

EEDA's contribution to the strategic development of the East of England

Final Report



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Executive Summary

This report has been produced by PA Consulting and SQW Consulting in order to identify, and where possible quantify, EEDA's contribution to the strategic development of the East of England economy in the period since its inception in 1999.

The East of England is one of three regions with GDP above the UK average and, in recent years, has benefited from one of the fastest growth rates of all English regions. But this performance masks continuing economic challenges, in particular: raising skills levels; supporting innovation and making the most of knowledge-based assets; helping new and established business to grow and prosper; creating a virtuous cycle to address significant pockets of persistent deprivation; supporting a sustainable, growing economy and managing economic shocks.

In this context, EEDA has developed an effective and credible strategic approach to regional economic development which has the support of partners within the region. To try and catalyse this approach EEDA has deployed its modest resources (equivalent to around 0.1% of regional GVA) - with increasing effect over time.

The evidence available enables us to conclude that:

- EEDA's role has evolved to tackle the challenges faced by the East of England
- Gross output targets set by central Government have been met and usually exceeded - since 2002/03 performance against target has been between 100% and 219%
- Despite a relatively small programme budget (rising from £24million in 1999/2000 to £126 million in 2007/08), EEDA has produced a wide range of outputs - evaluation evidence provides clear examples of interventions which have successfully addressed long-term challenges in the economy
- There is also clear evidence that EEDA has used its role to catalyse concerted action by a whole range of stakeholders in the regional economy. The creation of the University of Essex at Southend-on-Sea and the attraction of investment worth £460 million since 2005/06 into EEDA sponsored projects are but two examples
- At an aggregate level, EEDA's spend has had a positive impact on key indicators of economic success within the region - for an investment of £142m between 2002/03 and 2006/07 net regional Gross Value Added (GVA) increased by between £525 million and £820 million (at constant prices and discounted to present values)
- Despite having relatively modest resources compared to the size of the regional economy, the scale of its contribution in some areas looks significant. For example, over the period 2003-2007 EEDA remediated 170 hectares of derelict land and buildings, representing 20% of the total change in the region as a whole

- In making this impact and delivering its outputs, EEDA has demonstrated value for money:
 - It is increasingly economic - the cost of a basket of outputs has fallen from £12,000 to £3,000 from 2002/03 to 2007/08¹
 - It is effective in hitting agreed targets - evaluation evidence suggests that 83% of projects succeed against their objectives as set by EEDA
 - It is demonstrating efficiency - delivering a positive return on overall investment in terms of Gross Value Added (GVA).²

In addition to evaluating the impact of EEDA's interventions we have identified a number of lessons to be learned, which will help to improve outcomes in the future. These include:

- Designing interventions with clear reference to and an understanding of the state of the market and macro-economic conditions
- Being clear about the market failure which is being addressed and the related strategic objectives
- Considering carefully the delivery model to allow maximum effectiveness and efficiency
- Ensuring the right connections are made with partners and with other initiatives to deliver a more integrated programme around the same location, communities, businesses, people and/or technologies
- Developing ways to ensure continuity of staffing in EEDA
- Identifying, allocating and managing risks appropriately
- Providing for rigorous appraisal, monitoring and evaluation in partnership with other involved public and private sector agents.

The rest of this report sets out in more detail the underpinning evidence for these statements and provides the context in which this work has been undertaken. This evidence is often formative or interim, particularly given the long term nature of the impact of many of EEDA's interventions. We would expect the evidence base to grow over time as further evaluations are undertaken.


¹ This analysis is based on adding up the outputs produced by EEDA and comparing them against EEDA's costs in successive years.

² For evaluated projects where it was possible to assess net GVA.

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1 EEDA's role has evolved to tackle the challenges faced by the East of England

This report has been produced by PA Consulting and SQW Consulting in order to identify, and where possible quantify, EEDA's contribution to the strategic development of the East of England economy. It complements the national and regional reports on the impact of RDAs produced for the Department of Business, Enterprise and Regulatory Reform, extending and deepening the coverage to give a fuller picture of impact.

This report tracks EEDA's changing role over time in response to the economic challenges faced by the region and draws on evidence from a wide range of sources to demonstrate its impact. It strongly situates EEDA's financial contribution to project delivery in the context of its strategic achievements. Finally it sets out a summary of the evidence on which an assessment of EEDA's impact is made.

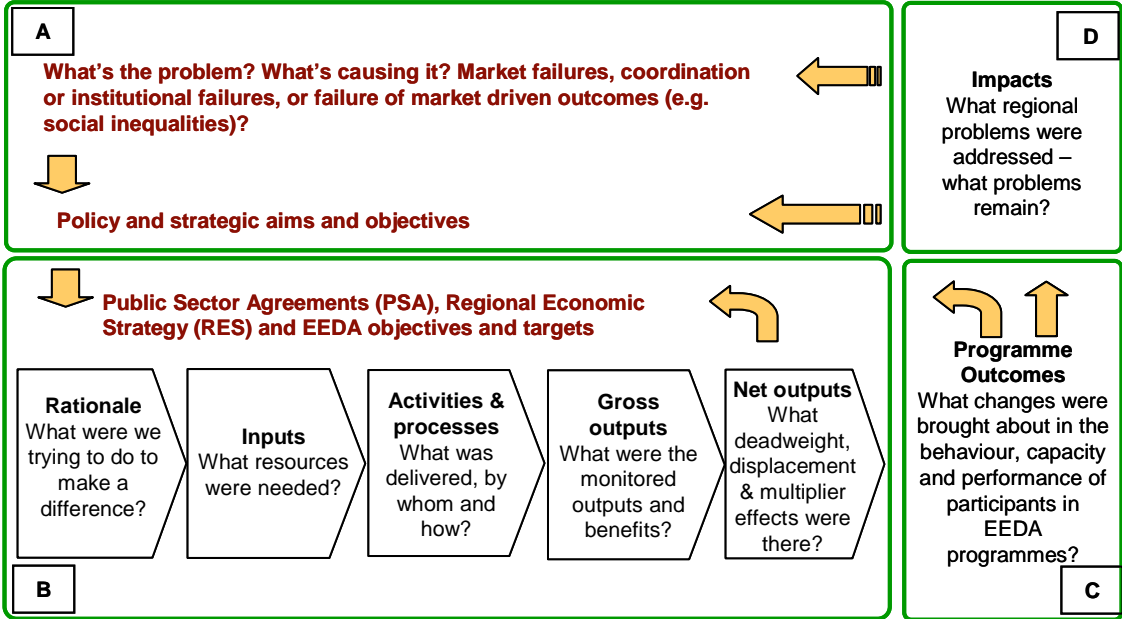
This chapter sets out:

1. The structure of this report and the sources of evidence we use
2. The nature of the economy of the East of England and the progress it has made since EEDA's inception
3. The specific challenges faced by the regional economy
4. The way in which EEDA has and is responding to these challenges to lay the foundations for future economic success

1.1 Structure of this report and sources of evidence

This report follows the structure set out in the 'logic chain' in Figure 1 below. In its 2008-2011 corporate plan, EEDA has adopted these logic chains, drawn originally from the principles set out in HM Treasury Green Book, to ensure that its activities successfully impact on the challenges faced by the regional economy.

Figure 1: EEDA's Corporate Plan 2008-11 uses logic chains to ensure that its activities successfully impact on the challenges faced by the regional economy



Source: SQW Consulting analysis

Following this logic we set out:

- In Chapter 1: The nature of the East of England's economy, the challenges it faces and EEDA's response
- In Chapter 2: Summary of the evidence for the outputs, outcomes and impact resulting from EEDA's activities
- In Chapter 3: Our conclusions on EEDA's impact
- Appendix A - F: Detailed evidence of EEDA's impact on each of the major economic challenges it has identified
- Appendix G: EEDA's performance against central government targets.
- A parallel set of appendices provide a summary of the evaluation evidence gathered during April to July 2008, which provides a significant part of the basis for understanding EEDA's impact; a parallel technical report sets out the basis on which analysis of impact was derived.

1.1.1 This report draws on a wide range of evidence to demonstrate impact

The evidence used to demonstrate how EEDA has responded to the challenges of the regional economy comes from a variety of sources:

- The development of successive regional economic strategies with partners and stakeholders since 1999 and the development of corporate plans which capture EEDA's understanding of the regional economy and its plans to address its challenges

- An evaluation of 15 'bundles' of projects which was undertaken by PA/SQW between April and July 2008³
- A set of case studies of Strategic Added Value, undertaken by EEDA and PA/SQW
- Evidence from other evaluations - in particular the evaluation of the Single Regeneration Budget (SRB)
- Indicators of economic performance over time.

Because of the complex and open nature of the East of England economy and the long-term nature of the impact of many of EEDA's interventions, this evidence base is necessarily incomplete especially with regard to their longer term effects. In addition, given the modest scale of EEDA's budget compared with the size of the regional economy, EEDA's impact is often achieved through catalysing the activities of others, rather than through its own outputs. Capturing accurately impacts of this nature is challenging or even impossible.

1.2 The East of England's economy has been one of the fastest-growing regional economies in the UK...

As set out in the 2008 regional economic strategy, 'The East of England has been one of the fastest-growing regional economies in the UK. It benefits from a number of major assets – such as globally renowned research departments and institutes, leading companies in growing markets, major new investment to expand international ports and a strong relationship with London, the world's leading financial centre. It also has many inspirational places including some of the UK's finest natural habitats and over a quarter of England's historic market towns.'

Since 1999, there have been a number of positive changes in the regional economy⁴⁵:

- Economic growth: between 1999 and 2006, residence-based gross value added (GVA) grew by 41 per cent, from £78 billion to £110 billion, while workplace-based GVA grew by 44 per cent, from £69 billion to £99 billion
- Businesses: the region gained over 25,000 extra (VAT-registered) businesses between the start of 1999 and the start of 2007, with the number of businesses per 10,000 adults increasing from 405 in 1999 to 434 in 2007
- Exports: between 1999 and 2007, the value of exports from the East of England increased from £12.9 billion to £19.9 billion, while the region's share of UK exports increased from 7.7 per cent to 9.0 per cent

³ For evaluation purposes only, projects funded by EEDA were grouped together in "Bundles" to achieve some efficiencies in terms of evaluation approaches. Bundles consisted of projects with similar objectives and/or similar beneficiaries

⁴ Source: 'Inventing our future Collective action for a sustainable economy The regional economic strategy for the East of England 2008–2031', EEDA

⁵ All monetary values in 2006 basic prices unless otherwise stated

- Innovation: expenditure on research and development (R&D) by UK businesses in the East of England increased from £2.56 billion to £3.57 billion between 1999 and 2006. Expenditure on R&D by UK businesses in the East of England also increased from 22.6 per cent of all R&D expenditure by UK businesses to 25.0% of all R&D expenditure during the same time period
- Skills: between 1999 and 2007, the percentage of working age people qualified to at least level 4 increased from 21.2 per cent to 26.0 per cent. The percentage of people qualified to at least level 3 increased from 37.8 per cent to 43.4 per cent while the percentage of people qualified to at least level 2 increased from 57.5 per cent to 62.2 per cent. The percentage of working age people with no qualifications also decreased from 16.0 per cent to 12.5 per cent.
- Sustainable growth: 71 per cent of new dwellings were built on previously developed land in 2007, up from 61 per cent in 1999.

1.3 ...However, challenges remain which prevent the region's economy from achieving its potential

Against this backdrop, there are a range of challenges of which a number are long-term in nature. The East of England needs to be understood as a series of over-lapping economies: some are strongly impacted by the Greater London economy, but others are characterised by remoteness and peripherality (including coastal locations), and while some are defined around medium-sized cities or networks of smaller towns, others are predominantly rural in character. Thus at a headline level, while average GVA per resident is higher than national average, workplace employee earnings for the East of England are below average levels (median of £19,470 in the East of England and £20,010 in Great Britain in 2007). This difference is largely the result of the significant number of commuters travelling to higher paid employment in London.

Below we set out the challenges to which EEDA and its regional partners have responded in successive regional economic strategies:⁶

- **Improving the region's skills base** - the region has a greater proportion of low-wage, low-skill jobs than the national average. Underlying this are large differences within the region of the proportion of the population with higher level qualifications (NVQ Level 4 and above) – from 48 per cent in Cambridge and St Albans to 10 per cent in Great Yarmouth
- **Making the most of the region's knowledge-based assets** - There is a divergence between innovation and growth 'hot-spots' (such as Cambridge and much of Hertfordshire) and 'cold-spots' which are often deep into a cycle of decline (such as Great Yarmouth). In 2005, business R&D expenditure represented 3.5 per cent of GVA, around twice the UK average. However, this profile was dominated by a small number of large corporate players, and evidence from BERR surveys suggests that across the population of businesses, the proportion that are 'innovation active' is actually below the national average

⁶ Source: 'Inventing our future Collective action for a sustainable economy The regional economic strategy for the East of England 2008–2031', EEDA

- **Improving the performance of small and established businesses** - There is evidence of lower than average entrepreneurship from low rates of business start-up. At 9.1 per cent, the business start-up rate (defined as the % increase in the stock of businesses) in the East of England in 2006 was slightly below that of most other English regions apart from the South West
- **Creating a virtuous cycle to address persistent deprivation and unemployment** - Whilst employment rates are high at a regional level (77.2 per cent in the East of England, compared to the UK rate of 74.4 per cent), there are, again, significant variations around the region. At local authority district level, Luton, Fenland, Tendring and Great Yarmouth have particular problems, and fall substantially below the regional average. Low levels of economic participation are, of course, a major factor in persistent deprivation within an area
- **Supporting a sustainable growth economy** - Between 1981 and 2006 the region's population grew by over 13 per cent, more than double the rate for the UK as a whole, to around 5.6 million and Cambridgeshire has been the fastest growing county nation-wide. Housing shortages have been a major constraint on growth and delivering housing growth - including a good proportion of affordable housing - has become a regional priority. The East of England Plan makes provision for the development of 508,000 net additional homes between 2001 and 2021⁷ to meet forecast population growth. This represents a significant challenge - both for the housing construction industry, but also for the physical and social infrastructure which need to underpin sustainable economic growth. At the same time, global climate change poses a very real threat to the East of England. A low-lying geography, vulnerable coastline and already scarce water resources make it the region most at threat from climate change and degradation of ecosystems services in the UK. Combining a growth agenda with a need to constrain energy and carbon emissions means that, businesses, communities and individuals contributing to regional economic development must take resource productivity seriously.
- **Response to economic shocks** - In addition to these long-term challenges, the regional economy has faced a number of shorter-term shocks over recent years; EEDA has played a leading role in managing them. These include closure of the Vauxhall plant at Luton; the Buncefield oil storage depot fire; and the threat to the region's agri-food industry from foot and mouth disease and blue-tongue epidemics.

⁷ East of England Plan: The Revision to the Regional Spatial Strategy for the East of England, Government Office for the East of England, May 2008

1.4 EEDA has developed its ability to respond to these challenges

Below we set out how EEDA has developed as an organisation in response to the challenges posed by the nature of the regional economy.

1.4.1 EEDA's remit is set out in statute

The Regional Development Agencies Act 1998 sets out five statutory objectives for RDAs:

- To further economic development and regeneration
- To promote business efficiency, investment and competitiveness
- To promote employment
- To enhance the development and application of skills relevant to employment
- To contribute to the achievement of sustainable development where it is relevant to do so.

Over the period since 1999, EEDA has been responsible for leading the development of the regional economic strategy (RES) for the East of England and has led the production of four of these Strategies (in 1999, 2001, 2004 and 2008)⁸. The RES is owned by the region and will be delivered through the collective work of political, business and community leaders and institutions. EEDA's own plans for delivering its contribution to the RES are set out in successive corporate plans.⁹

Responsibilities and targets set out in EEDA's corporate plan are agreed with central Government in Public Service Agreements and underpinned by targets set out in the RDA Tasking Framework. It is important to recognise that EEDA, like other RDAs, is balancing the needs of the region (economic, political, social and environmental) with the requirements of central Government and specific responsibilities given to it.

1.4.2 Although EEDA has evolved as an organisation and added significantly to its remit, its budget remains modest

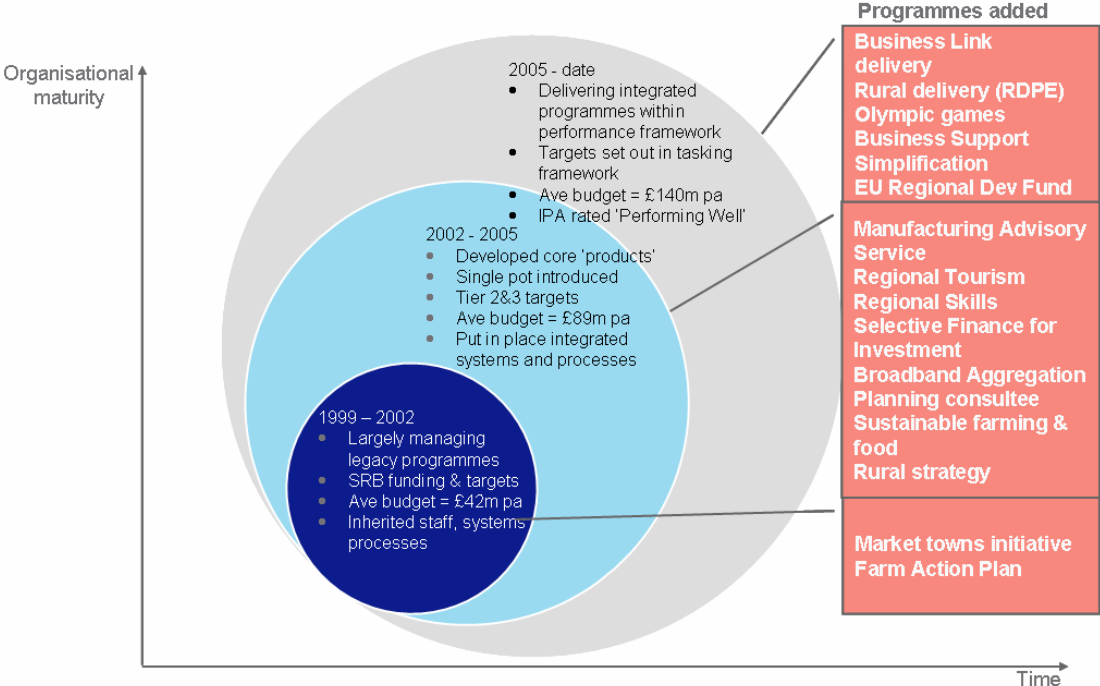
EEDA as an organisation has evolved. In 1999, when the RDA was formed, its principal function was in managing 'legacy' programmes, including the Single Regeneration Budget (SRB). It then went through a transition period where it took on significant new responsibilities. From 2002/03, it operated under the Tier 2 and 3 reporting framework and from 2005/06, the Tasking Framework. It now has a solid understanding of its regional context and its regional partners, what needs to be done and what works, as demonstrated by the comprehensive evidence base presented to underpin the 2008 RES. Figure 2 below sets out how EEDA has evolved over time.¹⁰

⁸ <http://www.eastofengland.uk.com/res/default.asp>

⁹ <http://www.eeda.org.uk/383.asp>

¹⁰ http://www.eastofengland.uk.com/res/files/EB_P1.pdf

Figure 2: EEDA as an organisation has evolved over time



Source: PA/SQW analysis

Despite this growth in remit, the National Audit Office recognised that at the time 'EEDA has the smallest budget of any Regional Development Agency. This provides EEDA with particular challenges in prioritising its activities. It also provides challenges in relation to the organisational tasks that any Regional Development Agency must undertake regardless of its budget.'¹¹ Even in 2007/08 EEDA's programme budget is equivalent to just 0.11% of regional GVA (having risen from 0.08% in 2001/02) - a modest amount with which to make a significant impact.

