li>○ Project Management Office preparing contracts to ensure adequate access to beneficiary data</li> <li>○ All approved project and programme expenditure to have in place effective monitoring arrangements focussed on measuring inputs and activities and strategic added value as well as measuring impact. E.g. monitoring of beneficiary data</li> <li>○ EEDA to rigorously and consistently monitor the wider outputs relevant to an intervention, over and above the core outputs</li> <li>○ Steps also need to be made within the monitoring process to identify elements of strategic added value</li> </ul>
<b>Responsibility:</b> Evaluation Team, PMO, Procurement, CET
<b>Dates:</b> Immediately and up to <b>31 December 2009</b>
<b>Performance and Evaluation Measures</b>

Changes in the content of the EEDA contracts, service plans to include beneficiary data <b>within Corporate Plan 2008-2011</b>
Continuous monitoring and review through the appraisal and evaluation group
Formative review/evaluation of evaluation strategy <b>in December 2010</b>
Improved formative evaluation results around design, monitoring, and measurement
New Strategic Added Value Measurement Framework in the New Performance Management Framework <b>by 30 November 2009</b>
<b>Objective:</b>
Building the organisations capacity for improved evaluation and decision-making
<b>Actions:</b>
<ul style="list-style-type: none"> <li>○ The Strategy Directorate has already increased its FTEs in the Evaluation Team that will support the evaluation agenda across the agency. It is now made up of a Corporate Planning, Investment and Evaluation Manager, Senior Evaluation Executive, Evaluation Executive</li> <li>○ The role of the evaluation team will be to; <ul style="list-style-type: none"> <li>- ensure that EEDA's approach will be consistent across the organisation and within the Impact Evaluation Framework;</li> <li>- The evaluation team will lead learning and the effective dissemination of internal and cross RDA evaluation evidence</li> <li>- The evaluation team will lead development and delivery of tiered and targeted evaluation training which will be incorporated into existing training provisions as much as possible and funded through the training budget.</li> <li>- commissioning and managing strategic evaluation reports and assist with project and programme level evaluations.</li> <li>- Working with the PMM Team and the Directorates to develop monitoring and evaluation plans for newly approved projects.</li> </ul> </li> <li>○ Design and deliver evaluation training to equip programme designers, project managers, project sponsors, and appraisers with the requisite knowledge of impact evaluation quality assessment, planning and commissioning, incorporated into existing project lifecycle training as far as possible for cost effectiveness purposes <b>to begin by 30 November 2009 to end by 30 November 2010</b></li> <li>○ The formal training of evaluation staff for commissioning and possibly undertaking evaluations, were they to be conducted in house</li> </ul>
<b>Responsibility:</b> Executive Director – Strategy and Intelligence
<b>Date: Commence by 15 November 2009 complete by 30 November 2010.</b>
<b>Performance and Evaluation Measure:</b>
Post training questionnaires and analysis.
Improved Evaluation Plans : regular monitoring and review of quality by appraisal and evaluation group, part of the review of the evaluation

strategy starting <b>01 December 2010</b>
<b>Objective</b>
Engage with the development of national evaluation structures post NIER
<b>Actions</b>
<ul style="list-style-type: none"> <li>○ BERR to sign off an IEF Compliant Evaluation Plans by <b>30 November 2009</b></li> <li>○ Advocate for central government led evaluations of national programmes to involve RDAs in the planning process in the future and to be made IEF compliant - Strategic Added Value (SAV)</li> <li>○ Lobbying for IEF buy in across central government - Strategic Added Value (SAV)</li> <li>○ Efficiency savings: Increase coordination of evaluations of similar projects across the RDA network, other funding partners and central government. Effectively utilise the Off PAT provisions (evaluation database, training etc)</li> </ul>
<b>Responsibility:</b> Evaluation Team
<b>Dates:</b> Immediately and ongoing
<b>Performance and evaluation Measure:</b>
BIS sign off of evaluation schedule by <b>30 November 2009</b>
Increased number of cross RDA research and evaluation participated in by EEDA to be measured at evaluation Strategy/review in December 2010