Figure 3 below sets out how EEDA's expenditure has increased over 9 years, from £24.5m in 1999/00 to £126.2m in 2007/08, reflecting and consistent with its increasing remit and responsibility for design and delivery of its interventions. It identifies expenditure on 'Regional interventions' (including the Single Regeneration Budget) and 'National Programmes' (programmes which are rolled out across all the regions, which central government hold the responsibility to design and RDAs the responsibility to deliver).¹² The largest increase took place in 2005/06, largely due to EEDA taking on responsibility for delivery of business support programmes in the region through Business Link.

¹¹ http://www.nao.org.uk/publications/nao_reports/05-06/0506EEDA_rda.pdf

¹² Nine national programmes were managed regionally by EEDA. They are the Regional Innovation Fund, the Manufacturing Advisory Service, Regional Tourist Board Support, the Rural Development Programme for England and Sustainable Food and Farming, Market Town Initiative, Business Link, Regional Selective Assistance/Selective Finance for Investment, Grant for Research & Development and Phoenix Fund.

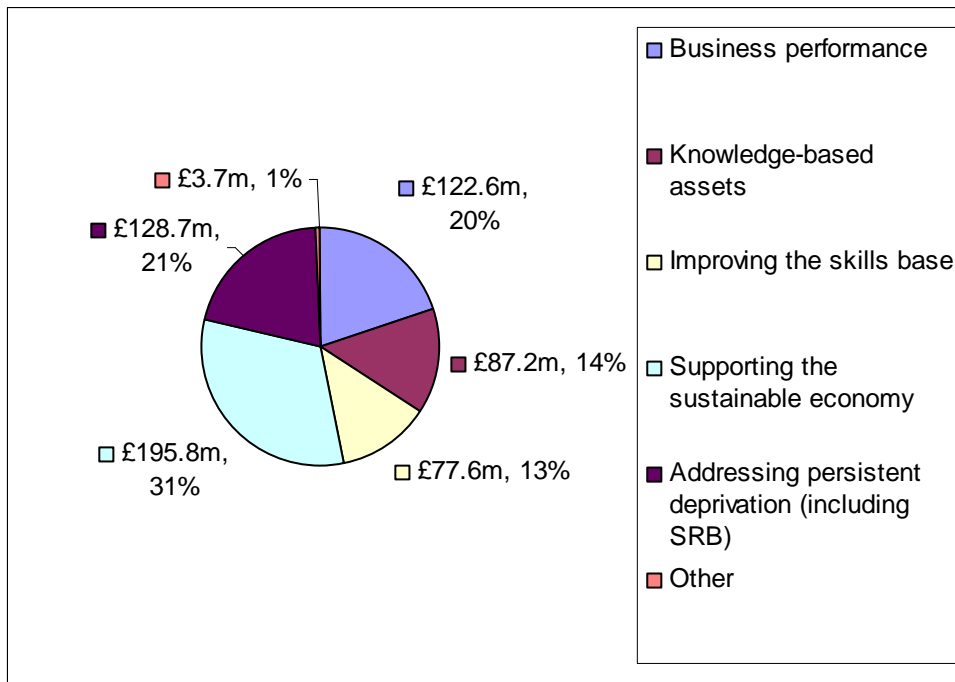
Figure 3: EEDA's programme spend has increased from £24.5m to £126m since 1999 (£million)

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	TOTAL
Regional programmes (£million)	24.5	33.3	50.4	72.6	63.2	65.4	102.5	101.2	99.2	612.3
National Programmes (£million)	N/A	N/A	N/A	3.0	6.6	3.6	26.5	25.9	27.0	92.6
Total spend (£million)	24.5	33.3	50.4	75.6	69.8	69.0	129.0	127.1	126.2	704.9

Source: Data from EEDA's Performance Management System and PwC analysis for BERR; further analysis by PA/SQW

Figure 4 below sets out a breakdown of EEDA's spend since 2002/03 on the six challenges set out in section 1.3. Figures prior to 2002/03 are not included, given that a large part of EEDA's focus spend was on managing legacy programmes¹³ and does not readily fit into the challenge categories.

Figure 4: Spend (£million) and % of total spend by challenge (2002/03 - 2007/08)



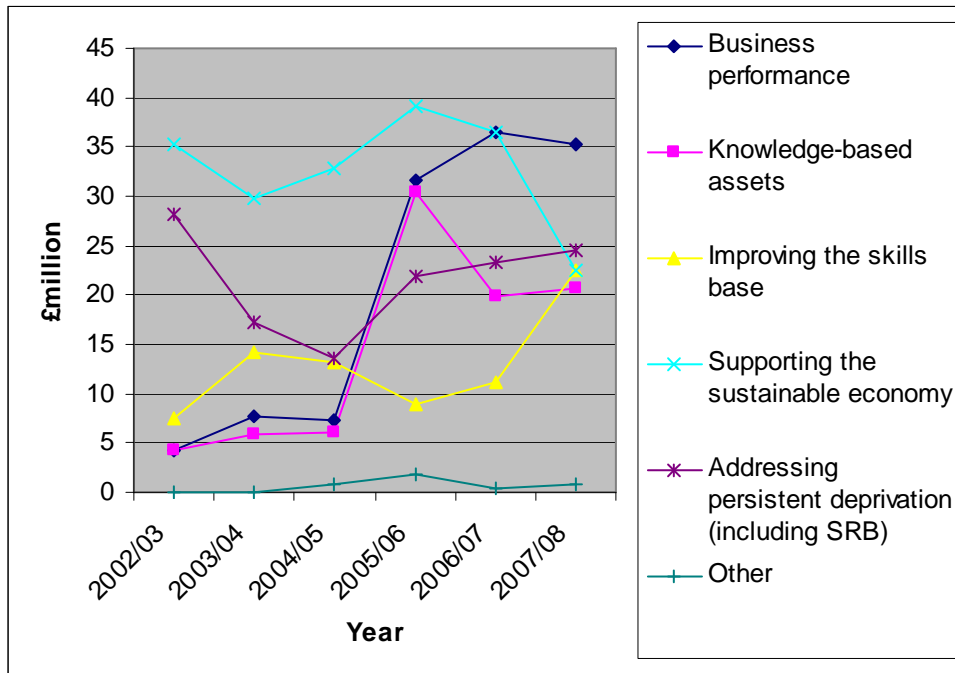
Source: Data from EEDA's Performance Management System ; Annual Reports; EEDA/PA/SQW analysis

Note: These figures include spend on Sub-Regional and Local Economic Partnerships, which are excluded from Figure 3 above. Supporting the sustainable economy includes spend on the growth agenda and creating a low carbon economy. 'Other' includes regional championing and branding and research and intelligence.

¹³ Principally the Single Regeneration Budget which was, in the 1990s, a major source of funding for local and regional regeneration programmes.

Figure 5 shows that, over time, the spend on business performance has grown, relative to spend on all other challenges. This occurred because of the transfer of Business Link in the region from the Small Business Service to EEDA - which brought about significant increases in spend on business performance and knowledge-based assets in 2005/06. It is also worth noting that the balance between spend on different challenges is more even now than in the past.

Figure 5: EEDA's spend on different challenges has changed over time and is now more evenly balanced



Source: Data from EEDA's Performance Management System ; Annual Reports; EEDA/PA/SQW analysis

1.4.3 EEDA operates as a strategic navigator, influencer, commissioner and direct deliverer across a broad range of responsibilities

EEDA is required to make - and wants to make - an impact that is wider and stronger than can be accomplished through its modest programme spend. The organisation therefore operates as a strategic navigator, influencer and commissioner as well as playing a role in direct delivery. In practical terms, this role has encompassed:

- Leading regional partners in developing and delivering successive regional economic strategies - including:
 - Building the capacity of regional, sub-regional and local delivery partners
 - Research and intelligence to provide the evidence base for intervention
 - Regional championing and branding.
- Exercising strategic leadership and/or influence wherever an issue has implications for the development of the regional or sub-regional economy - transport infrastructure being a prime example

- A lead role across the RDA network with respect to the Department for the Environment, Food and Agriculture (Defra) and therefore the broader sustainable development agenda
- Helping the economy prepare for and respond to economic shocks
- Leverage - drawing in funding (some £460m since 2005/06) from private and public sector partners into a particular programme or series of interventions, so as to maximise the impact to the region as a whole.

Evidence of EEDA's broader role is often described as 'Strategic Added Value'. Evidence for this is provided through case studies which identify, usually qualitatively, the wider impacts EEDA has had. A number of these case studies are provided in the appendices to this report.

In the next chapter we provide evidence of EEDA's impact in addressing its objectives and the challenges in the East of England's economy.



2 Evidence of EEDA's impact comes from a range of sources

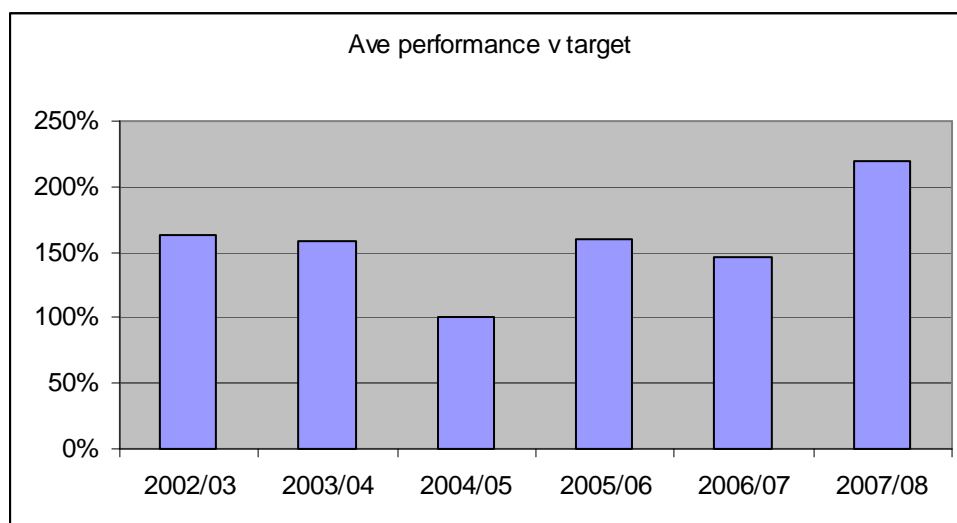
This chapter sets out evidence for EEDA's impact. We set out:

1. Gross outputs achieved, set against Government targets
2. How EEDA's investment has addressed the challenges in the regional economy
3. Evidence of net outputs achieved
4. Evidence of outcomes and impact
5. Evidence of value for money.

2.1 EEDA has met or exceeded Government targets every year

In Appendix F we set out key gross outputs against programme expenditure for the period 2002/03 to 2007/08. From 1999/00 to 2001/02, RDAs were working under the legacy SRB performance targets which are not easily comparable with later years. EEDA's performance is set against the output targets which were agreed annually with central Government. Below we set out analysis of performance based on this data.

Figure 6: EEDA's performance has, on average, always exceeded targets



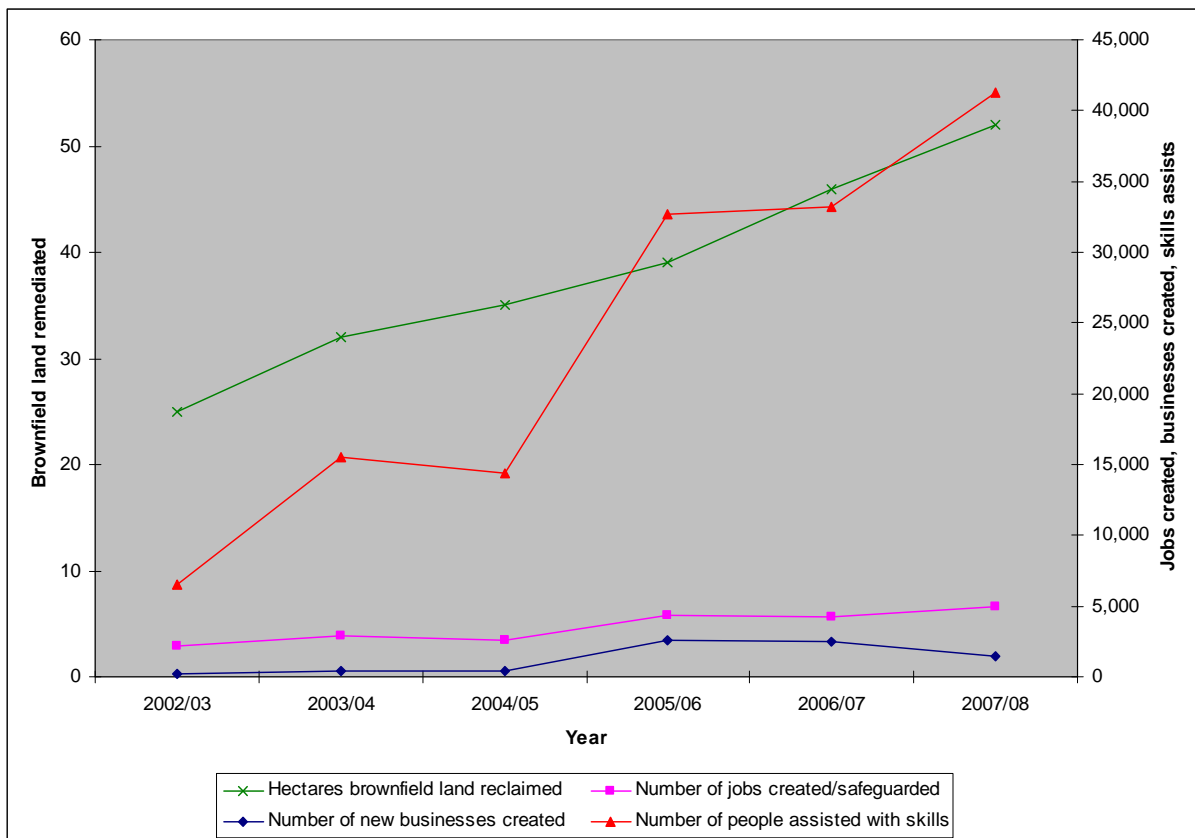
Source BERR; PA/SQW Analysis. Note: Targets for 2005/06 - 2007/08 are target mid-points

Based on the figures underlying this analysis, it is clear that:

- EEDA has achieved what it was tasked to do overall, achieving between 100% and 219% of its targets in each year on average, across all targets (see Figure 6)
- EEDA exceeded every individual target/target-mid point in every year, save for 1 target in each of two years. Successful performance against target ranged from 100% to 620% (see Appendix F)
- In the two cases where it did not exceed the target mid-point, EEDA exceeded its minimum target. (see Appendix F)

There are four targets which have been sufficiently consistent over time in order to compare performance: jobs created/safeguarded; businesses created; brownfield land reclaimed and skills assisted. On all of these measures, as shown in Figure 7 performance has improved since 2002/03, with the increase being most marked in skills assists.

Figure 7: EEDA's gross outputs have grown substantially since 2002/03



Source BERR; PA/SQW Analysis.

These gross outputs are only those which are 'attributed' to EEDA, that is those which can be claimed by EEDA. However, complex projects often involve funding from a variety of partner sources, and the overall impact of a project may be considerably greater than that part which EEDA can claim for itself.

2.2 EEDA's investment has addressed the region's challenges

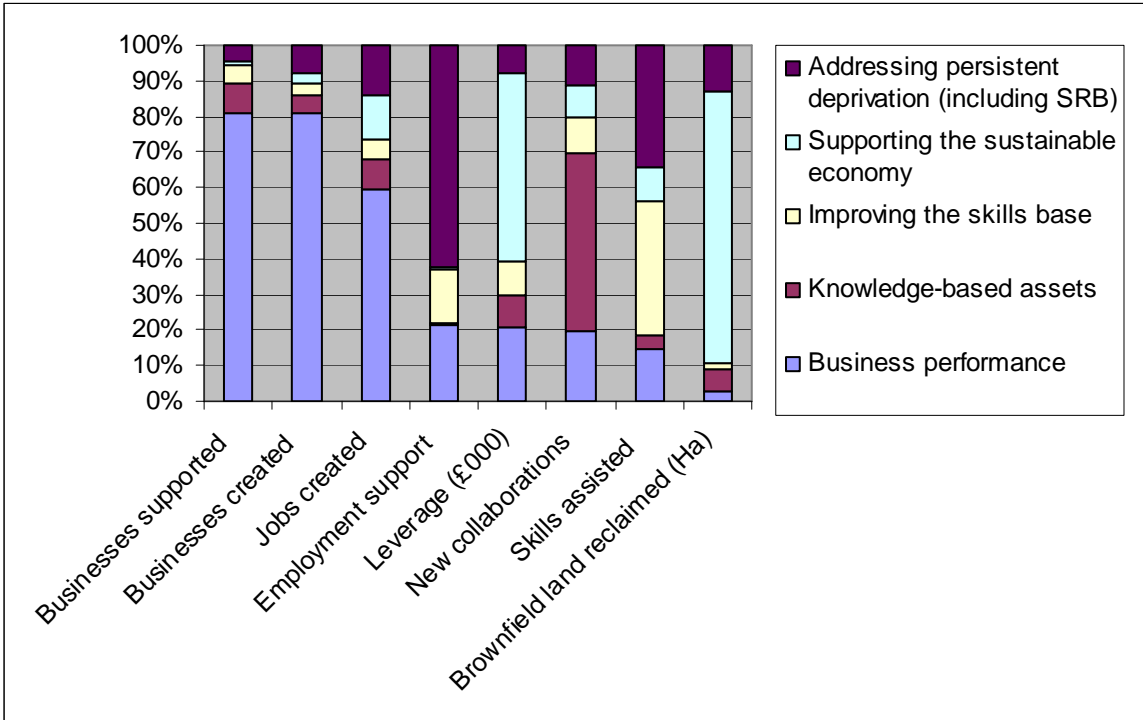
Figure 8 below identifies the contribution to EEDA's gross outputs between 2002/03 and 2007/08 made by the projects and programmes associated with each of these challenges. It shows that the objectives within each challenge gives rise to a very different profile of outputs. For example interventions focused on:

- Business performance contribute the majority of outputs related to, businesses created and supported jobs created, employment supported and new collaborations with the knowledge base
- Addressing persistent deprivation contribute the majority of outputs related to supporting people into employment and
- Supporting the sustainable growth economy contribute the majority of brownfield land reclaimed.

EEDA has levered significant funds from other organisations to address each challenge, in particular to support the sustainable growth economy.

Caution should be applied to interpreting too much from this analysis, as: outputs do not have a consistent cost (e.g. remediating a hectare of brownfield land is generally much more costly than assisting skills development) and this only captures outputs produced to date - capital intensive interventions are likely to produce outputs well into the future, which could skew any comparisons.

Figure 8: EEDA's gross outputs (2002/03 to 2007/08) are delivered through a mix of activities with different objectives



Source: Data from EEDA's Performance Management System ; Annual Reports; EEDA/PA/SQW analysis. Note: The attribution of outputs to categories is a 'best estimate' only

2.3 Evaluation evidence enables us to estimate the net outputs achieved by EEDA

Evaluation provides the evidence that enables a judgement to be made on the impact of EEDA's interventions. This follows from the simple chain set out in Figure 9 below.

Figure 9: The logic chain from which estimates of impact can be derived



The first step is that evaluation enables a move from understanding gross outputs attributed to EEDA (such as those presented in Figure 7) to net outputs - that is, in simple terms, what has EEDA's intervention produced which would not otherwise have been produced through the normal operation of the economy. This is also known as 'additionality'.

This requires an approach which starts from gross outputs and then adjusts for the effects of displacement, substitution and leakage, and any multipliers.¹⁴ The evidence has been gathered in a manner which complies with the Impact Evaluation Framework published by the then-DTI¹⁵. It is therefore robust and rigorous. In presenting evidence of impact, the approach is cautious and may therefore underestimate net outputs in many cases.

2.3.1 Evidence from evaluations

Below we set out some highlights of the evaluation evidence which has been gathered. At this level it is intended to provide a snapshot rather than a comprehensive story. The evidence is organised around the six key economic challenges in the regional economy that EEDA has addressed, plus success in managing economic shocks. These are consistent with the goals in the recent RES, but cut across the intervention categories identified by BERR: business development and competitiveness; physical regeneration and people and skills.

Figure 10: Highlights from evaluation of EEDA's spend between 2002/03 and 2006/07

Improving the region's skills base	<p>EEDA has worked with regional partners in the Learning and Skills Council, the Association of Universities in the East of England, and Government Office for EU funding sources and with national partners such as the Higher Education Funding Council for England to expand the range of skills provision and ensure that the offer to employers better meets their needs. For example:</p> <p>For an investment of £4.1 million between 2002/03 and 2006/07 in 3 demand-led skills programmes, EEDA is estimated to achieve between £18 - 23 million net additional GVA¹⁶.</p>
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¹⁴ The technical process for doing this is set out in a parallel volume of appendices to this report

¹⁵ Evaluating the Impact of England's Regional Development Agencies: Developing a methodology and evaluation framework. DTI Occasional Paper No. 2 Available at <http://www.berr.gov.uk/files/file21900.pdf>

¹⁶ GVA figures in the section are all at constant prices and discounted to present value.

<p>Making the most of the region's knowledge-based assets</p>	<p>EEDA has played a major role in providing the infrastructure that will enable local firms to improve their innovation performance. For example for an anticipated total capital investment of £15.4 million in 5 Enterprise Hubs, EEDA has levered in at least £4.9 million from other private and public sector sources and will generate a forecast £34-69 million net additional GVA. There are early signs of the development of an innovation culture around the investment sites. The Babraham site, in particular, is now recognised as a leading centre for life sciences innovation.</p>
<p>Improving the performance of small and established businesses</p>	<p>Four projects were evaluated, Enterprising Women, New Routes to Enterprise, Proof of Concept and Running the Gauntlet, all addressing the high level objective to promote enterprise, encourage business start-up and drive business growth. These projects were developed as the first stage of a ramp up into wider forms of business support offered in the region, including Business Link and R&D grants. In the period from 2005/06 - 2006/07, based on expenditure of £2.9 million these projects are estimated to generate £15- £19 million net additional GVA.</p>
<p>Creating a virtuous cycle to address persistent deprivation</p>	<p>EEDA has invested heavily in addressing long term causes of deprivation - both through community renewal and physical regeneration. Overtime it has moved away from the approach embodied in the Single Regeneration Budget to a more programmatic approach addressing causes of deprivation holistically. Given the nature of the East of England's socio-economy people in poverty do not tend to live in concentrations in urban areas. This meant that EEDA needed to address challenges which were not addressed by the National Strategy for Neighbourhood Renewal which focused on areas of multiple deprivation.</p> <p>Major interventions to address persistent deprivation include Investing in communities (IiC), which has been the largest programme led by EEDA. It was designed as a novel, long term, evidence-based and commissioning-led approach to people-based regeneration. The total GVA created by IiC and the Rural Programme together is estimated to amount to between £112-205 million, based on costs of approximately £36 million between 2005/06 and 2006/07.</p>
<p>Supporting the sustainable growth economy</p>	<p>The significant growth in the East of England's population is probably the single largest challenge faced by the region - bringing with it the need for major new housing development and the improvement of the public realm in previously run-down areas. EEDA's role has increased significantly recently, given new responsibilities for the Integrated Regional Strategy. Brian Stewart, Chief Executive of the East of England Regional Assembly, underlines that "EEDA has taken a valuable leadership role in ensuring that all regional partners face up to the challenges presented by economic growth".</p> <p>Evaluation of capital projects designed to meet this challenge produce an estimate of £78 - 107 million net additional GVA based on expenditure of £19.8million to 2006/07. At a local level, EEDA has driven the agenda forward by encouraging the development of Integrated Development Programmes: by March 2009, nine of the region's fastest growing urban areas/sub-regions should have costed, prioritised, phased, evidentially robust and locally-owned delivery plans which are recognised as such by a wide range of potential funding bodies. EEDA's role in bringing this about has been pivotal.</p> <p>EEDA has led three programmes designed to develop the region as a local carbon economy and increase resource efficiency. These are: Business Resource Efficiency and Waste Programme; the Carbon Reduction Programme and funding of Renewables East.</p> <p>For an investment of £2.4m until 2006/07, GVA is estimated at £16 and £25 million. As importantly, given the objectives of the programme, the following net outputs were achieved:</p> <ul style="list-style-type: none"> • 75,676 tonnes of waste were diverted from landfill • 18,026 tonnes reduction in CO2 emissions.

Managing economic shocks¹⁷

During the period 2002-2007, EEDA has contributed significantly to partnership responses to economic shocks, including: Luton Vauxhall Partnership; Blue Tongue/Foot and Mouth Disease and the Maylands Partnership (in response to the Buncefield explosion)

EEDA's response to economic shocks has typically focused on the following areas:

- Playing a leading role as a member of the partnerships established to mitigate the immediate effects of economic shock and plan for the medium-term recovery
- Commissioning economic impact assessments to understand the effects of an economic shock and optimise the partnership response
- Making resources available for:
 - redundancy support, to aid retraining and job search
 - business health-checks and targeted support to help businesses affected to manage disruption to their operations and safeguard employment
 - supporting businesses affected throughout supply chains, in particular helping business to diversify their customer base
 - facilitating access to appropriate grants and financial products for working capital, new product development or new premises
- In cases of significant land or property implications, providing resources for master-planning, land remediation, business premises and marketing development opportunities.

Each of the evaluations undertaken focused on understanding the net outputs achieved by EEDA's interventions from expenditure between 2002/03 and 2006/07. For the 17 bundles evaluated¹⁸, Figure 11 sets out the gross and net outputs achieved and potential and the ratio of gross outputs to net outputs. The level of additionality resulting from EEDA's evaluated business interventions varied across intervention and output type. At this level, the additionality achieved varies from 84% for brownfield land reclaimed to 32% for jobs created or safeguarded.

Figure 11: Achieved and potential gross and net attributable EEDA outputs based on evaluated spend between 2002/03 – 2006/07

	Jobs created/ safeguarded	New businesses created	Businesses supported	Brownfield land reclaimed (ha)	People assisted with skills
Gross outputs achieved	11,053	640	10,579	67	44,668
Net outputs achieved	3,515	281	4,490	56	21,769
Net-gross output ratios (% average)	32%	44%	42%	84%	49%
Net-gross achieved output ratios (% range)	16 to 165%	15 to 100%	19 to 52%	48 to 100%	23 to 56%

Source: PA/SQW from PwC EEDA impact report, March 2009

¹⁷ Material in this section is based on case studies provided by EEDA and has not been independently evaluated by PA/SQW.

¹⁸ The 15 bundles evaluated by PA/SQW and evaluations of SRB and Ipswich

2.3.2 Net outputs across all EEDA's interventions

More broadly, we can use the evaluation evidence to identify net outputs across the whole range of EEDA outputs, not simply from those projects which were evaluated. To do this we have applied the gross to net ratios in Figure 11 to the totality of EEDA's key gross outputs. This is done in Figure 12. Note that a high gross to net ratio (or high additionality) translates into higher net output figures.

Figure 12: EEDA gross and estimated net outputs from spend 2002/03 – 2006/07

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Jobs created/safeguarded (gross)	2,177	2,909	2,577	4,299	4,270	4,927
Jobs created/safeguarded (net)	697	931	825	1,376	1,366	1,577
New businesses created (gross)	156	450	371	2,563	2,476	1,480
New businesses created (net)	69	198	163	1,128	1,089	651
Brownfield land reclaimed (gross)	25	32	35	29	46	52
Brownfield land reclaimed (net)	21	27	29	24	39	44
People assisted with skills (gross)	6,500	15,532	14,374	32,659	33,174	41,274
People assisted with skills (net)	3,185	7,611	7,043	16,003	16,255	20,224

Source: BERR performance against target figures and PA/SQW net-gross adjustments

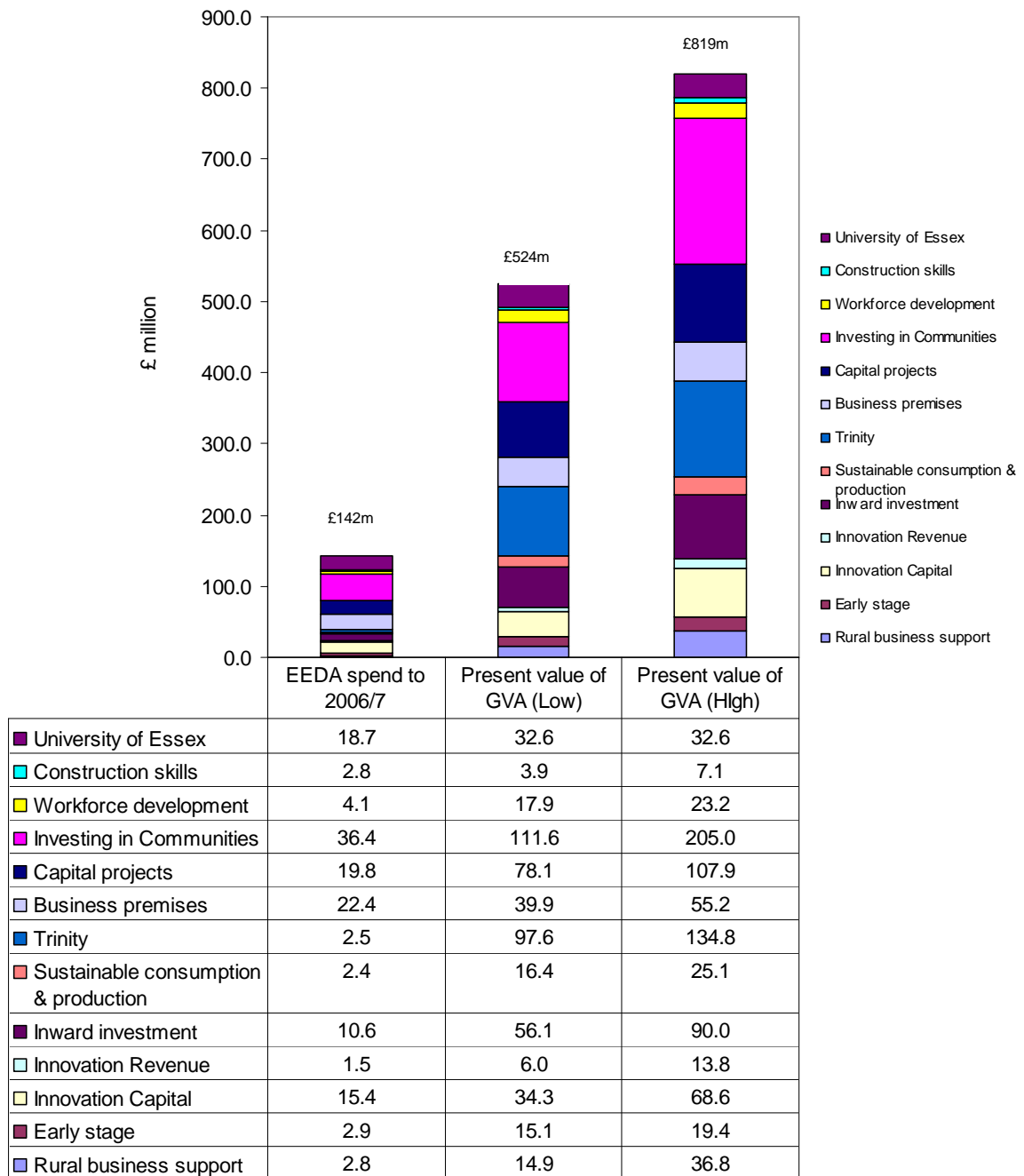
2.4 There are positive outcomes and impact at a regional level

Impacts in this report are understood to include both the 'final' impact of EEDA as reflected in the gross value added (GVA) from its interventions and impacts on 'intermediate' regional indicators such as numbers of employee jobs.

2.4.1 Gross Value Added

We can use the evaluation evidence (and extrapolations from it) presented above to identify the contribution EEDA has made to the region's economy. The most relevant outcome measure in this context is net Gross Value Added (GVA). GVA can be defined as the value added to an economy by the productive use of resources. It is accepted as a standard measure of economic performance. It is also one of the key regional ambition targets identified in the regional economic strategy. Hence understanding the extent to which different types of intervention contribute to achieving GVA impacts is critical for EEDA and its partners in going forward.

Figure 13: EEDA's investment of £142m has produced an estimated achieved net GVA of between £525m and £820m from expenditure between 2002/3 and 2006/07)



Source: PA/SQW evaluations; PA/SQW analysis

Figure 13 above identifies the aggregate net GVA based on 13 of the evaluations undertaken by PA/SQW during 2008¹⁹. As this shows, for spend of approximately £142m, EEDA will achieve present value net GVA of between £525m (low estimate) and £820m (high estimate) - a 'return' of between 3.7 and 5.8 times its investment.^{20 21}The inclusion of forecast GVA outcomes from the projects funded in 2002/03-2006/07 increases the total GVA impact to between £874m and £1,302m – representing a GVA benefit/EEDA cost ratio of between 6.1 and 9.1:1.0.

These estimates of GVA are 'bottom-up', that is they are derived from evaluation evidence and then aggregated. A 'top-down' estimate can be derived from the estimated net jobs created/safeguarded and skills development. Based on a number of reasonable assumptions, the overall GVA contribution from EEDA's interventions is estimated to be of the order of £1,100m in present value terms and constant prices. This compares with the estimate from the bottom-up assessment of between £525m and £820m. However, the top-down assessment considered outputs from a wider range of evaluations than included in the bottom-up assessment. The equivalent EEDA spend figure is £241m and, hence, the GVA / EEDA funding ratio is 4.6 to 1.0 – i.e. in the middle of the range suggested by the bottom-up assessment.

2.4.2 Scale of EEDA's contribution relative to the regional economy

The scale of EEDA's net outputs is modest relative to the volume of economic activity in the region as measured by the official secondary data most closely equivalent to the Agency's outputs. For example, its net output in the form of skills development was just 3% of the number of people in training in the region in 2007.

However, EEDA's budget is very small relative to regional GVA and it operates at the margins of the market. So, its contribution is more accurately assessed against the scale and direction of change observed in data relating to those aspects of the economy where the market is unlikely to operate at the economic development optimum – in clearing brownfield land, in funding skills development, in facilitating business creation and, even, in generating jobs.

¹⁹ Figure 13 does not include GVA forecast to arise from EEDA funding in 2002-2006. The FirstSite and EPIC projects are excluded from the figure for this reason even though spend was incurred on these projects in this period. In order to maintain a consistent baseline the forecast outputs from these projects are also excluded from the forecast GVA figures.

²⁰ A separate technical paper 'Assessment of the Impacts of EEDA spending: Technical Report' PA/SQW, December 2008 sets out details of the methodology used to estimate these figures

²¹ As can be seen from this figure, the specific Trinity project was assessed to contribute significantly in terms of GVA for relatively low EEDA funding. However, even without this project, a total GVA contribution of £420m to 676m was estimated to have been generated from £140m of EEDA spend – i.e. a GVA/EEDA funding ratio of 3.0 to 4.8:1.

Scaled against changes in the most closely equivalent regional data, EEDA's contribution looks much more significant especially in more recent years. For example, over the period 2003-2007 EEDA remediated 170 hectares of derelict land and buildings, representing 20% of the total change in the region as a whole. Similarly, the number of net businesses created by EEDA is some 17% of the change in the number of small businesses (with 1-49 employees) over the same period. Even more dramatically, over the period from 2002 to 2007 there was a decline of some 60,000 in the number of people in the working age population that were undertaking training in the region. The number of people assisted with their skills development through EEDA funding was about the same – about 70,000. If the two data sets were equivalent, then it could be said that, without the EEDA funding, the fall in numbers undertaking training in the region over this period might have been double that which was observed. This may not have been enough to reverse the trend but EEDA's intervention could still be claimed to have contributed significantly to preventing a worsening of the situation.

2.5 There is evidence that EEDA is achieving value for money

At both an aggregate and individual project level EEDA's achievements can claim to represent value for money. Value for money can be assessed on the basis of three measures:

- Economy: the cost to EEDA per unit of output
- Effectiveness: the extent to which stated objectives have been met
- Efficiency: the cost to EEDA of the outcomes produced.

In terms of economy, the unit cost of an unweighted 'basket of outputs' produced by EEDA has fallen from over £12,000 to around £3,000. In terms of effectiveness, 87% of evaluated spend was judged to have met the objectives EEDA set for the evaluated projects. In terms of efficiency, the ratio of GVA to expenditure is between 1.4:1 and 6.9:1. In other words, EEDA's return on investment on the measure of GVA alone is always positive.