<b>3.2 Embedding Evaluation</b>
<b>Objectives</b>
A fully developed and robust, sustained, rolling evaluation plan and A new investment planning toolkit
<ul style="list-style-type: none"> <li>○ Implement the Evaluation Policy (Annex 1) by <b>31 December 2010</b></li> <li>○ Implement the Evaluation Plan (Annex 2) by <b>31 December 2010</b></li> <li>○ Implement additional National Level Guidance (ongoing)</li> <li>○ New appraisal and Evaluation database, to include evaluation toolkit, evaluation library and archive, links to offpat and other data sources</li> </ul>

<ul style="list-style-type: none"> <li>o by <b>31 December 2010</b></li> <li>o New appraisal and evaluation tool <b>31 December 2010</b></li> <li>o New investment planning tool <b>31 December 2010</b></li> </ul>
<b>Responsibility</b>
Cross organisational responsibility and buy in, led by the evaluation team
<b>Dates</b>
<b>31 December 2009</b>
<b>Performance and Evaluation Measure</b>
Implementation of the Evaluation Strategy Action Plan by 31 December 2010 Inclusion of the new national guidance in the evaluation toolkit
<b>Objective</b>
<p>16. Begin embedding the learning points from the national impact report and the PA/SQW evaluations/reports into Organisational processes and systems</p> <ul style="list-style-type: none"> <li>o the corporate plan Starting with the Corporate Plan Refresh Documents <b>2009/10</b></li> <li>o business and service planning cycles <b>starting 2009/10 cycle</b></li> <li>o Investment decision-making processes of EEDA and its partners to be implemented in the Evaluation stakeholder strategy <b>by 31 December 2009.</b></li> <li>o Procurement system <b>by 31 December 2009.</b></li> <li>o European Project <b>by 31 December 2009.</b></li> </ul>
<b>Actions and outputs</b>
New investment decision making tool by <b>30 November 2009</b>
New appraisal and evaluation tool by <b>30 November 2009</b>
<b>Responsibility</b>
Strategy Directorate
<b>Dates</b>
Initial processes to begin by winter 2009 and subsequently refresh the strategy along with the refreshment of the aforementioned processes and structures or when it is pertinent to do so.

<b>Performance and evaluation measure</b>
Evaluate delivery of action plan in the Evaluation of the Evaluation Strategy in December 2010
<b>Objective</b>
<ul style="list-style-type: none"> <li>○ Sharing and learning from evaluation</li> <li>○ Consistent and continuous identification of what works well and not so well in terms of EEDA's interventions</li> <li>○ Improve transparency within EEDA and with its partners as to where our interventions have not worked well and where appropriate celebrate our achievements with our partners.</li> </ul>
<b>Action</b>
<p><b>By Quarter 1</b></p> <ul style="list-style-type: none"> <li>○ making evaluations available for EEDA staff to review on EEDAnet</li> <li>○ planned and completed evaluations are discussed at programme team meetings relevant equivalent</li> <li>○ uploading all non-commercially sensitive / non-confidential evaluations on the OffPAT evaluation website (RDA shared library of evaluations) as part of the RDA network's new approach to sharing evidence and information. This could be a knowledge bank that EEDA can use</li> <li>○ developing a more structured approach to sharing the lessons learned from evaluation – both to project managers and Board members*</li> </ul> <p><b>By Quarter 2</b></p> <ul style="list-style-type: none"> <li>○ Create a Performance and Evaluation Champion's Group. This will be a peer and expert group for the review of proposed evaluation methodologies, delivery and findings and in addition, will act as first-hand disseminators across the wide range of EEDA's activities.</li> <li>○ elect impact assessment executives/ group who hold information on all aspects of the expected effects of a programme/project including beneficiary contacts (if collected internally consistent with data protection legislation) and with responsibility for ensuring that progress was tracked and reported back to EEDA senior management (an extension of the role of the project sponsors/appraisal group/ or independent executives?).</li> </ul> <p><b>Ongoing (SAV)</b></p> <ul style="list-style-type: none"> <li>○ Regularly reporting evaluation findings to the board</li> <li>○ Sharing evaluation findings with our partners and implementing the lessons learned in the design and delivery of our joint interventions</li> </ul>
<b>Responsibility:</b> Board, Executive directors, project managers, project sponsors
<b>Dates:</b> As above
<b>Performance and Evaluation Measure:</b> Evaluate delivery of action plan in the Evaluation of the Evaluation Strategy in December 2010