Below we can look at each of these in turn, at both an aggregate and individual level.²²

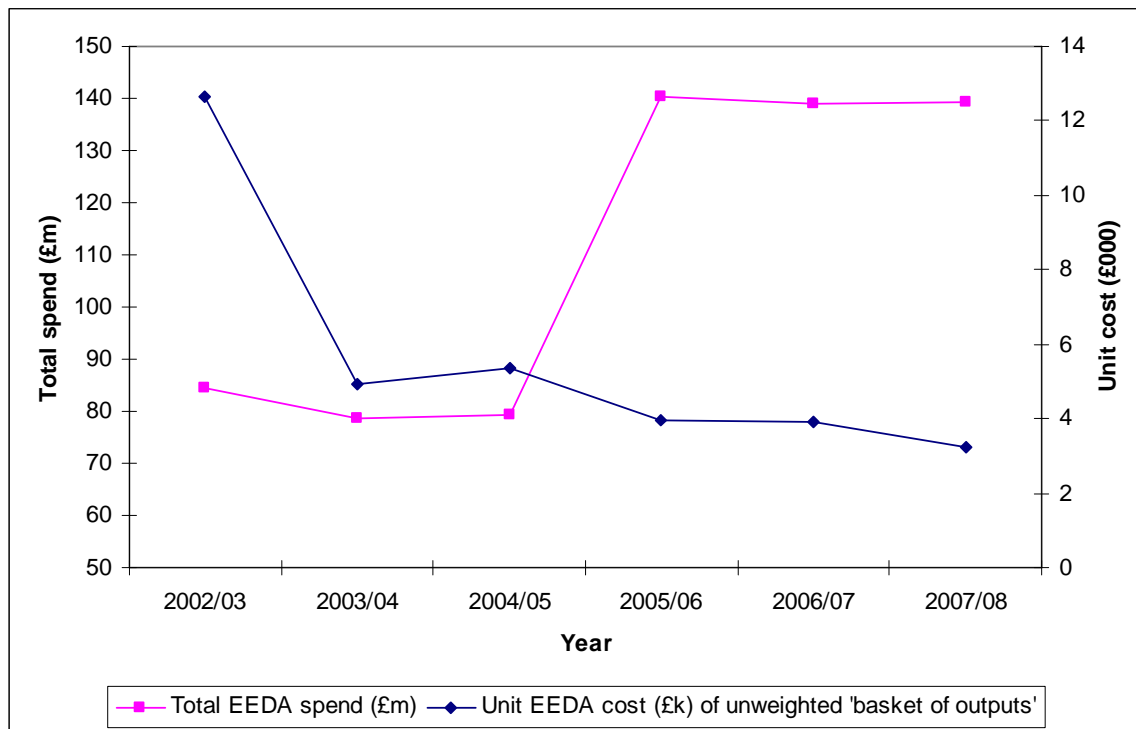
2.5.1 Economy

On the first measure, economy, we see from Figure 3 and Figure 7 above, that both EEDA's spend and the outputs it produces have, in general, increased over time. Bringing these two sets of figures together, in Figure 14, identifies that as EEDA's spend has risen over time, the unit cost of a 'basket of outputs'²³ (unweighted) produced by EEDA has fallen from over £12,000 to around £3,000.²⁴

²² Appendices A-F contain commentary on cost per output at the level of the individual evaluation. Given the wide range of different intervention types, it is inappropriate to attempt a comparison across evaluations to make an assessment of vfm in this way.

²³ Comprising three of the tasking framework outputs new business created; people assisted with skills; hectares of brownfield land reclaimed. Jobs created are excluded so as to avoid the risk of double counting.

Figure 14: Unit cost of gross outputs against EEDA expenditure (2002/03 to 2007/08)



Source: Spend and output data from EEDA's Performance Management System; PA/SQW analysis

At an aggregate level and based on gross outputs, we can claim that EEDA has demonstrated increasing economy over time in delivery of its activities and outputs.

2.5.2 Effectiveness

At an aggregate, gross output level, the evidence for EEDA's effectiveness is provided by Figure 6, which shows EEDA has, on average, met or exceeded its agreed targets each year since 2002/03. Figure 15 below sets out the evidence for effectiveness based on EEDA's evaluations. This identifies that of the £177.1 million spend on projects where an assessment was made in the evaluation, projects totalling £153.2m (or 87%) were judged to have largely met, met or exceeded objectives set by EEDA.

Figure 15: Comparison of performance against objectives across EEDA's evaluations

	Exceeded	Met	Largely met	Mixed	Limited performance	Not assessed	Total
Total evaluations	1	1	9	4	0	4	19
Total spend (£million)	2.8	64.9	85.5	46.3	0	41.6	241.1

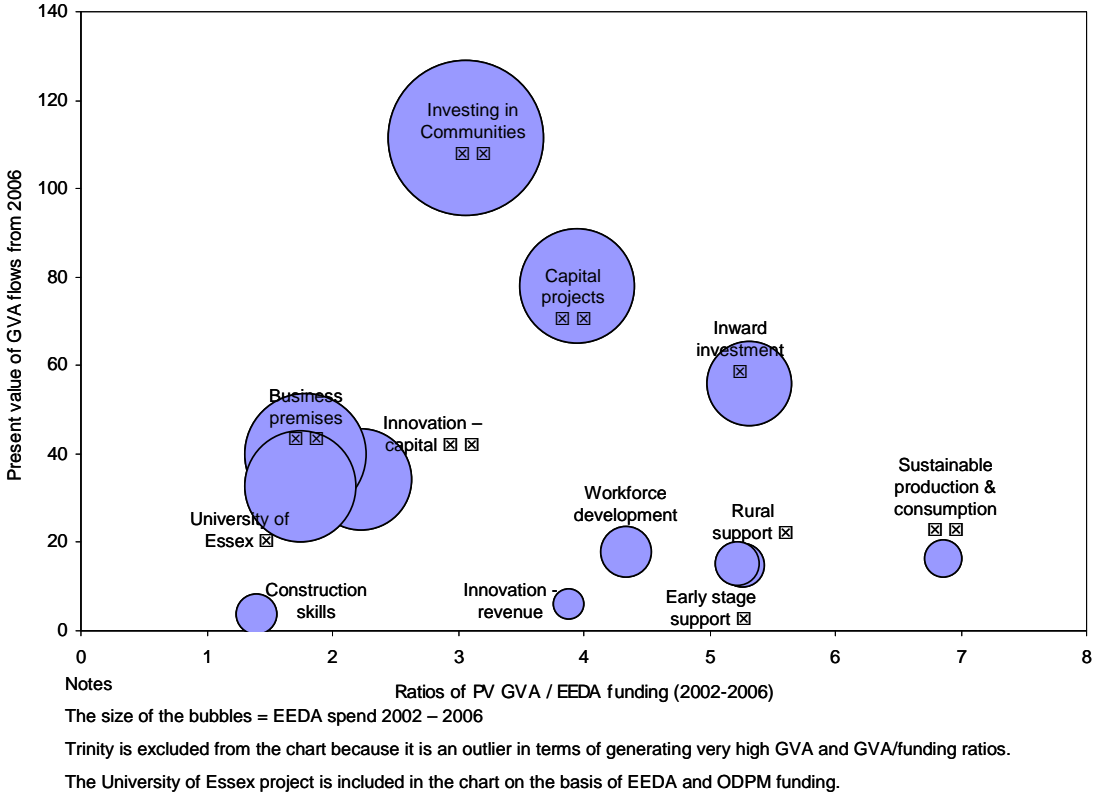
Source: PwC analysis based on EEDA evaluation evidence

²⁴ We recognise that this is an unsophisticated analysis as we make no claims about the quality of the outputs or the composition of the basket of outputs. I think we need to first explain what an unweighted basket of outputs is

2.5.3 Efficiency

Figure 16 below sets out GVA estimates and the consequential GVA/EEDA funding ratios. The size of the bubbles represents the scale of EEDA funding over 2002/03 to 2006/07. The extent to which future and wide benefits may accrue from the EEDA spend is indicated by one or more ☒ signs.

Figure 16:GVA outcomes from achieved net outputs by 2006/07 and GVA/EEDA funding ratios



The EEDA interventions which have, so far, represented a relatively high return in terms of both the scale of GVA outcomes and GVA/EEDA funding ratios lie within the top, right-hand quadrant of the diagram. Purely in terms of efficiency, those bubbles which lie further right are more efficient than those on the left. In each case this ratio is greater than 1:1 indicating that the net return to GVA is greater than EEDA's investment. The ratio of GVA/EEDA funding (based on low estimates) across the evaluated projects is between 1.4:1 and 6.9:1 (excluding Trinity, EPIC and FirstSite as outliers).


From this analysis it is also possible to say that, as one might expect, larger programmes/ projects deliver higher absolute returns in terms of GVA (i.e. they are nearer the top of the graph). However, smaller projects, prima facie, deliver a higher rates of return (i.e. they are further to the right of the graph). However, there is no straightforward correlation between the size of programme and this measure of efficiency as the larger scale interventions may be associated with wider and later benefits that cannot as yet be counted through net outputs and quantifiable outcomes.

Indeed it should be emphasised that some of the interventions are considered likely to provide future and/or wider benefits from the EEDA spend already incurred. If these benefits were to materialise, they would have the effect of shifting the projects in question upwards and to the right of the chart. There are some interventions – like Investing in Communities, the capital projects and sustainable production and consumption – where this would reinforce the high rates of return they have already generated. There are others – like business premises, innovation capital and the University of Essex – where future and/or wider benefits are going to have to be generated to increase the relatively poor rates of return achieved to date. There is evidence that this is already happening. For example, recent data on the innovation capital project demonstrates that the last building is now fully operational and full to capacity within six months of opening.

2.6 Building up the evidence-base over time

This report has been built on the basis of an evidence-base which is often interim and not exhaustive. This is not a criticism, but a reflection of the theoretical and practical challenges involved in assessing the impact of EEDA as a single organisation within a highly complex regional economic system.

At the heart of the understanding of impact is a robust and comprehensive process of evaluation which, in turn is dependent on high quality monitoring data. EEDA's commitment to evaluation (having evaluated over 60% of its entire spend between 2002/03 and 2006/07) is evident. Continuing this commitment into the future - including a full evaluation of the interventions which will deliver their principal impact in the long-term - will enable EEDA to gain an ever greater understanding of its impact. Importantly it will also enable EEDA to learn lessons from past interventions as to how to optimise its impact on the regional economy.



3 EEDA has had a positive impact on the regional economy but there are still lessons to be learned

This section provides a short conclusion of the evidence presented and a number of lessons learned from evaluation which should improve outcomes achieved in the future.

3.1 In conclusion...

The preceding chapters suggest strongly that EEDA has had a positive impact on the regional economy, as:

- EEDA's role has evolved to tackle the challenges faced by the East of England
- Gross output targets set by central Government have been met and usually exceeded - since 2002/03 performance against target has been between 100% and 219%
- Despite a relatively small programme budget (rising from £24m in 1999/2000 to £126m in 2007/08), EEDA has produced a wide range of outputs - evaluation evidence provides clear examples of interventions which have successfully addressed long-term challenges in the economy
- There is also clear evidence that EEDA has used its role to catalyse concerted action by a whole range of stakeholders in the regional economy. The creation of the University of Essex at Southend-on-Sea and the attraction of investment worth £460m since 2005/06 into EEDA sponsored projects are but two examples
- At an aggregate level, EEDA's spend has had a positive impact on key indicators of economic success within the region - for an investment of £142m between 2002/03 and 2006/07 net regional Gross Value Added (GVA) increased by between £525m and £820m (at constant prices and discounted to present values)
- Despite having relatively modest resources compared to the size of the regional economy, the scale of its contribution in some areas looks significant
- And finally, in making this impact and delivering its outputs, EEDA has demonstrated value for money:
 - It is increasingly economic - the cost of a basket of outputs has fallen from £12,000 to £3,000 from 2002/03 to 2007/08
 - It is effective in hitting agreed targets - evaluation evidence suggests that 83% of projects succeed against their objectives as set by EEDA

- It is demonstrating efficiency - delivering a positive return on overall investment in terms of Gross Value Added (GVA), based on the evaluated projects on which it was possible to assess net GVA..

3.2 Acting on lessons from evaluation is likely to improve outcomes achieved

The range of evaluation undertaken has meant that we have a rich source of information on which to draw to compare 'what works' in different interventions. By taking these lessons into account when designing and delivering future interventions, we believe that outcomes could be improved. The key lessons learned include:

Lesson learned	In particular
1. Understanding the state of the market and macro-economic conditions	<ul style="list-style-type: none"> • How these impact on demand - for advice, skills and/or new facilities • How they contribute to success – underlying conditions will impact demand/supply, particularly in skills/employment and programmes requiring land assembly • Re-appraising and 'tweaking' interventions as conditions change – suggests importance of flexible projects within programme framework
2. Being clear about the market failure that you are addressing and your strategic objectives	<ul style="list-style-type: none"> • Resolving explicitly the trade-off between high value-added uses of the sites and rapid take up • Considering spatial nature of market failure – e.g. and rationale for focusing on hot or cold spots
3. Considering carefully the delivery model	<ul style="list-style-type: none"> • Develop ability of customers to 'control' or 'co-produce' their intervention • Balance the need for accessibility with designing an intervention which is too 'lightweight' (i.e. is unlikely to impact outcomes) • Take advantage of ability to use EEDA funding flexibly to fill gaps in less flexible national programmes (particularly around skills interventions) • Promoting funding flexibility within a framework of accountability
4. Ensuring the right connections are made with partners and with other initiatives to deliver a more integrated programme around the same location, communities, businesses, people and/or technologies	<ul style="list-style-type: none"> • In physical regeneration, reinforcing potential knock-on effects on nearby sites • In business support, maintain awareness of changes brought about by the Business Support Simplification Programme
5. Developing ways to ensure continuity of staffing in EEDA	<ul style="list-style-type: none"> • Ensuring seamless handovers between different project stages • Project champions to carry the baton if project officers have rapid turnover
6. Identifying, allocating and managing risks appropriately	<ul style="list-style-type: none"> • Relevant for long-term regeneration projects • Agreeing with partners those that they would have to own, over the project life-cycle
7. Providing for rigorous	<ul style="list-style-type: none"> • Put in place robust systems for collecting monitoring data and develop the

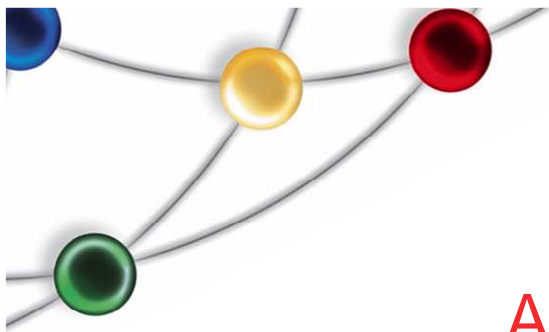
Lesson learned	In particular
appraisal, monitoring and risk analysis in partnership with other involved public and private sector agents	culture and processes within EEDA <ul style="list-style-type: none"> • Plan pro-actively for evaluation and ensure that these are adequately resourced

3.3 The appendices set out evidence of impact on key challenges facing the region

The appendices which follow bring together the evidence for EEDA's impact based on evaluation evidence and related contextual research. These appendices, which capture EEDA's priorities over time, are:

- Improving the region's skills base
- Making the most of the region's knowledge-based assets
- Improving the performance of small and established businesses
- Creating a virtuous cycle to address persistent deprivation
- Supporting the sustainable economic growth agenda, including moving to a low carbon economy.

We note that the evaluation of evidence on impact is an on-going activity and that the evidence presented in the next sections should be added to over the coming months and years.



Appendix A: Improving the region's skills base

This section sets out evidence of EEDA's impact in improving the region's skills base - the current RES priority is 'Skills for Productivity'. First we set out why it matters and what EEDA has done to address the challenge.

A.1 Why it matters

Improving the skills of the workforce is central to the region's economic development. For businesses, a more highly skilled workforce will achieve increased competitiveness and profitability. For individuals, better skills lead to enhanced career options and higher wages.

Overall, the East of England's skills base compares unfavourably with the national average, particularly in terms of its supply of intermediate and higher-level skills. This can be partly explained by the low percentage of adults undertaking job-related training, the low percentage of graduates and postgraduates remaining in the region and the high number of people entering low-skilled employment after compulsory education. The East of England's entry rate to higher education is lower than average, with higher rates of economic activity among young people being a key reason for the region's high employment rate. However, the picture is not uniform across the East of England. Alongside localities exhibiting low-skilled, low-productivity activity – particularly the predominantly rural and/or coastal districts of Great Yarmouth, Fenland, Maldon, Castle Point and Tendring – are districts such as Cambridge and St Albans, with residents and workforces that are amongst the highest skilled in the country. (Source: 2008 RES)

A.2 What has EEDA done to address this challenge?

The region's ambition in this area is to improve the attainment of skill levels, attracting more highly skilled workers and an improvement in the culture which supports skills developments. To achieve this, EEDA's current corporate plan commits to 'effectively engage employers in improving workplace learning and increase investment by businesses in appropriate training' and to encourage greater exchange of people and knowledge between business, universities and research institutions.

The skills arena has always been one in which EEDA has sought to influence outcomes through partnership working. Its Single Programme budget is dwarfed by those of the skills agencies such as Jobs Centre Plus and the Learning and Skills Council, and these, necessarily, are the principal funding channels. Yet for Job Centre Plus and the Learning and Skills Council, there has been very little regional discretion in terms of how resources are used and nationally defined priorities and targets have defined their delivery focus. Although very much smaller, EEDA's Single Programme has a good deal more flexibility in application: and forms a necessary counter-weight to the objectives of national agencies to deliver nationally defined targets without strong enough regard to regional needs.

EEDA's interventions in this context have focused on:

- Addressing demand-side skills challenges, by developing workplace skills that employers need - through a series of projects - BUILD, Business Excellence East and Towards 2010
- Identifying higher education 'cold-spots' across the region and working with HEFCE and existing Universities (as well as LSC and local authorities) to locate in five new sites (Southend-on-Sea, Suffolk, Peterborough, Harlow and Thurrock) - forming a focus for local regeneration as well as meeting the need for more people with higher skill levels and businesses engaging with universities for recruitment and knowledge transfer.
- Forming and guiding the East of England Skills and Competitiveness Partnership - EEDA was instrumental in ensuring that this had a focus on economic competitiveness, rather than simply on the skills agenda. This was quite a departure from national guidance, but nevertheless one which was considered vital, given the connection between the two issues
- Managing the European Social Fund programme in the region - EEDA has used ESF as a major tool for getting the 'flexible' demand led skills offer to businesses and for the added value work around redundancy support
- Working with LSC to ensure that the leadership and management skills offer (funded through LSC at level 2 and 3) was designed by a credible source (Cranfield University) and also available at Level 4.

A.3 Evidence of impact

Below we set out:

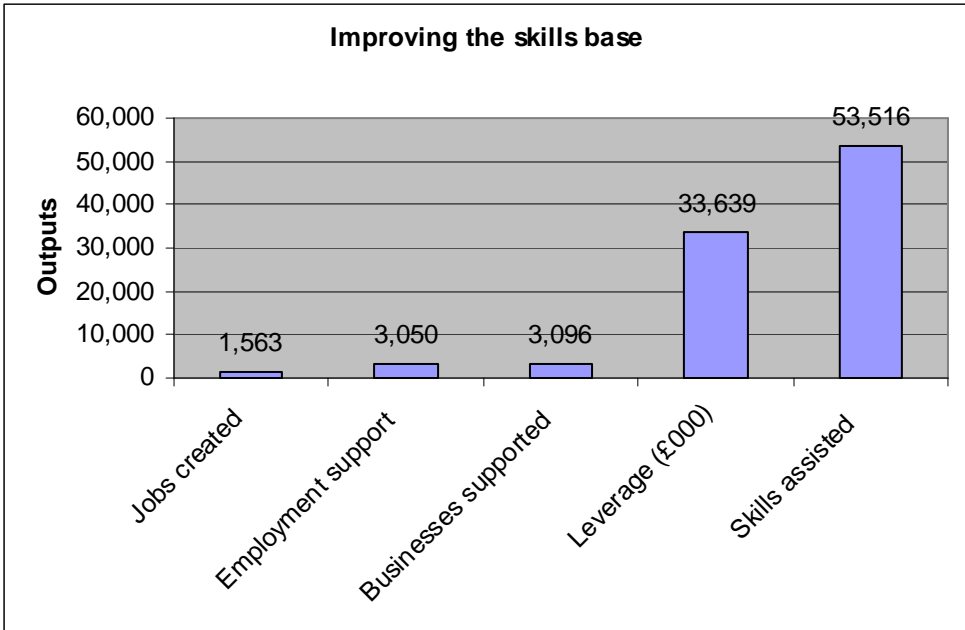
- What EEDA has achieved at an aggregate level of spend and outputs relating to skills interventions
- Evidence from evaluations of:
 - Workforce development - tailoring learning to employer needs
 - Market failure in universities' penetration of the region, leading to HE expansion Strategy:
 - the University of Essex in Southend-on-Sea - demonstrating EEDA's support for expansion of Higher Education as a centrepiece of regeneration
 - University Campus Suffolk - meeting the future demand for Higher Education

Aggregate spend and outputs - what has EEDA achieved

Figure 17 below sets out the gross outputs achieved for an investment of £77.6m in skills provision between 2002/03 and 2007/08. Achievements include:

- Provision of assistance for almost 55,000 skills outputs
- Levering in funding from other organisations of £33.6m
- Creating around 1500 jobs
- Supporting over 3,000 people into employment and over 3000 businesses.

Figure 17: Gross outputs achieved through spend on addressing skills challenges 2002/03 to 2007/08.
Spend = £77.6m



Source: EEDA Annual Reports 2002/03 to 2007/08; EEDA/PA/SQW analysis

Developing the region's workforce - tailoring learning to employer needs

Between 2002/03 and 2006/07 EEDA delivered three projects designed to support employers develop the skills of their workforce - BUILD, Business Excellence East and Towards 2010. Workforce development projects had existed previously; these differentiated themselves by responding explicitly to employers' needs.

EEDA's expenditure of £4.1million between 2002/03 and 2006/07 is estimated to result in net additional GVA (current prices discounted present value) of between £17.9 and £23.2 million. Figure 16 sets out the net outputs and outcomes from the evaluation.

Figure 18: Net outputs and outcomes from workforce development projects (from spend 2002/03 to 2006/07)²⁵

Net outputs	Net outcomes
<ul style="list-style-type: none"> • 596 businesses supported • 1800 skills gained 	<ul style="list-style-type: none"> • £59m turnover improvements (to date) plus £102m (forecast) • 641 increase in full time jobs (total) • 49 part time jobs (to date) plus 20 (forecast) • £0.9m cost reductions (to date) plus £0.04m (forecast)

In addition:

- 81% of beneficiary firms felt that the project had demonstrated the benefits of investing in training and development “a lot”, starting to address the market failure of sub-optimal investment in skills directly with employers
- Demonstrating to the Learning and Skills Council how to develop a service tailored to the needs of employers.

In terms of cost-effectiveness:

- Each training place cost EEDA £2,200 (lower than a national benchmark median figure of £2,800²⁶)
- Cost per job is estimated at £7,149, significantly lower than average based on national benchmarks²⁷.

Supporting expansion of Higher Education as a centrepiece of regeneration - University of Essex in Southend-on-Sea

²⁵ See Appendix A for an explanation of gross and net outputs, outcomes and impact

²⁶ SQW analysis

²⁷ SQW analysis.

EEDA pioneered the development of the University of Essex at Southend-on-Sea, both as a response to research which showed that it was one of the higher education 'cold spots' and as a spur to regeneration in an area which was underperforming economically but - as part of the wider Thames Gateway - was also identified by government as a national priority for regeneration and growth.

What is clear from evaluation evidence is that EEDA's intervention was crucial to the development of projects connected to Southend-on-Sea - bringing together national Government/HEFCE's desire to expand access to Higher Education, with the University of Essex's desire to expand its range of courses and student population. This is underlined by the focus of EEDA's support on land purchase, construction and refurbishment.

This is a relatively new project with very long term aspirations. These projects are not simply EEDA buying additional provision of Higher Education places at the margin and cannot be assessed on a cost per unit basis with mainstream educational provision. EEDA's involvement has been in capital investment which will underpin the delivery of Higher Education in a formerly underserved area for the foreseeable future. The full effects cannot as yet be assessed. With these constraints we are able to evaluate the contribution of EEDA's expenditure to additional student numbers and business support.

EEDA's expenditure of £18.7 million between 2002/03 and 2006/07 (including funding levered from ODPM of £15 million) is estimated to result in net additional GVA (current prices discounted present value) of £32.2 million. Figure 19 sets out the outputs and outcomes from the evaluation.

Figure 19: Outputs and outcomes from investment in University of Essex in Southend-on-Sea (from spend 2002/03 - 2007/08)

	Outputs	Outcomes
Gross	<ul style="list-style-type: none"> 40 skills gained (to date) plus 402 skills gained (forecast) 29 jobs created or safeguarded 29 businesses created/ supported 	<ul style="list-style-type: none"> £13m additional expenditure in local economy (10 year forecast) £6.7m increase in tuition fees from overseas students £5.8m Non-HEFCE funding for student places
Net	<ul style="list-style-type: none"> 442 skills gained (to date) plus 402 skills gained (forecast) 15 jobs created 5 businesses created/ supported 	<ul style="list-style-type: none"> £53m increase in income for graduates from the University (10 year forecast)

Supporting the expansion of Higher Education - University Campus Suffolk²⁸

The catalyst for this project was the announcement by the Government of the target that 50% of 18-30 year olds should have some experience of higher education (HE). EEDA led a piece of research where each university in the region, through its membership of the Association of Universities in the East of England (AUEE), agreed to contribute their expansion plans.

²⁸ Area-based evaluation of EEDA's impacts on Ipswich Report by SQW Consulting for EEDA, 2006

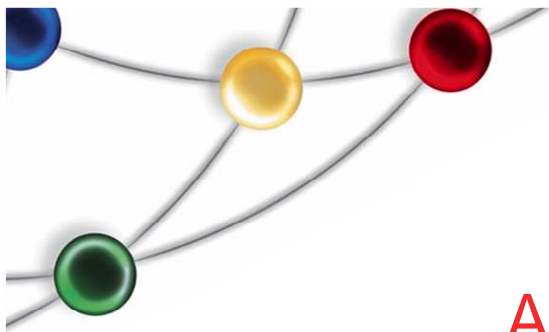
The result showed a clear shortfall between plans, demographic changes and likely demand against emerging government targets. This led in September 2006 to a specific EEDA capital expansion strategy to develop, with partners, five new HE sites (Southend-on-Sea, Suffolk, Peterborough, Harlow and Thurrock) which would increase HE places available in the region by 8% by 2015. This programme is still operating and so far has achieved over £200m leverage and an increase in HE take-up in the cold-spots of the region of between 5 - 8%.

In February 2005, HEFCE²⁹ announced a grant of £15m to University Campus Suffolk (UCS). EEDA's contribution has been around £20m. This level of funding was key. The demands on HEFCE's budget meant that it would not have funded UCS completely. It needed to have confidence that a third party was willing and able to make a substantial contribution and consultation evidence suggested that UCS would not have proceeded to the detailed feasibility stage, much less become a reality, without EEDA. It is also important to recognise that the vast majority of universities operational budgets come through HEFCE funding of student numbers through FTEs (full-time equivalents). HEFCE committed sufficient FTEs to ensure that the developments were feasible for the universities.

At the time research was undertaken (2006), UCS was still under development so there were few tangible impacts. However, based on experiences from other HE developments, impacts were anticipated in five main areas:

- First, there are direct impacts from construction and expenditure EEDA has estimated that the economic benefits to Suffolk will amount to £50m per year once the campus is fully developed
- Second, there will be improved access to HE for Suffolk residents. In its first year of recruitment (for intake October 2007) there was an 8% increase in take-up of HE places across Suffolk, very nearly all from local Suffolk people.
- Third, UCS represents an additional resource for local and regional businesses for knowledge transfer, particularly around continuous professional development (CPD), consultancy, analysis and testing, and student projects
- Fourth, the campus is likely to add to the vibrancy and attractiveness of the Waterfront and in so doing it will contribute to its on-going regeneration
- Finally, there are reasons to believe that UCS is developing a model which may be highly relevant to other regions. The joint venture approach and the integration of FE and HE may often be the optimum solution where rapid expansion of HE with additional physical development is required.
- DIUS evidence - 2008 High-level skills strategy 'Higher Education at Work - High Skills: High Value' - that for every job created inside the university, a job is created outside.

²⁹ Higher Education Funding Council for England



Appendix B: Making the most of the region's knowledge-based assets

This section sets out evidence of EEDA's impact in making the most of the region's knowledge-based assets - the current RES priority is 'Innovation'. First we set out why it matters and what EEDA has done to address the challenge.

B.1 Why it matters

'Private-sector R&D accounts for a higher proportion of economic output than in any other UK region. In addition, the region hosts world-class research institutes, university departments and the University of Cambridge, a global top-five research university. However, strength in R&D is not matched by a record of commercialising or adopting technologies and processes. UK and international comparisons show that the East of England's firms are less likely to introduce a new or significantly improved product, service or process, and less likely to allocate funds to training or make capital investments to support innovation.' (Source: RES 2008)

B.2 What has EEDA done to address this challenge?

The region's ambition in this area is, as part of the Greater South East, to be one of the 10 to 15 'global innovation poles' which will emerge by 2031. To achieve this EEDA has and is working to:

- strengthen the science and innovation base, increase R&D activity and support the growth of major clusters
- strengthen cross-sector collaborations, networks and supply chain activity
- increase levels of innovation activity across the economy and support increased SMEs investment in product, service and business model innovation
- encourage greater exchange of people and knowledge between business, universities and research institutions

- Maximise the economic value from our higher education facilities in the region through support for joint public-private applied research and incubation facilities.

B.3 Evidence of impact

Below we set out:

- What EEDA has achieved at an aggregate level of spend and outputs relating to interventions around making the most of knowledge-based assets
- Evidence from evaluations of:
 - Investment in facilities at Enterprise Hubs
 - Investment in business support at Enterprise Hubs
 - East of England Production Innovation Centre (EPIC)

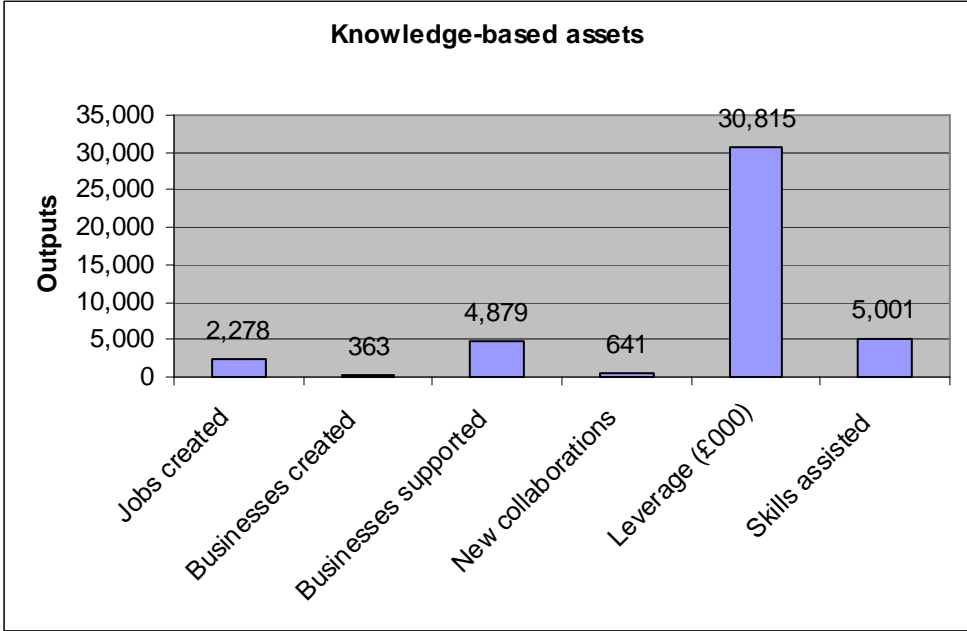
Aggregate spend and outputs - what has EEDA achieved

Figure 20 below sets out spend and outputs relating to interventions relating to the region's knowledge-based assets.³⁰ The primary gross outputs achieved through expenditure of around £87.3m are:

- Levering in some £30.8m in funding from other organisations
- Funding almost 650 new collaborations with the UK knowledge base
- Supporting nearly 5,000 businesses and creating over 300
- Creating around 2,300 jobs.

This includes expenditure on Enterprise Hubs and Promoting Broadband and Digital Content.

**Figure 20: Gross outputs achieved through spend on making the most of knowledge-based assets
2002/03 to 2007/08. Spend = £87.2m**



Source: EEDA Annual Reports 2002/03 to 2007/08; EEDA/PA/SQW analysis

Providing facilities for innovation by businesses

Between 2002/03 and 2006/07, EEDA funded the development or refurbishment of five Enterprise Hubs, facilities with advanced laboratories, or other specialist capabilities to support innovation. Four have been completed and the other project is about to be re-started.

As most of the projects did not become operational until early 2006, the full extent of the outputs has yet to materialise. Moreover, the project stakeholders expect outputs to grow over the medium term rather than materialise all in the first year – so the present assessment can only be regarded as interim in character.

EEDA's expenditure of £15.4 million between 2002/03 and 2006/07 is estimated to result in net additional GVA (current prices discounted present value) of between £34.3 and £68.6 million. A further £8.8 million was levered into the programme from other sources. Figure 21 sets out the net outputs and outcomes from the evaluation.

Figure 21: Outputs and outcomes from EEDA's investment in innovation capital from spend (2002/03 to 2006/07)

Net outputs (to 2006/07)	Net outcomes
<ul style="list-style-type: none"> • 72 jobs created • 10 businesses created 	<ul style="list-style-type: none"> • £34.3 - £68.6m increase in GVA (forecast) • Early signs of development of innovation culture around sites • Contribution to success in accessing venture capital • Recognition of Babraham site as leading centre for life sciences innovation

In addition, some 5,800m2 of commercial floorspace was created.

Given the early stage of these projects in terms of potential return on investment, broader outcomes tend to be qualitative and impressionistic, but nevertheless significant. For example Babraham BioSciences Technologies Ltd’s (BBT) Chief Executive is of the opinion that EEDA funding accelerated the timeframe for the success helping to generate the regional political recognition which feeds back to the national research funding bodies. In his view the BioConcepts funding accelerated the timescale for the technology exploitation activities by around four years. And a tenant at the Bedford i-Lab reported 'a real community spirit. A life line for start up companies.'

Value for money estimates have little meaning at this interim evaluation stage. However, based on current spend, a reasonable cost per job estimate over a further five years is £50,000 per job. This is still high compared to some interventions, but not atypical for a project involving significant capital spend on site development.

Providing business support advice at Enterprise Hubs - 'innovation revenue'

EEDA provided funding to employ staff, through a third party, to provide advice and business support services, including the development of relationships between the Enterprise Hubs. EEDA's expenditure of £1.5 million between 2002/03 and 2006/07 is estimated to result in net additional GVA (current prices discounted present value) of between £6 and £14 million. Figure 22 sets out the outputs and outcomes from the evaluation. At least £2.0 million has been levered into the project from private and public sector sources.

Figure 22: Outputs and outcomes from EEDA's investment in supporting innovation through revenue funding from spend (2002/03 to 2006/07)

	Outputs (to 2006/07)	Outcomes (to 2006/07)
Net	<ul style="list-style-type: none"> • 60 jobs created • 13 businesses created 	<ul style="list-style-type: none"> • £6m - £14m increase in GVA (forecast)

Cost per net job is estimated at £26k, higher than averaged, but within acceptable limits for this type of intervention based on national benchmarks.³¹

East of England Production Innovation Centre (EPIC)

Since 2006, EEDA has funded a purpose-built facility for the expansion of the creative industries sector in the region and encouraging the expansion of the industry skills base. EEDA has spent £3.9m on this project (£2.5m up to end 2006/07). The project was designed to develop an asset which had wider economic and regeneration benefits. EEDA's commitment to the facility is regarded as a very positive step to retain the media production expertise that exists in the East of England EPIC has already made a significant contribution to the regeneration of the area both through its improved aesthetics and the stream of students using the facility.

The facility opened in 2007. Forecast net outputs attributable to the actual EEDA spend of £2.5m incurred up until the end of financial year 2006/07 are estimated at:

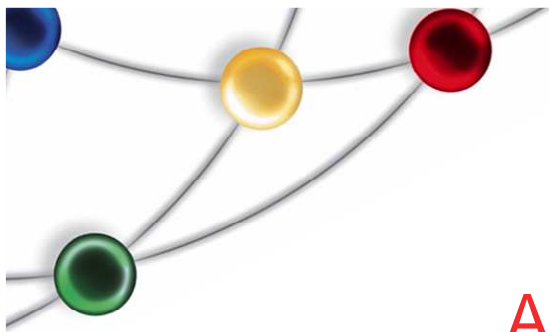
- 140 jobs (direct plus indirect; created and safeguarded)
- public sector leverage of £109,476
- 31 people assisted with skills development
- 1,591 m2 of floorspace.

EPIC's importance potentially goes beyond job creation and qualifications. It is seen as being important for the self-confidence of the region and for its image locally, regionally and nationally.

I10

I10 is a collaborative venture across the region's universities - providing an innovation brokerage website between businesses and universities in the region. Initially there were 10 members, now there are 12. These range from the University of Cambridge to University Campus Suffolk - hence they are massively different in terms of profile, assets and knowledge base, etc. Despite this they have collaborated consistently well through I10 over a number of years. I10 was initiated through the Higher Education funding rounds which allowed for collaborative applications to HEFCE. EEDA was crucially involved in the design and development of the bid, alongside the Association of Universities of the East of England.