## SECTION 4

### 4. Proposed EEDA Evaluation Policy

- EEDA is committed to evaluating the impact of its programmes and investment as a tool for demonstrating impact, learning and performance improvement
- Evaluation evidence and lessons will be a key determinant of investment strategy and investment decision-making
- EEDA conducted or commissioned evaluations should be Impact Evaluation Framework compliant<sup>9</sup>, unless otherwise agreed with the Performance and Evaluation Team
- Executive Directors are responsible for the commissioning, conduct and dissemination of impact evaluation identified in the Agency's rolling evaluation schedule and maintaining PMS data for corporate plan
- Evaluation findings and lessons, should be presumed to be publically available unless for reasons of commercial confidentiality
- Requirements of evaluation will be proportionate based upon the following framework:

#### 4. 1 EEDA Evaluation Core Principles

Each evaluation procurement process will involve an interview of potential consultants in order to acquire a clear understanding of the bidder's proposed methodology.

Each Evaluation should be compliant with the Impact Evaluation Framework, meaning,

- It should be based around the development and population of 'Logic Chains' showing linkages from activities to outputs to results and then onto impacts
- As far as possible they should be based on direct research evidence rather than values or assumptions derived from other studies or sources, for example :
  - stakeholder surveys
  - qualitative and or quantitative beneficiary surveys,

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<sup>9</sup> For the latest version of the IEF or to discuss evaluation requirements please contact the Evaluation and Performance team

- statistical/econometric estimates, e.g. through panel data analysis,
- difference in differences calculations,
- ordinary least squares.
- They should adopt approaches consistent with the Green Book and other relevant guidance.

For detail on proportionality and baseline data, please see EEDA evaluation strategy and EEDA evaluation toolkit.

Whilst focus typically should be inevitably on economic impacts, the evaluations should take a holistic view, considering social and environmental impacts as systematically as possible. Unintended as well as intended effects should also be drawn out.

The evaluations will contribute to the process for the agency reporting to government and accounting for its use for resources. However the key underlying purpose is to improve the quality of public sector decision-making and to provide feedback on improving the effectiveness of interventions (formative evaluations). To be of true long term value they must highlight areas of weakness as well as strengths:

- Identify what works and what does not work and why-including identifying the potential influence of the delivery process aspects and in particular;
- Identify developments since the previous evaluation where applicable
- Provide a systematic basis for comparing value for money for different interventions and assessing how this across programmes compares with external benchmarks.

As with all public sector interventions there is a central need to highlight the performance of interventions in terms of:

**Economy** – the extent to which interventions have been delivered at minimum cost. In practice this may be typically assessed partly though consideration of the process through which inputs were procured, although comparisons with appropriate external benchmarks should be possible in many cases.

**Efficiency** – the relationship between the costs of the intervention and the outputs and impacts achieved (eg cost per ha of land reclaimed, cost per training place provided cost per net job created). This will provide EEDA with an important basis for comparison across intervention types and across other public sector interventions.

**Effectiveness** – the extent to which the objectives of the interventions have been achieved, in terms of programmes, both programme objectives and constituent interventions should be assessed

**Return on Investment** – GVA generated by the intervention as a ratio of EEDA's cost incurred to deliver the interventions. This should only be used as an element of the other 3 Value for Money assessments, as it does not always provide a complete picture of costs, benefits, disbenefits in other regions when read on its own.

The evaluation should also give specific considerations to:

- The appropriateness of the rationale for the intervention, including its strategic fit with European, National regional and or local policies; the extent to which they responded to identified market failures or equity objectives; and how far this rationale and the design of the policy was grounded in a proper evidence base
- The specific case for the agency funding and how far in practice EEDA's support has influenced whether the intervention went ahead or its content, scale or timing (intervention additionality). It should also attempt to estimate how much of the interventions benefits are attributable to EEDA's intervention/expenditure.
- Whether the intervention was subject to the appropriate ex ante appraisal and whether findings and recommendations of this were fed back into the design and or implementation.

It is also important for evaluations to consider qualitative outcomes and impacts, including consideration of the quality of the outputs achieved and results achieved by the interventions and its execution. This can be supported by an assessment of Strategic Added Value as defined by the Impact Evaluation Framework, case studies and qualitative evaluation surveys.

### **Economic, Social, Environmental Impact Assessment<sup>10</sup>**

All evaluations should attempt to assess impacts, whether in terms of estimated future potential impacts, in the case of early stage/interim evaluations (this may simply be revisiting the ex ante appraisal estimates) or in terms of achieved impact in the case of summative evaluations.

Impacts should be assessed at both regional and sub regional levels where appropriate. Impacts must be based on net additional outputs/benefits attributable to EEDA, i.e. they must consider the elements of additionality (see Annex 2) and address sustainability issues.

As far as possible and proportional, this must lead to the monetised value of the benefits in order to sustain a cost benefit analysis of acceptable robustness.

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<sup>10</sup> See EEDA Evaluation Toolkit by programme for detailed methodological considerations

#### **4.2 Strategic Evaluation:**

A high-level evaluation of the impact of EEDA. This level of evaluation should seek to establish the progress the Agency has made in delivering its corporate objectives at a regional (and sub-regional) level.

This level of evaluation will enable the Agency to address critical questions relating to the overall impact of its interventions and specifically to assess the value that EEDA delivers as a corporate organisation. A selection of strategic evaluation activity will be determined by the Chief Executive's Team on an on-going basis.

#### **4.3 Delivery (Meta/ Corporate Plan) Programme evaluation:**

At this level there will always be a trade of between breadth of coverage, which would give a strong idea of the wider impacts, and depth of coverage, which would provide greater detail of performance within the programme. However, EEDA should develop programme-level evaluations in order to:

- monitor EEDA's corporate objectives at a programme level
- feed into investment planning decisions, particularly at Board level
- help lessons to be more broadly disseminated and analysed on a thematic basis across the organisation
- Because it is the best form of evaluation for evidencing Strategic Impact (Strategic Added Value)

This can be achieved by:

- All delivery programmes of spend being evaluated, plus some areas of the two foundation programmes. This will include non-project investment spend activity such as Destination Growth and Insight East.
- Ensuring delegated programmes are appropriately evaluated, as clusters of activities are passed to the local level (as directed by SNR).
- Programme evaluations using a sampling approach to make assumptions about gross-net outputs on a thematic basis
- At programme level, it may also be appropriate to estimate intermediate impacts through a 'top-down' assessment. This would compare EEDA net outputs against the most closely equivalent secondary data sources (e.g. hectares of derelict land and buildings in the region) and suggest the relative scale of its contribution to changes observed in the data.