³¹ PA analysis



Appendix C: Improving the performance of small and established businesses

This section sets out evidence of EEDA's impact in improving the performance of small and established businesses - the current RES priority is 'Enterprise'. First we set out why it matters and what EEDA has done to address this challenge.

C.1 Why it matters

'Improving the performance of the region's enterprises and encouraging more people to start an enterprise can contribute significantly to economic growth, productivity and job creation. New enterprises and increased market competition can also help to stimulate the adoption and development of innovations. Enterprises can increase their performance by taking advantage of opportunities in the international economy.' (Source: RES 2008)

However, at 9.1 per cent, the business start-up rate (the best indicator of the level of entrepreneurship) in the East of England in 2006 was slightly below that of all other English regions apart from the South West. There are also persistent disparities in rates of entrepreneurship according to ethnic background, disability, age and gender. This represents untapped potential which, once addressed, will boost the overall rate of entrepreneurship in the region.

C.2 What has EEDA done to address this challenge?

EEDA's current ambition in this area is to enable and encourage businesses to access valued business support services and to catalyse demand-led skills provision across the region (2008 Corporate Plan).

According to the 2008 Corporate Plan, EEDA's interventions are designed to:

- increase awareness and aspiration for enterprise by potential entrepreneurs – especially in groups or geographic areas with a low propensity for business start-up and survival
- provide knowledge and support to pre-start and new start-up businesses to better reduce barriers and costs of market entry

- improve ease of access to business support services through a highly visible and easily accessible gateway service providing information, diagnostic and brokerage provision to a simplified coherent business support architecture
- provide specialist business support services in priority areas, such as international trade and investment, tourism, ICT, manufacturing and resource efficiency, or for target groups, such as women and BME communities
- Effectively engage employers in improving workplace learning and increase investment by businesses in appropriate training.

Below we set out the activities undertaken to pursue these objectives.

Business Link

EEDA channels the majority of its funding in relation to business start-up and enterprise development through the Business Link service and works with Business Links to ensure that funding meets regional needs as well as hitting national targets. Since taking over responsibility for Business Link from the Small Business Service in 2005, EEDA transformed the operation into the information, diagnostic and brokerage model - and also continued to deliver business start-up services as specified through the national core Business Link offer. In 2007, a new regional service was commissioned that, among other achievements, increased the number of business advisors by 50% and introduced enterprise champions to work specifically in local areas. This resulted in the increase in Business Link penetration of pre-start up and start-up companies as set out in Figure 23 below. There is a further major addition to both EEDA's and Business Link activities going forward, with the transfer of Train to Gain Brokerage from LSC to RDAs, to be delivered within the Business Link offer from April 2009. EEDA has spent two years developing a model which will suit the region's businesses.

Figure 23: Rolling 12 month penetration comparison of Business Link

	Q4 2006/7	Q2 2008/9
Pre-starts	19,570	30,747
Start-ups	3,053	4,765

Access to finance

EEDA has supported a whole suite of projects designed to address access to finance - Finance for Innovation. This took a previously unconnected offer of separate schemes (selective finance for investment in England, proof of concept, grant for R&D and Running the Gauntlet) and established a programme approach that has been consistently and simply marketed and communicated to business users. Results of the evaluations of proof of concept and Running the Gauntlet are set out below, but must be placed in the context of the whole access to finance package.

Promoting entrepreneurship among women

The Enterprising Women project was trialled using ESF funding support and has now evolved into a holistic and strategic programme wrapper for a range of interventions aimed at driving up rates of women's enterprise. The 2006 Global Entrepreneurship Monitor commented that the East of England has among the highest rates of female entrepreneurship in the UK and whilst in most regions women's enterprise had increased since the 2006, the most marked increase was in the East of England where it went from 1.2% to 3.5%.

Supporting manufacturing

The Manufacturing Advisory Service was a national programme which EEDA took over from the then DTI in 2002. Following an initial period of adjustment, EEDA made two major changes - firstly changing the service provider for MAS in 2005 (now PA Consulting Group), and secondly commissioning a regional strategic framework for manufacturing in 2006.

These actions have since contributed to major improvements in the MAS service in the region - as shown in the evaluation in section 4.3.6 below.

Trade and Inward Investment support

East of England International is unique in the English regions in that it operates a combined model of trade and inward investment, bringing together support funded by both the RDA and UKTI. Through the development of this model, significant synergies have been built up, not only through combining the trade and investment teams but also through co-locating with other support agencies such as Business Link. The evaluation set out below covers only the inward investment activity carried out by East of England International.

Encouraging social enterprise

Social enterprises account for around 30,000 jobs in the East of England, and can be key delivery organisations in local communities. The Regional IiC Programme-commissioned 'Social Enterprise Strategy' defines actions required to develop the sector in terms of greater vibrancy and sustainability. The project funded the development of a Regional Social Enterprise Strategy, supported by a Regional Social Enterprise Network. The approach is focussed towards delivering BERR's goals for social enterprise and development. A recent evaluation claimed that 'Social Enterprise East of England is an excellent example of a Regional IiC project furthering a specific and strategically important priority that can potentially influence both mainstream support (via Business Link) as well as approaches to create employment and deliver services and support in communities.'³²

³² Regional Investing in Communities Evaluation, ERS, February 2007

C.3 Evidence of impact

Below we set out:

- What EEDA has achieved at an aggregate level of spend and outputs relating to interventions around improving the performance of small and established businesses
- Evidence from evaluations of projects focused on:
 - Early Stage Business Support
 - Rural Business Support
 - Attraction of Inward Investment
 - Business Premises
 - Evaluation of the Manufacturing Advisory Service

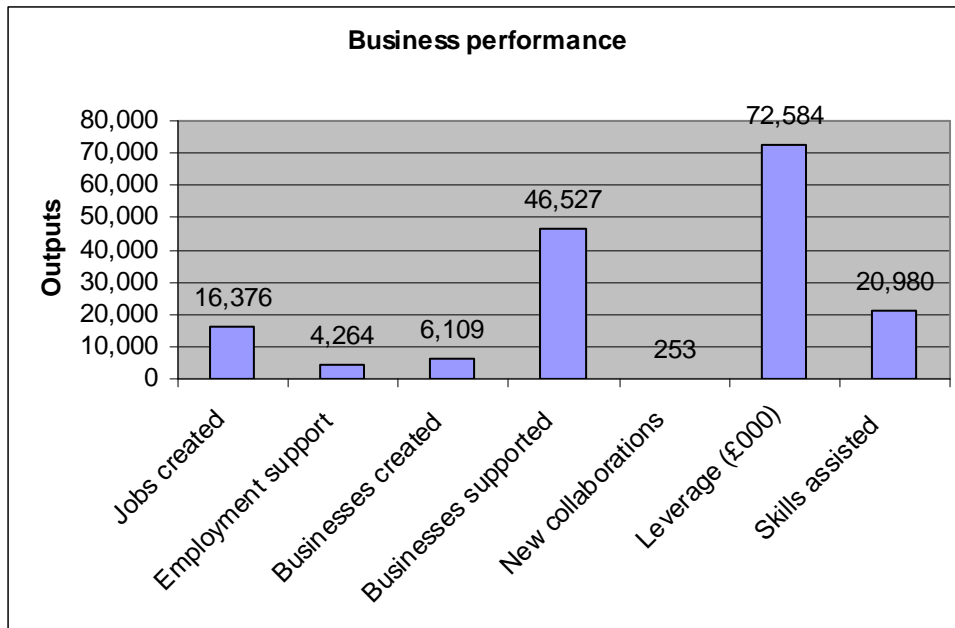
Aggregate spend and outputs - what has EEDA achieved

Figure 28 below sets out spend and outputs relating to interventions relating to the support for small and established businesses.³³ The primary gross outputs achieved through expenditure of around £122.6m are:

- Assistance in gaining nearly 21,000 skills
- Levering in some £72.6m in funding from other organisations
- Funding over 250 new collaborations with the UK knowledge base
- Supporting nearly 47,000 businesses
- Creating around 6,100 businesses, 16,500 jobs and assisting over 4,200 people into employment

This includes expenditure on Enterprise Hubs and Promoting Broadband and Digital Content.

Figure 24: Gross outputs achieved through spend on business support 2002/03 to 2007/08. Spend = £122.6m



Source: EEDA Annual Reports 2002/03 to 2007/08; EEDA/PA/SQW analysis

Providing a ramp from start-up to growth to success

Four projects, Enterprising Women, New Routes to Enterprise, Proof of Concept and Running the Gauntlet, all address the high level objective to promote enterprise, encourage business start-up and drive business growth. Proof of concept and Running the Gauntlet were designed to address the market failures which lead to an inadequate supply of capital to potential high growth businesses; Enterprising Women and New Routes to Enterprise additionally address low rates of entrepreneurship among women, people with disabilities, young people, third agers, and ethnic minorities. These projects were developed as the first stage of a ramp up into wider forms of business support offered in the region, including Business Link and R&D grants.

EEDA's expenditure of £2.8 million between 2005/06 and 2006/07 is estimated to result in net additional GVA (current prices discounted present value) of between £15 and 19 million. A further £8.8 million was levered into the programme from other sources.

Net outputs include:

- 25 jobs created or safeguarded
- 162 people assisted to get a job (employment)
- 246 businesses supported to improve their performance
- 138 people assisted in their skills development
- 6 businesses assisted to engage in new collaborations with the UK knowledge base.

Given the limited elapsed time since the support was delivered, it is likely that additional impacts will be generated post this evaluation. In terms of economy, the unit costs of provision across all the projects are around £2,000 per business assisted (gross) and £27,000 per gross job created. This is well within acceptable ranges for the first but suggests that, so far, the economy with which gross jobs have been generated is lower than indicated by the national benchmarks for this type of assistance. However, it must be emphasised that job creation was not a primary driver of the projects and that, in any event, further job generation is likely from the spend incurred to date.

Over and above the identification of quantitative and qualitative impacts, EEDA helped the design or changed the shape of the projects in ways that improved the quality of services delivered or brought about other improvements which could not be reflected in the monitored gross output indicators alone. There were two projects EEDA's influence was particularly detected:

- Enterprising Women brought together the delivery partnership which resulted in a more effective and coherent region-wide policy response, and offered a bigger and better service to women enterprises. The project tested and enabled the potential for holistic business support services for potential and new women-owned and/or -run enterprises, and the consequence of the project was stronger and potentially continuing working relationships
- Running the Gauntlet is credited with delivering more than “the sum of its parts” in terms of stimulating private sector investment and in-kind contribution. An estimated £300,000 worth of in-kind contributions were made through time donated by partner organisations. In addition, the potential indirect benefit outcomes are estimated to be around £1.6 million private sector investment in beneficiary companies which can be attributed to Running the Gauntlet. Finally, media coverage achieved by the initiative, which may have helped project beneficiaries and the region, was valued at over £1.2m for 2005/06 - 2006/07.

Supporting the diversification of the rural economy

Agriculture and the related food processing sector remains an important part of the regional economy, accounting for approximately 13% of the region's manufacturing employment and output, and over 25% in parts of Norfolk and Suffolk. The agricultural sector has undergone substantial change in the past decade as a result of falling commodity prices and reform of the Common Agricultural Policy.

EEDA's role within this context has been a broad one. It led the development of a food and drink industry strategy for the region in 2003 across large numbers of partners and involving the sector extensively, and it has played a crucial role in relation to the deployment and use of key European funding streams in the development first of the England Rural Development Programme (2000-06) and, more recently, the Rural Development Programme for England (2007-13).

Specifically in recognition of the importance of the land-based sector and the particular challenges it has faced, one part of EEDA's business support activity has been focussed on farming and food enterprises, with the aims of supporting farmers through restructuring and encouraging growth and competitiveness amongst food and drink companies. The interventions have primarily sought to address the market failure of imperfect knowledge, by providing businesses with the information and skills needed to adapt and grow.

PA/SQW evaluated four programmes on which EEDA spent approximately £2.8m between 2002/3 and 2006/7, namely:

- Agricultural Diversification in the Eastern Region (ADER)
- Eastern Region Food Initiative (ERFI)
- Rural Gateway (GATEWAY)
- Food & Rural Economy Development (FRED).

Outputs from the four programmes being evaluated are overwhelmingly of two types; skills and business support.

EEDA's expenditure of £2.8 million between 2002/03 and 2006/07 is estimated to result in net additional GVA (current prices discounted present value) of between £14.9 and 36.8 million. Figure 25 sets out the outputs and outcomes from the evaluation.

Figure 25: Net outputs and outcomes from EEDA's investment in the rural economy

Net outputs	Net Outcomes
<ul style="list-style-type: none"> • 1892 business supports • 1191 skills gained supported 	<ul style="list-style-type: none"> • £5.1 million increase in turnover • 165 Full time jobs • 343 Part time jobs

On measures of cost-effectiveness, £1 of programme spend generated £1.80 of net additional turnover and the cost per job is approximately £17,200 - a good performance against relevant national benchmarks. The success of rural business support programme in reaching large numbers of beneficiaries in the target sector, and in engaging these customers on what was often a repeated basis, shows a considerable demand. This level of demand indicates that the market failure of imperfect information was correctly diagnosed. It also indicates that the programmes have been successful in addressing that failure. It is very interesting to remember that this demand remained undiminished throughout the devastation of BSE, foot and mouth, swine fever, bird 'flu and bluetongue. In fact we have anecdotal evidence that throughout the BSE crisis, the ADER project was critical in keeping farming communities in touch through their newly acquired IT skills.

Attracting inward investment into an international gateway

East of England International (EEI) is tasked with delivering the international business agenda for the East of England which is seen as essential to the prosperity of the region. This includes both international trade and inward investment. The evaluation focused only on the latter.

The benefits that inward investment can bring to a region or country include the introduction of new technologies, ideas and skills, as well as jobs created directly by investment. Additional demand from these new companies can bring significant benefits for indigenous companies e.g. on the supply chain and on competition. The interventions by EEI were designed to overcome two market failures which may limit the level of foreign investment coming to and taking place in the region namely:

- Positive externalities relating to the benefits in job creation, technology, skills etc.
- Imperfect information where there is a lack of information available to businesses on the value added of the region.

EEDA's expenditure of £10.6 million between 2002/03 and 2006/07 on EEI and its predecessor is estimated to result in net additional GVA (current prices discounted present value) of between £51 and 90 million.

Analysis shows that East of England is attracting more foreign-owned companies than other regions in the UK and there has been a growth in the number of sites established by foreign-owned companies. In contrast with the declining trend in the comparator areas, there have been large increases in the net capital investment by foreign owned firms. Foreign-owned companies are making a large impact on the regional economy as they have increased regional GVA at a much higher growth rate than UK owned businesses. The foreign-owned companies are also contributing through their purchasing of goods and services which has increased considerably since 2001.

The net outputs include 845 jobs created and 17 businesses created. The programmes have a cost per net job of £12,488, which compares favourably with national benchmarks.

Business premises

EEDA invested in business premises across the region - a mix of new construction and refurbishment. The four projects evaluated were: South Fens Business Centre, Riverside Business Centre, Luton Business and Innovation Centre and Apsley Paper Trail.

EEDA's expenditure of £22.4m between 2002/03 and 2006/07 is estimated to result in net additional GVA (current prices discounted present value) of between £39.9 and 55.2 million. An additional £6.6 million of public and private sector funding was levered in.

The four projects have contributed around 200 net jobs at a local level to date and are predicted to contribute a total of around 301 net jobs to their local economies once they reach full occupancy. During the evaluation period, secondary data suggested a net decline of 1,000 jobs in the four local authority districts, but the projects have generated a 20% positive counter-effect to this decline.

The economy and effectiveness of EEDA's interventions have not been brought into serious question during the course of the evaluation. The benefits are generally confined to the local areas and, particularly in the case of South Fens, this is important. However, for this reason, the cost-effectiveness of the EEDA funding does not look strong especially when assessed at the level of the region as a whole. There is some evidence of Strategic Added Value, in addition to the attraction of non-EEDA funding. For example, the Apsley 'Paper Trail' project aims to provide a degree of strategic leadership for the paper making industry through its promotion of the industry, safeguarding of skills and acting as a hub for research into the industries future. Project participants have developed synergies in research activities with the universities of Cambridge, Brunel, Hertfordshire and Imperial and the Trust is keen to encourage these and act as an industry hub.

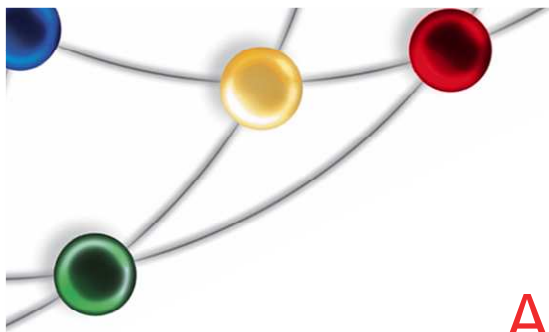
Improving the performance of manufacturing firms

EEDA is responsible for the successful operation of the Manufacturing Advisory Service (MAS) East. MAS had previously been a national programme, led by DTI, until it was 'regionalised' in 2002. In April 2005, an evaluation of its first years of its regional operation was undertaken. This identified that: EEDA's funding of MAS-East has yielded considerable rewards e.g. every £1 spent by EEDA on MAS-East delivers £1.60 (a figure which has now increased substantially). Average value added per benefited organisation (for which impact has actually been quantified) has increased over time, namely: £125,000 per benefited organisation in 2003-04 and £224,000 per benefited organisation in 2005.

Since EEDA's intervention in 2005 to a) change the MAS supplier and b) introduce a regional manufacturing strategy, outputs from MAS-East have increased significantly (without a corresponding increase in EEDA funding) and it is therefore highly likely that a more recent evaluation would show even larger benefits.

Figure 26: Outputs from MAS-East have increased significantly since 2005

		MAS 1 2002 - 2005	MAS 2 2005 - 2008	Increase
Level 1	Enquiries	5196	32465	624%
Level 2	Reviews	526	1191	226%
Level 3	Attendees	3416	4262	125%
Level 4	Projects started	116	334	288%
Level 5	Referrals	0	176	n/a



Appendix D: Creating a virtuous cycle to address persistent deprivation

This section sets out evidence of EEDA's impact in addressing persistent deprivation - the current RES priority is 'Economic Participation'. First we set out why it matters and what EEDA has done to address the challenge.

D.1 Why it matters

'Accelerating economic change has had positive effects on many parts of the region. However, some people have not been able to benefit from this growth and achieve their full potential because of the barriers they face. These may include a lack of appropriate skills, knowledge or confidence; lack of access to business support; having a work-limiting illness or employer attitudes or practices. These barriers to participation may particularly affect people in certain geographical locations or in a certain demographic sector of the population. They have costly implications for the individuals concerned, for the communities in which they live and for overall quality of life.

Supporting economic participation is a key driver of productivity. By overcoming these barriers, the region will be able to: harness the untapped time, skills and creativity of its people; reduce the costs of benefit claims; grow its workforce to meet our economic targets and raise the quality of life for all who live and work in the region.' (2008 RES)

Five to six years ago, SRB and European funding ended and new Central Government funding for neighbourhood renewal focused on areas of multiple deprivation - generally concentrations of population in urban areas. In the East of England poverty tends to be more dispersed. Local authority capacity and provision was, at best, patchy. Together this meant a gap in provision for supporting people in poverty.

D.2 What has EEDA done to address this challenge?

EEDA's current Economic Participation programme is designed to ensure that everyone in the East of England has the opportunity to contribute fully and benefit from increased prosperity. It is a capital and revenue investment programme that takes forward the achievements of EEDA's former Investing in Communities programme. The rationale for EEDA intervention, as set out in the 2008 Corporate Plan is based on market failure and equity analysis, which identified that regional intervention is needed to:

- Address employability issues (basic skills, attitudes, aspirations, soft skills, poor health) to boost labour and regional employment rates
- Boost enterprise activity in specific population sectors to increase prosperity and labour market opportunities
- Tackle market failure in the provision of public services, such as addressing inequality in service provision.

During EEDA's early years, the approach to addressing deprivation was 'pepper-pot', sponsoring a range of SRB, European, market town, rural and social enterprise projects. In 2005, Investing in Communities was developed as a holistic programme aiming to address big challenges in a strategic way - engaging Sub Regional Economic Partnerships to deliver local needs. The Economic Participation programme takes this one stage further, with EEDA playing a capacity building and leadership role and creating the framework within which local authorities can decide and deliver on local priorities. The projects were evaluated in the context of this gradual change in operating styles.

To date EEDA has added significant strategic value by enabling difficult decisions about priorities based on good quality evidence. Within each local authority area there is now a detailed evidence base and local needs analysis of the economic situation on which to base sound decisions and an effective local partnership to drive forward change.

Much of the employment, skills and enterprise work undertaken through the Investing in Communities programme supports people who, for whatever reason, are some way from the labour market. The programme has enabled beneficiaries to move along the spectrum from being unemployable to becoming employable, providing valuable self-confidence and support to those seeking employment or self-employment.

Overall, the programme presents a bold and novel approach to directly tackling social and economic exclusion. The flexibility and innovation of the programme has meant that localities have been able to fund projects that fall outside the mainstream and plug gaps in provision, rather than duplicating them and test out different ways of addressing market failures and issues of equity.

Regional Renaissance was an equivalent programme to IiC, but focused on physical regeneration of some of the most deprived parts of the East of England by both the public and private sector. Regional Renaissance included some of the capital investment projects evaluated in section 5.3 below.

D.3 Evidence of impact

Below we set out:

- What EEDA has achieved at an aggregate level of spend and outputs relating to the growth agenda
- Evidence from evaluations of projects focused on:
 - Investing in Communities
 - Investment in Capital Projects under the Regional Renaissance Programme
 - Trinity Lighthouse
 - Regenerating Ipswich
 - Single Regeneration Budget projects

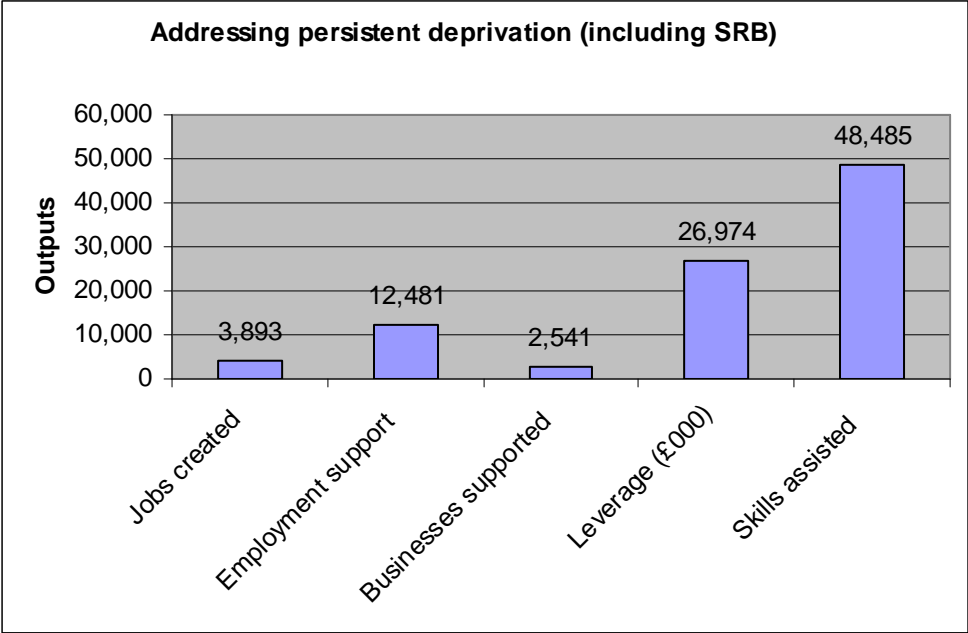
Aggregate spend and outputs - what has EEDA achieved

Figure 27 below sets out spend and outputs relating to interventions relating to addressing persistent deprivation.³⁴ The primary gross outputs achieved through expenditure of around £139m are:

- Assistance in gaining over 48,000 skills, including support for adults gaining Basic and Level 2 skills
- Levering in some £27m in funding from other organisations
- Creating around 3,800 jobs, supporting 2,500 businesses and assisting over 12,000 people into employment.

This includes expenditure on Enterprise Hubs and Promoting Broadband and Digital Content.

Figure 27: Gross outputs achieved through spend on creating a virtuous cycle to address persistent deprivation 2002/03 to 2007/08. Spend = £128.7m



Source: EEDA Annual Reports 2002/03 to 2007/08; EEDA/PA/SQW analysis

Investing in Communities

liC was conceived of as a novel long term, evidence-based and commissioning-led approach to people-based regeneration. liC comprised three strands of activity, as follows:

- regional liC programme – a range of projects and interventions with a region-wide focus, where the problem demanded a regional approach
- sub-regional liC programme – co-commissioned funding with nine sub-regional partnerships tasked with identifying local priorities and investing in interventions to tackle inequalities and deprivation; the sub-regional liC programme became the largest of the three strands of liC activity in terms of spend
- Rural Programme – a number of legacy rural regeneration programmes and existing EEDA initiatives which were merged into the envelope provided by the liC ‘Core Product’.

It was intended to be a long term commitment to effect holistic regeneration, through a commissioning based approach across the region but with a focus on deprived communities as defined in relation to both geographical communities and communities of interest (e.g. BME communities, people with a work-limiting illness and migrant workers).

EEDA's expenditure of £36.4 million between 2005/6 and 2006/07 is estimated to result in net additional GVA (current prices discounted present value) of between £112 and 205.4 million. Figure 28 sets out the outputs and outcomes from the evaluation.

Over the period 2005/6 to 2007/8, EEDA spent £51 million on these programmes in total. The net outputs produced included:

Figure 28: Net outputs from EEDA's contribution to Investment in Communities³⁵

Net outputs 2005/08	liC Skills	liC Employment	liC Enterprise	liC Total	Rural Skills	Rural Employment	Rural Enterprise	Rural Total
Jobs created	73	143	153	369	182	180	94	456
Employment supported	1,886	2,794	991	5,672	162	18	11	190
Businesses created	6	40	6	59	21	8	4	33
Businesses supported	151	205	411	767	260	150	62	473
People acquiring new skills	5,629	2,809	1,902	10,340	1,409	810	274	2,494

There is a positive relationship between the spend undertaken through the programme and the GVA delivered. In addition, there are outputs which cannot be converted readily into GVA. The programme has provided 'pre pre-business support' to help support people to acquire the skills and confidence to access mainstream business support services and less tangible outputs which go beyond harder Tasking Framework outcomes, that improve people's employability and/or reduce the risk of labour market exclusion: with nearly 40 community enterprises supported, over 15,000 visitors attracted and over 1,700 people whose confidence is judged to have been enhanced.

Trinity Lighthouse

Trinity House is a not-for-profit, non-departmental government organisation which is responsible for all Aids to Navigation within England and Wales. Following a Strategic Review in 2001, the organisation identified a number of potential cost-efficiencies, including the consolidation of its operations onto a single site near Southampton on the South Coast. This would have involved the closure of its Harwich operation and the loss of one of the area's major local employers. Following the lead of Tendring District Council and the local MP, EEDA has invested £2.5m in a project (out of £12.3m total) which has seen Trinity House abandon its proposals to relocate outside the East of England region, and consolidate in new, purpose built premises in Harwich. As such, the project not only safeguarded a number of existing jobs, but also created new employment opportunities, as activities which had previously been undertaken outside the region were re-located to Harwich.

³⁵ This includes all outputs achieved up until 2006/7, all of the 2007/8 outputs which relate to enterprise activities and 70% of the other 2007/8 outputs.

EEDA's expenditure of £2.5 million between 2002/03 and 2006/07 is estimated to result in net additional GVA (current prices discounted present value) of between £88.7 and 122.6 million. In this regard, the Trinity lighthouse project can be regarded as something of a special case in which a relatively low proportion of total public sector funding was contributed by EEDA but a high proportion of the jobs were attributed to the Agency. Moreover, the jobs were totally additional to the region (because the public sector body would otherwise have relocated elsewhere in England) and brought with them supply chain indirect jobs largely located in the region. Perhaps readers could be signposted to this from Figure 10.

The net outputs from this project attributable to EEDA are 310 jobs created at a regional level (80 at a local level) and 1.4Ha of brownfield land remediated. This gives value for money indicator of £8,172 cost per job at a regional level and £32,667 at a local level. Given that Harwich's experienced a 1% decrease in employment over the period 2002-2006 (compared to 4% increase across the region), the new jobs generated have an important 'defensive' impact. More broadly, the investment in Trinity Lighthouse has strengthened confidence in the local economy and opened up further regeneration opportunities, such as that captured in the masterplan for Old Harwich.

Firstsite:newsite

Firstsite:newsite is a major arts complex located in the St Botolph's area of Colchester which for years had operated out of inappropriate premises. EEDA's role has been both a strategic partner and funder.

EEDA contributed £5.6m of a total of £17.8m to the construction of the new arts complex and £3.7m in the period 2002/3 to 2006/7 on which the outputs below are based. The evaluation was interim in nature and we can be confident that current outputs are a very small proportion of potential total outputs. Once construction is completed, the net outputs of the project attributable to EEDA will be 0.28 hectares of brownfield land reclaimed; 4,565sqm of space; 28 training places per annum; 10 on-site jobs safeguarded and 17 direct jobs created. We also forecast that 40.5 net additional full-time equivalent jobs attributable to EEDA will have been indirectly created in the region from the operation of the centre.

More broadly, EEDA estimates an additional 30,000 visitors will be attracted to the new facility once completed. Furthermore, the stakeholders have highlighted the positive impact of the project on negotiations with developers and potential investors, and the fact that its build quality has enhanced the quality of the proposals for the wider development of the area.

Single Regeneration Budget (SRB), including the regeneration of Ipswich

EEDA's spent £89.7m under the Single Regeneration Budget between 2002/03 to 2006/07. Of this, £24.8 was spent on programmes in the Ipswich area. All SRB programmes were aimed to tackle economic development issues affecting the most deprived communities. Figure 29 below sets out the gross and net outputs resulting from these interventions.

Figure 29: Gross and net outputs from SRB including Ipswich (based on spend 2002/03 to 2006/07)

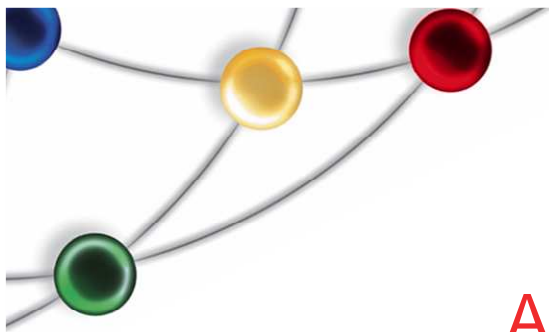
		Jobs created/ safeguarded	Skills assists	Businesses created	Land reclaimed/ redeveloped (ha)
SRB (total)	Gross outputs	2247	8100	165	21.0
	Net outputs	933	4536	72	10.0
Ipswich	Gross outputs	84.7	74	12	4.4
	Net outputs	50	39	7	3.7

Source: PwC analysis based on RDA evaluation evidence. Note, net outputs are calculated from a single national evaluation and are not region-specific

As a prime example of the rationale for EEDA's intervention, Ipswich was facing many of the classic signs of multiple deprivation: low wage levels, low skills, an over-dependence on declining sectors and a poor built environment. EEDA funded a number of projects in the area which, many of which were geographically clustered around Ipswich Waterfront, Adastral Park Ipswich Village; and University Campus Suffolk.

More broadly, consultation evidence provided a significant list of emerging impacts from EEDA's intervention, including:

- Boosting investor confidence in the Ipswich Waterfront
- Creation of a business incubator which was improving the business base within the Waterfront area
- Building a business case for wider investment in University Campus Suffolk
- The transformation of the physical appearance of Ipswich Village and Ipswich Waterfront.



Appendix E: Supporting a sustainable growth economy

This section sets out evidence of EEDA's impact in supporting the sustainable economy - both supporting development of the infrastructure required for growth and ensuring the development of a low carbon economy. The current RES priorities are Spatial Economy, Transport and Resource Efficiency. First we set out why it matters and what EEDA has done to address the challenge.

E.1 Why it matters

Through the Regional Spatial Strategy, the East of England has signed up to ambitious growth targets (including 508,000 net additional dwellings and approaching 500,000 net additional jobs in the period 2001-21). Delivering growth at this pace is challenging, particularly given that the East of England has the lowest level of identifiable public expenditure per capita of any region and the infrastructure needs are substantial.

As set out by the Regional Spatial Strategy, much of the growth is to be delivered within the functional urban areas linked to the region's medium-sized cities. The region's geography is such that many of these are "under bounded" (i.e. physical growth is often in Local Authority Districts other than the main urban authority (e.g. the growth of Luton (part of the MKSM Growth Area) will mainly be accommodated in South Bedfordshire district, not Luton borough)). This creates major issues and challenges concerning the deliverability of sustainable growth. This was recognised fully in the Inspectors report on the draft Regional Spatial Strategy following its 'Examination in Public'. There is also an issue of house price affordability even in the current property price slump, with evidence of under-supply.

At the same time, global climate change poses a very real threat to the East of England. A low-lying geography, vulnerable coastline and already scarce water resources make it the region most at threat from climate change and degradation of ecosystems services in the UK. Following the Stern Report, climate change has become a central matter of economic policy. Combining a growth agenda with a need to constrain energy and carbon emissions means that, businesses, communities and individuals contributing to regional economic development must take resource efficiency seriously.

In response to changing demand, tighter regulation and scarcer natural resources, the market for environmental goods and services is growing sharply. The global market was worth \$548 billion in 2005 and is expected to grow by 45 per cent by 2015. This presents a huge opportunity for sustainable wealth creation, reinforced by the increased focus of governments on carbon pricing that will impact on all sectors of the economy in the East of England. (RES 2008)

E.2 What has EEDA done to address this challenge?

EEDA's corporate plan currently formulates its activities in this area as aiming to:

- create clear and coherent investment plans on agreed priorities, based on regional and sub-regional intelligence and analysis, so that public funding is targeted where it can make the most difference in delivering sustainable economic development
- focus physical investments on addressing generic or specific market failures in order to deliver growth and regeneration
- ensure development is of the highest possible design and environmental standards
- ensure that those involved in delivering sustainable communities have access to opportunities to up-skill, network and share best practice, benefiting the quality of development in the region
- Improve the coordination and provision of evidence on the economic priorities for regional transport schemes and lever in funding as appropriate.

Some of EEDA's largest spending programmes have also addressed this challenge - in particular Regional Renaissance. However, for the purposes of this report, spend on and outputs from these programmes are included under Appendix D.

The Chief Executive of EERA, Brian Stewart praised EEDA's role 'Even though EEDA is not the regional spatial planning body it has played a valuable leadership role - forcing everyone to face up to the challenge of growth'. He continued that EEDA had been consistent in seeing the growth challenges through the perspective of economic development.

In order to underpin this leadership, EEDA has led the process of drawing up Integrated Development Programmes (see below); provided the evidence base to identify critical infrastructure requirements and enable barriers to transport infrastructure to be addressed (the Transport Economic Evidence Study (TEES) which considered the arguments set out in the Eddington Report and generated an evidence base for the East of England); and helped 'de-clutter' the sub-regional partnership landscape, to enable a sensible debate. These efforts are now likely to establish the East of England positively to face the future once the Sub-National Review has been implemented - and a Joint Implementation Plan across the Regional Economic Strategy and the East of England Plan is being developed as part of this.

The aims of EEDA's current Sustainable Economy programme are to drive and catalyse the region's transition to a low carbon economy and will set the framework for achieving the RES headline target for carbon reduction which will, in part, be delivered across other EEDA programmes. The programme addresses the necessity for a concerted programme to underpin the delivery of a low carbon economy and harness the region's clear strengths in renewable energy and environmental technologies.

As long ago as the 2001 RES and in its subsequent Corporate Plan, EEDA recognised the link between environmental and economic sustainability, some 5 years before the publication of the Stern report.

Given this early work and the nature of its economy, EEDA took the overall lead for all RDAs with the Department for Environment, Food and Rural Affairs. This role could have been seen as simply one of co-ordination - for example ensuring a joint response to consultations. EEDA developed their lead role beyond this and chose to develop and disseminate best practice in terms of environmental interventions.

Across the region, EEDA worked hard to bring together the myriad of groups with interests in the sustainable development agenda and to facilitate a single regional view on the challenges faced and responses to them. It is reported by the Head of Sustainability at Natural England that this process took five years - but that there is now a coherent picture across the region which can maximise the impact of any initiative.

In funding terms, EEDA both:

- Invested directly in green space
- Supported sustainable consumption and production, including the development and use of environmental technology.