#### **4.4 Activity Programme Evaluation – IEF compliant evaluation (beneficiary survey)**

- Corporate programme to include a full evaluation plan in its contract, covering methodology, timescales (including whether an interim evaluation would be appropriate), plans for beneficiary surveys and costs
- The plan would detail an initial view on which aspects of the programme will be evaluated (total programme spend need not be evaluated in full)
- The funding partners would set out who would procure the evaluation and who would fund the evaluation (given the possibility of multiple funding partners, it may be a shared cost)

#### 4.5 Project evaluation:

##### Requirements:

- All new projects to have a clear evaluation or monitoring plan at inception, outlining methodology (including beneficiary surveys), timing and costs. The project applicant would, in addition, identify the potential procurement and funding arrangements for the evaluation, which may be shared in the case of multiple funding partners. This information should be captured in the offer letter/contract. A clause needs to be inserted in the relevant offer letter/contract requiring project applicants to participate in future evaluations as a condition of their agreement with EEDA. All major project evaluations will include a formative and summative element to assess the effectiveness of the intervention as well as net additionality of outputs, and the impacts; including actual and future potential annual and cumulative GVA at net present value.

##### Considerations for prioritising project evaluations:

- rating by project characteristics (large spend, high risk, innovative)
- when the project integrally contributes to achieving sufficient coverage of the majority of the organisations expenditure within a particular Corporate Plan on interventions in Business, People and Skills and Physical Regeneration<sup>11</sup>
- include any highly political projects (Firstsite)
- inform future policy priorities
- Evaluations already planned /budgeted by project managers.

Project evaluation needs to be proportionate for that project. It is recommended that the following procedures are put into place for any new projects commissioned after the final draft of the evaluation strategy has been endorsed by CET/the Board:

<sup>11</sup> These are the 3 IEF and Public Value Programme Themes

**Projects under £500K – Project completion report:**

- Project applicant to complete an (amended) project completion report which links back to the programme and project's logic chain; it is anticipated that the completion report will focus on gross outputs achieved, SAV outcomes and any formative learning lessons
- EEDA project sponsor to comment on and add to the project applicant's completion report

**Projects between £500K and £1 million – Project completion report and possible full evaluation depending on project:**

- As above, and in addition -
- Project applicant to set out a methodology for how an external evaluation could be undertaken; this will include a commitment to capturing information on baseline datasets, setting out likely beneficiaries and how they could be contacted in the event of an evaluation, identifying delivery partners and other relevant bodies who should be part of any evaluation and the likely optimum timescale for undertaking an evaluation
- EEDA would assess whether it is appropriate to go ahead with an evaluation on a case-by-case basis. This may mean an individual project-level evaluation or it could mean using the project as a sample case for a programme-level evaluation
- EEDA would expect the external evaluation to be an IEF-compliant impact evaluation, including a beneficiary survey, where possible, but exceptions would be made where this is not appropriate
- The evaluation would be procured by EEDA and be financed from the relevant programme evaluation budget

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**4.5 Financing Evaluation:**

Evaluation of non-EU activity will be financed through the relevant programme budget and costs will be allocated to the individual budgets, and capitalised where possible. The Draft Sponsorship Framework<sup>12</sup> recommends that 3% of the RDA budget should be allocated for evaluation activity. Advice and technical support will be provided through the strategy team.

**Projects under £500K**

No additional evaluation resource required

**Projects between £500K and £1 million**

Resource dependent on the type of project. If the project is to be evaluated the resource allocated should be between 1-3%

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<sup>12</sup> The information in the Draft SF is subject to change but this should illustrate the direction of the central government's expectation of RDAs

### **Projects over £1 million or smaller projects that are viewed as particularly innovative, risky or contentious**

Evaluation resource required (1-3% of total project spend, although the total cost of the project should be considered and partners should contribute to the cost of evaluated their contributing costs)

### **Programmes**

Evaluation resource required (1-3% of the entire EEDA programme cost. Again, funding partners should contribute towards evaluating the total programme spend)

The level of the evaluation and the appropriate costing should be identified as part of the evaluation plan. The cost allocated for evaluation should be proportionate to the size of the project and take into account evaluation activity by other funding partners.