E.3 Evidence of impact

Evidence from evaluations of projects focused on:

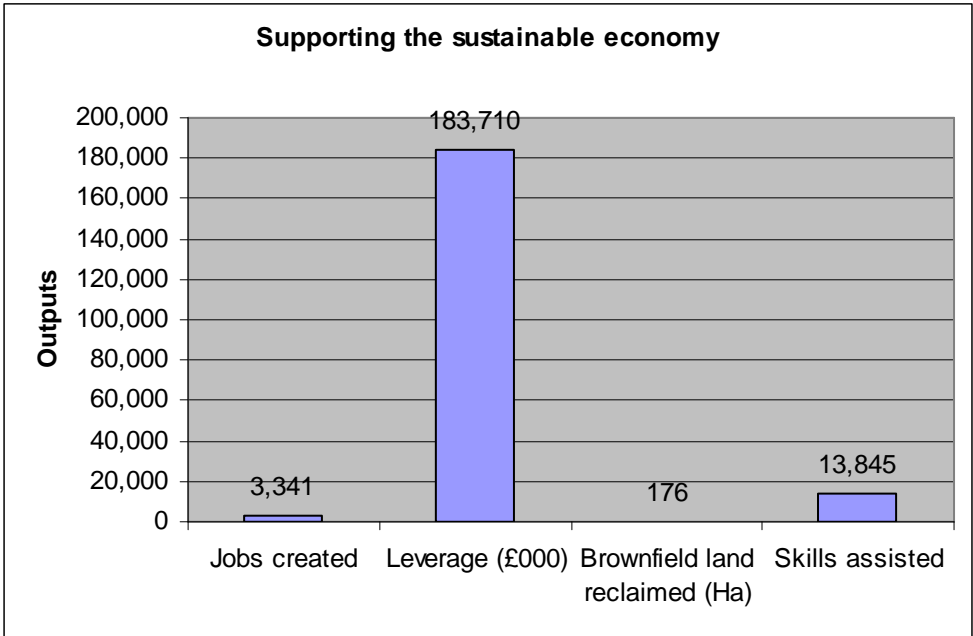
- Capital Projects (as part of Regional Renaissance)
- Integrated Development Programmes
- Sustainable consumption and production
- Renewables East
- Construction Skills
- Migrant Workers Study

Aggregate spend and outputs - what has EEDA achieved

Figure 30 below sets out spend and outputs relating to interventions relating to addressing persistent deprivation.³⁶ The primary gross outputs achieved through expenditure of around £173m are:

- Assistance in gaining nearly 14,000 skills
- Levering in some £184m in funding from other organisations
- Reclaiming over 150 hectares of brownfield land
- Creating around 3,300 jobs.

Figure 30: Gross outputs achieved through spend on supporting the sustainable economy 2002/03 to 2007/08. Spend = £202.1m



Source: EEDA Annual Reports 2002/03 to 2007/08; EEDA/PA/SQW analysis

Capital investment in area regeneration - part of the Regional Renaissance Programme

Four projects which demonstrate capital investment in area regeneration were evaluated by PA/SQW: Integreat Yarmouth; Nene Waterfront; Nar Ouse Regeneration Area (NORA); and Lowestoft Town Centre. Two of the projects, Nene Waterfront and Nar Ouse Regeneration Area, have yet to deliver the majority of their outputs, thus making full evaluation impossible. The projects in Great Yarmouth and Lowestoft, although complete, focused on public realm and in both cases it is considered too early to judge their full impact. The evaluation should therefore be treated as interim.

This includes expenditure on Enterprise Hubs and Promoting Broadband and Digital Content.

EEDA's expenditure of £19.8 million between 2002/03 and 2006/07 is estimated to result in net additional GVA (current prices discounted present value) of between £71 and 98 million. The project has generated actual and forecast net outputs of:

- 1359 jobs created or safeguarded (at a regional level)
- 95 businesses created
- 42,796m² of commercial floorspace
- 59 Ha of brownfield land remediated
- 71 dwellings completed/improved or buildings brought back into use

The projects have achieved much beyond their direct outputs:

- In Intergreat Yarmouth, the completed public realm works are judged to be of a very high quality and in physical terms are quite transformational, particularly along the seafront and Regent Parade. EEDA's investment was critical to secure other public sector funding
- In Nene Waterfront, it does appear that the works carried out to date have provided a greater level of confidence with increased enquiries from businesses and developers. Most likely this is by virtue of the fact that for the first time in decades there have been major development works underway in Wisbech in a highly visible location
- NORA is regarded as a flagship project for the region and has already transformed the physical environment through removing low value previous uses, the provision of quality housing, landscaping and infrastructure. However, it is too early to be able to assess the impacts of EEDA's intervention, though the early indications from this interim evaluation are very encouraging
- The Sunrise project in Lowestoft was seen by the partners and stakeholders as necessary to overturn the continual decline which Lowestoft otherwise faced. The scheme was well planned and designed and has resulted in the successful integration of vehicular traffic with other users, including cyclists, pedestrians and those with disabilities. The project is seen as an 'exemplar' of good practice, not only in terms of the physical delivery of it, but also in respect of partner engagement at both the strategic and officer level. The project was implemented largely on time and to budget.

Integrated Development Programmes (IDPs) designed to support growth

EEDA's aim for IDPs was that they should "plan and manage social, economic and environmental growth across functional urban areas holistically and sustainably, based on a single delivery plan for capital-led investment which will allow for appropriately phased development". Within this context – and working alongside Regional Cities East – EEDA exercised leadership by insisting that IDPs must

- Be developed locally, by a partnership of local authorities and other key bodies
- Be based on a strong evidence base with identified investment priorities substantiated through high level logic chains

- Provide a prioritised capital investment plan that would be used and recognised as such both locally, and by a wide range of agencies and organisations.

Using a toolkit (commissioned by EEDA), IDPs were developed – on a pilot basis – in four areas: Norwich, Peterborough, Luton and South Bedfordshire, and the Haven Gateway. In each case, multiple local partners were involved. With EEDA’s support, in each case, local agreement was reached in terms of prioritised investment imperatives: hence rather than a “shopping list”, an evidenced and prioritised set of capital investment requirements (ranging from flood defences to transport improvements and investment in innovation infrastructures) was generated. This itself was a substantial step forward: previously EEDA (and other funding partners) received ad hoc bids for funding from local partners which far exceeded available resources and included little indication either of real local priorities or of how individual interventions related to each other or the wider delivery of agreed ambitions. Through IDPs, therefore, the scope for substantial real synergy across complex administrative and institutional structures was “designed in” in relation to the growth agenda.

At a subsequent high level investment forum, EEDA’s leadership and influence (and the current credit crunch notwithstanding), secured commitments that should facilitate the sustained delivery of future growth. They should also result in a far more co-ordinated and effective use of available funds. Once the nine IDPs are in place (March 2009), the region’s key growth locations will all have costed, prioritised, phased, evidentially robust and locally-owned delivery plans which are recognised as such by a wide range of potential funding bodies. EEDA’s role in bringing this about has been pivotal.

Sustainable Consumption and Production

PA/SQW evaluated three programmes associated with Sustainable Consumption and Production (SCP). This includes a set of programmes and projects directed towards increasing resource efficiency and harnessing the economic opportunities presented by the growing renewables and environmental goods & services (EGS) market.

The three programmes are:

- Business Resource Efficiency and Waste (BREW) Programme (including BioREGen, Eastex, Remade East, Resource Saver, BETI+, and CoRE)
- the Carbon Reduction Programme (CRed)
- Funding of Renewables East (including Renewables East core funding and three smaller research/feasibility projects focused on biofuels, biomass and low carbon).

EEDA’s expenditure of £2.4 million between 2003/04 and 2006/07 is estimated to result in net additional GVA (current prices discounted present value) of between £16.4 and 25.1 million. Figure 32 sets out the outputs and outcomes from the evaluation.

Figure 31: Net outputs and outcomes from EEDA’s investment in Sustainable Consumption and Production (based on spend 2003/04 to 2006/07)

Net outputs (best estimates)

Net outputs (best estimates)	
Businesses supported	574
Businesses collaborating with UK knowledge base	17
Leverage (£000 public)	172
Leverage (£000 private)	330
Skills	313
Commercial floorspace (sqm)	7180
Jobs created	23

And net outcomes of:

Net outcomes (best estimates)	
Turnover increase pa (£000's)	7906
Employment impacts (FT)	125
Cost savings per annum (£000's)	1715
Waste diverted from landfill (tonnes)	116,241
Business investment (£000's)	5616
CO2 reduction (tonnes)	29,284

In terms of Strategic Added Value

- BREW has provided strategic leadership and a catalytic role through contributing to the development of improved regulation to support the development of waste and renewables markets.
- In relation to leverage, the CRed programme is viewed as having supported the development of the regional reputation by building the commercial reputation for climate change science and to strategic leadership & catalyst by mobilising a number of significant business champions to provide business to business advocacy of what can be achieved through increased resource efficiency.
- Renewables East's role in relation to strategic added value is the most significant part of its activity: Engaging local authority teams in the renewables generation agenda and building capacity amongst applicants and planners on the renewable planning applications; exercising strategic influence by establishing a biofuel supply chain in the region; and demonstrating strategic leadership & catalyst roles by articulating and communicating the regional opportunity in the renewables sector in the policy framework.

A focus on Renewables East

The objectives of Renewables East are 1) to assist the East of England in meeting its targets for the production of renewable electricity to enhance energy security and move towards a lower carbon economy, and 2) to secure for the region the economic opportunities associated with the growth of the renewable energy sector, especially through stimulating investment, securing job opportunities, pushing forward supply chain development and encouraging innovation. In short this means supporting the renewables sector to grow from a cottage industry to a significant sector in the East of England. Delivering these objectives has involved:

- Advocacy for the industry and the development of a positive regional renewables policy framework
- Guidance and support for businesses growing and diversifying into the renewables sector
- Industry signposting and networking to enable technology acceleration and commercialisation
- Supporting developers & LA planners to enable the achievement of renewable generation targets
- Building capacity and leveraging funding to support major renewables projects in the region.

Since Renewables East was established by EEDA, the regional renewables industry has grown from 3 biomass and 8 onshore wind operational developments which contributed to 0.45% of the East of England's energy demand to 6 biomass, 16 onshore wind and 1 off-shore operational wind developments with a significant number of developments in the pipeline. This contributes to the region generating around 2% of its energy needs from renewable sources and a road map has been developed to increase that to 15% in line with EU proposals by 2020 (ESD & ARUP 2008). EEDA has contributed £0.9m between 2002/03 and 2006/07.

Renewables East has grown into a national-exemplar model for supporting the growth of the renewables sector and has supported the region in achieving the highest renewable generation capacity in England and one of the highest planning approval rates in the UK. The expertise and capacity it provides has supported the region in achieving nationally significant developments in this field from Northstowe to bio-energy parks, to ORBIS (a landmark business centre for the offshore renewables industry at Ness Point in Lowestoft), to major planning applications, etc. This demonstrates how the region's capacity has grown such that it can now undertake major renewable energy projects that contribute to economic development right across the spectrum of EEDA activity from physical regeneration to enterprise & innovation support.

Construction skills

Between 2002/03 and 2006/07, EEDA spent £2.3m on three projects to support the development of construction skills: Constructionarium (developing the project skills and employment prospects within the construction sector of undergraduate engineers), SmartLife (training in Modern Methods of Construction) and the Bedford Partnership (vocational training in construction trades). Given the Learning and Skills Council's role in funding learning, EEDA's financial support was for capital development: creating an extensive artificial environment for Constructionarium, providing SmartLIFE with information and communication technologies and car parking, and delivering training workshops for the Bedfordshire Partnership. In each case, the main reported outputs are skills assists.

EEDA's expenditure of £2.8 million between 2003/03 and 2006/07 is estimated to result in net additional GVA (current prices discounted present value) of between £3.9 and £7.1 million.

Net outputs include 924 skills assisted at an average net cost of £2,489, higher than average, but broadly in line with national benchmarks for skills development (this is also true at a disaggregated level). However, the purpose of EEDA's intervention went beyond immediate outputs. For example; Constructionarium was a direct response to tier 1 construction businesses identifying leakage of graduate engineers into the financial services and other sectors, and a growing skills shortage within construction. SmartLife was designed to push forward the debate over the future of construction and the skills needed to meet those future demands – especially in respect of reduced environmental impacts, improved approaches to sustainable development, and increasing the pace of construction.

Migrant workers study

Commissioned in 2005, this research study sought to understand the contribution of migrant workers to the regional economy. Steered by an inclusive group of statutory and stakeholder interests, the study pooled existing regional and local work and used a range of research methods to undertake the work. The study concluded that despite making a contribution in the order of £360m per annum to the East of England economy, migrant workers continue to face barriers preventing them from making full use of their skills, often leaving them heavily in debt.

The Migrant Workers Study attracted a high profile and has led to significant follow on activity by a number of agencies influenced (either in full or in part) by the research. The partnership approach created by the project's steerage arrangements has led to increased joint and coordinated working. The study has specifically influenced the Regional Housing Strategy.

Appendix F: Managing economic shocks

This section sets out evidence of EEDA's impact in managing economic shocks, highlighting its role in the Luton Vauxhall Partnership, Blue Tongue/Foot and Mouth and the response to the Buncefield explosion.³⁷

F.1 EEDA's role in managing economic shocks

EEDA's response to economic shocks has typically focused on the following areas:

- Playing a leading role as part of the partnerships established to mitigate the immediate effects of economic shock and plan for the medium-term recovery
- Commissioning economic impact assessments to understand the effects of an economic shock and optimise the partnership response
- Making significant resources available for:
 - Redundancy support, to aid retraining and job search
 - Business healthchecks and targeted support to help businesses affected to manage disruption to their operations and safeguard employment
 - Supporting businesses affected throughout supply chains, in particular helping business to diversify their customer base
 - Facilitating access to appropriate grants and financial products for working capital, new product development or new premises
- Where there are significant land and property implications, provide resources for masterplanning, land remediation, business premises and marketing of development opportunities

Specific examples of EEDA's contribution to partnership responses to economic shocks during the period 2002-2007 are set out below.

³⁷ The material in this appendix is based on case studies provided by EEDA and has not been independently evaluated by PA/SQW.

F.2 Luton Vauxhall Partnership

In December 2000, Vauxhall announced plans to cease saloon car manufacture in 2002. The closure was predicted to cause the loss of 1,900 jobs at the plant, up to 1,400 jobs in the local supply chain, and an exodus of high-quality professionals. EEDA's contribution to managing this shock included:

- The Vice Chair of EEDA, chaired the Luton Vauxhall Partnership which was established the day after the announcement. The partnership brought together representatives of the company, unions, local authority, Jobcentre Plus, LSC, and further education
- EEDA provided £505,600 to support a programme of retraining for employees affected at Vauxhall and in the supply chain
- With Luton Borough Council, EEDA secured £668,009 of European Social Fund support, towards an overall retraining programme budget of £1,558,491
- Over the medium term, EEDA has continued to support the efforts to diversify the economy of Luton and enable the transition to the knowledge economy. This has included over £10 million of funding for the Luton Innovation Centre and Business Base Luton facilities occupying prime location on the 40ha Butterfield Technology Park

The partnership's retraining programme led to the re-skilling and re-employment of 1,500 workers from the factory. So, four months after the closure took effect in 2002, Luton's unemployment had increased by only 0.5%.

F.3 Blue Tongue/Foot and Mouth Disease

Upon the outbreak of Blue Tongue Virus (BTV) in 2006-7, EEDA commissioned an immediate economic impact assessment of the impacts of BTV and Foot and Mouth Disease on the local and regional economy. This indicated a likely one-off impact of £27-32 million due to reductions in livestock and immediate market disruption, with a longer term scenario of an annual fall in output of £54 million. EEDA's package of support included:

- Additional funding of £50,000 to enable Business Link to broker free support for specialist financial and business planning for around 100 companies who were most affected
- £10,000 to enable a partnership of the Addington Trust, Rural Stress Network and the Farm Crisis Network to respond effectively to the increase in demand for volunteer support
- Around £20,000 to work with Eblex (the English Beef and Lamb Executive) to stimulate the consumer market for regional lamb, beef and pork products.

F.4 Maylands Partnership (the Buncefield explosion)

Maylands Business Park, was home to over 600 companies and 16,500 employees at the time of the explosion at the Buncefield depot in December 2005. EEDA support included:

- £204,000 to fund the initial Maylands Task Force and the ongoing Maylands Partnership who are leading and co-ordinating the recovery effort and taking forward work to establish a Business Improvement District in early 2009
- Provision of £245,000 to take forward a comprehensive master-plan for the reconstruction of the Maylands Business Park, linked into the wider regeneration of Hemel Hempstead and consistent with Health and Safety Executive land use planning recommendations for the site
- Commitment of £5.4 million to support land assembly for a new Gateway site capable of accommodating over 7,000 new jobs and the provision of a business centre with the aim to create 45 office and 40 light industrial units
- A grant of £240,000 for immediate public realm improvements and the Phoenix Gateway sculpture at the entrance to the Business Park and £70,000 towards the marketing of development opportunities arising from the master-plan

The majority of companies have now returned to the site, with the Maylands Partnership working with around 500 companies, with employment close to pre-explosion levels.

Appendix G: Performance against targets

Figure 32 below sets out EEDA's performance against targets set by central Government. It covers the period 2002/03 to 2007/08, which incorporates two targetry regimes - Tier 3 (2002/03 - 2004/05) and Tasking Framework (2005/6 - 2007/08).

Figure 32: Gross outputs against targets for the period 2002/03 to 2007/08³⁸

	2002/03			2003/04			2004/05			2005/06			2006/07			2007/08		
Gross attributable output measure	Target	Perf	Perf v target	Target	Perf	Perf v target	Target	Perf	Perf v target	Target mid-point	Perf	Perf v target	Target mid-point	Perf	Perf v target	Target mid-point	Perf	Perf v target
No. of jobs created/safeguarded	953	2,177	228%	2,500	2,909	116%	2,550	2,577	101%	4,000	4,299	107%	4,100	4,270	104%	4,200	4,927	117%
No. of people assisted into jobs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,200	2,284	190%	2,000	4,787	239%	2,100	13,029	620%
No. of new businesses created	139	156	112%	250	450	180%	370	371	100%	1,670	2,563	153%	2,800	2,476	88%	1,800	1,480	82%
No. businesses assisted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,700	12,202	330%	8,000	13,971	175%	16,000	34,918	218%

³⁸ 2002/03 to 2004/05 figures are RDA Tier 3 targets. 2005/06 to 2007/08 figures are Tasking Framework targets. Both sets of figures report the number of outputs EEDA has reported as delivering on a Gross Attributable basis.

	2002/03			2003/04			2004/05			2005/06			2006/07			2007/08		
No. of knowledge base collaborations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	200	312	156%	205	440	215%	360	569	158%
Public investment levered (£million)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	80	90	113%	70.5	104	148%	45	134	298%
Private investment levered (£million)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	44	35	80%	44	52	118%	44	45	102%
Brownfield land reclaimed (Ha)	23	25	109%	25	32	128%	35	35	100%	36	39	108%	39	46	118%	40	52	130%
No. of people assisted w. skills	3,183	6,500	204%	7,500	15,532	207%	14,300	14,374	101%	15,000	32,659	218%	30,000	33,174	111%	30,750	41,274	134%
No. of adults gaining basic skills	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	450.5	814	181%	750.5	1,409	188%	770.5	2,939	381%
No. adults in work gaining Level 2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	560	709	127%	700	719	103%	720	1,206	168%
Ave performance v target			163%			158%			100%			160%			146%			219%

Source: BERR. See www.berr.gov.uk for full definitions of output measures and 2007 RDA Aggregate Impact Report (PA/SQW). N/a indicates that monitoring data was not collected, given changes in targets.