### **EU Funded Activity**

Arrangements for EU funded; ERDF ESF and RDPE activity are aligned to comply with the IEF in order that impacts may be aggregable and comparable against all EEDA interventions. Detailed guidance can be found in the evaluation toolkit.

### **Support and resources for evaluation**

- For advice and guidance on all evaluation matters please contact Grazina Keen (Corporate Planning Investment and Policy Manger) Francesca Morris (Senior Evaluation Executive) or Habiba Rye (Evaluation Executive)
- Evaluation commissioning templates for ITT's are available and contain key requirements for evaluations to be Impact Evaluation Framework compliant. These can be found in the evaluation toolkit and in the procurement document library
- The Impact Evaluation Framework and EEDA evaluation reports are available in the Evaluation Library on EEDAnet
- Guidance for RDA's in Appraisal, Delivery and Evaluation (GRADE), advice notes and evaluation reports from across the RDA network are available on the OffPAT website ([www.offpat.info](http://www.offpat.info))

## Annex 1

### The Main Considerations in Estimating Impact in the IEF

Figure A1i

Measuring Additionality <sup>13</sup>		
The reference case	→	What would have happened in the absence of the intervention? The level of target outputs and outcomes that would have been secured if the project or programme had not gone ahead.
Deadweight	→	The % of total outputs/outcomes that would have been secured anyway (sometimes referred to as non-additionality).
Gross additional outputs/outcomes	→	The % of total outputs/outcomes that would not otherwise have been secured
Leakage	→	The number or proportion of outputs/outcomes under both the reference case and the intervention that benefit those outside the target area of the intervention. Such effects should be deducted from the gross additional outputs
Displacement	→	The number or proportion of outputs/outcomes under both the reference case and the intervention that reduce outputs/outcomes elsewhere in the target area for the intervention. These effects can occur in product markets (e.g. among non-assisted business competing in the same market) or in factor markets (e.g. in the labour market) and should be deducted from the gross additional outputs.
Substitution	→	This effect arises where, say, a firm substitutes one activity for a similar one (such as recruiting a jobless person to replace an existing worker) to take advantage of the public sector assistance. These effects should be deducted from the gross additional outputs.
Multipliers	→	Further economic activity (e.g. jobs, expenditure or income) associated with additional income of those employed by the project (income multipliers), with local supplier purchases (supplier multipliers) and with longer term development effects (dynamic effects e.g. induced inward migration)
Unintended effects	→	Consequences that were not anticipated for the targeted outputs and outcomes – e.g. property market interventions in

<sup>13</sup> Adapted from the English Partnerships' Additionality Guide; Second Edition (September 2004)

<http://www.englishpartnerships.co.uk/images/C799363E2FFF45B789F70168169EBEE8.pdf> and captured in the Impact Evaluation Framework <http://www.berr.gov.uk>

Measuring Additionality <sup>13</sup>		
		an area may prompt private sector developers to go elsewhere. The unintended effects may be on non-targeted outputs and outcomes but may still have adverse effects on sustainable economic development – e.g. adverse environmental effects.
Crowding out/crowding in	➔	This effect occurs where increases in public expenditure associated with the intervention cause other variables in the economy to adjust resulting in either a decline (crowding out) or increase (crowding in) in private expenditure.
Wider effects on sustainable development	➔	The effect an intervention has on sustainable development through its consequences for economic, social and environmental development – the ‘triple bottom line’.

**Figure A1ii**

Identifying Strategic Added Value SAV	
Leadership and catalyst	communicating effectively economic development needs, opportunities and solutions to stakeholders
Influence	Affecting the behaviour and allocation and or activities by stakeholders
Leverage	securing funds to contribute to the objectives of the Regional Economic Strategy
Synergy	improving information and knowledge exchange with and between stakeholders, and coordination of stakeholders, for a more effective policy response
Engagement	Mechanisms that involve stakeholders in the design and delivery of activities