Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

24th SEPTEMBER 2018 MEETING

INDEPENDENT EVALUATION OF LOCAL GROWTH INTERVENTIONS & NATIONAL EVALUATION FRAMEWORK – CARDIFF CAPITAL REGION

REPORT OF CARDIFF CAPITAL REGION PROGRAMME DIRECTOR

AGENDA ITEM: 7

Reason for this Report

1. The National Evaluation Panel (NEP) convened to provide independent evidence for the five-year Gateway Reviews associated with devolved Investment Funds, has produced a National Evaluation Framework (NEF). The NEF will guide assessments of all participant regions in the two currently approved cohorts (Investment Funds approved for City / Growth / Devolution Deals in 2015/16 and 2016/17). The report outlines that as one of the cohort 2 participants, Cardiff Capital Region (CCR) must now approve the framework, understand its role in working with National Evaluation Panel consortium lead SQW to shape a locality evaluation plan and in the delivery of evaluation research which will inform a baseline report and a 'one year out' report ahead of the first five-year Gateway Review.

2. To advise Regional Cabinet of the potential costs associated with preparing and evaluating CCR's locality plans and an early indication of the associated budgetary implications.

Background

Purpose of the National Evaluation Panel and National Evaluation Framework

3. The National Evaluation Panel (NEP) has been convened to evaluate the impact of locally-appraised interventions on economic growth. Their remit is to provide evidence to the five-year Gateway reviews associated with the

Investment Funds. The CCR, as a recipient of Investment Funds in the second round of the programme (City Deal approved in 2016/17), is a cohort 2 participant. The focus of the work is on impact not process or governance and in the case of CCR, the remit is not the City Deal in full - only on aspects of activity wholly resourced by the Fund i.e. the Wider Investment Fund of £495m, meaning that the £734m allocated to the Metro is NOT included within the assessment. The NEP is the Government's appointed consortium and is led by SQW.

4. The approach to the evaluation work involved the development of a National Evaluation Framework (NEF). The framework was produced mid-2017 and is attached at Appendix 1 to this report for information.

5. It is understood that the cost of developing the framework amounted circa £320k and has been apportioned equally amongst the 11 participants. CCR's proportionate share of costs amounted to circa £29k.

6. The framework sets out the overall approach, principles and potential methods of evaluating the Investment Funds. Deriving from the overarching NEF are Locality Frameworks and Locality Evaluation Plans. These set out the scope and nature of evaluation activity to be carried out in each locality. These are complete for all participants in cohort 1 and as a cohort 2 participant, CCR will now work with SQW, within the parameters of the National Evaluation Framework, to shape its own Local Evaluation Framework and Plan. As part of this work, CCR will need to understand the likely level of resources that SQW will employ over the evaluation period and an indication of the potential cost and profile associated with their work.

7. SQW will start to work with CCR in a dedicated way to build the local approach to evaluation towards the end of September 2018. Once this is developed and agreed, they will commence delivery of evaluation research. This will inform reports on the impact of interventions at the first five-year Gateway Review. What is especially significant is that evaluation work to derive a baseline report will start quickly with a 'one-year out report' being produced in December 2019 - ahead of their final report to inform the Gateway Review which they will produce in December 2020.

8. The overall approach will be based on an assessment of the impact of interventions; capacity development and partnership evaluation and contextual economic forecasting. Running through all evaluation activity is the need to evidence alignment with Welsh Government agendas.

9. It is important to understand the two categories of local evaluation. The first is Impact Evaluation – more formal evidence and a clear outcome focus and the

second is Progress Evaluation – more informal evidence and a focus on outputs. It is common for first Gateway Reviews to focus on the latter rather than the former.

Evaluation of the Compound Semi-Conductor Project

10. As the Compound Semi-Conductor (CSC) Project is the only deliverable to date – it will be subject to a full Impact Evaluation. Other projects that emerge will be subject to a Progress Evaluation. A 'logic model' has been developed and agreed by the previous CCR Director, for the CSC Project investment. The logic model will focus on:

- Benefits relating directly to IQE
- Benefits relating to the CSC wider sector in CCR
- Land and property related benefits
- Financial outcomes

11. This logic model now needs to be shared with the CSC Foundry Board and IQE colleagues on whom a major reliance will be placed and the wider project team in order to start identifying, building and supplying the data, evidence and monitoring information needed to enact the process. The 'logic model' is attached as Appendix 2 to this report. Whilst the Impact Evaluation will be bespoke and shaped by CCR, further discussions and engagement is needed to iron out issues that do not currently fall within the scope of the review. For example, the fact that there is a direct financial Return on Investment (ROI) related to the project. Whilst the criteria for evaluation may not extend to 'recyclability' of the fund – it is important that this kind of significant outcome is recognised and acknowledged in the work.

Timeframes and Milestones

12. The overall anticipated timeframe for the SQW evaluation work is as follows:

- Evaluation Plan – agreed by end of September/ October
- Baseline Report – December 2018
- One year out report – December 2019
- Final Report (to inform Gateway Review) – December 2020

13. Following agreement of the Evaluation Plan, the significant piece of work to be produced for December 2018, is the Baseline Report. This will cover four main components:

- Tailored economic forecasts
- Data and information on progress
- On-line stakeholder surveys
- In-depth strategic consultations with stakeholders

Risks and Opportunities

14. There are a number of risks and challenges – and opportunities to consider in the context of the above:

- Rate of Delivery – whilst it is recognised that our City Deal is relatively new off the blocks; it is also acknowledged that there is a short window of opportunity in which to mobilise a delivery pipeline. In effect, CCR has between now and the second quarter of 2020 to secure some further deliverables that are capable of demonstrating progress. Quick delivery of the CSC Project is seen as favourable and there is an expectation that this is followed up quickly
- However, speed should not be at the expense of quality. Data capability, use of evidence and analytics to inform investment options and decision-making, economic forecasting to establish baselines and inform 'self-awareness' – all form a significant part of the evaluation process. There will be a focus on the use of insight and intelligence. Whilst this has not featured prominently in CCR's approach to date, we can move quickly and commission sectoral analysis, develop data analytics capability and apply economic forecasts that provide insight and foresight on an ongoing basis into the programme
- The strength and integrity of partnerships – formal and informal. The way in which partnerships can demonstrate centrality to the process and the extent to which they believe their views and contributions have an impact – particularly around demonstration of industrial leadership
- The evaluation process applies to delivery and not process or governance. Demonstrating impact, outcomes and progress is the key area of focus. Strength of governance will mean very little if it is not applied to delivery
- Information sharing and good practice development. We have the opportunity to become more involved and engaged with both cohort 1&2 partners and to trade ideas, best practice and share data and insight. The CCR Director will attend the quarterly meet-ups supported by colleagues in the Accountable Body
- Wider issues and questions emerge about evaluation of the non-Investment Fund aspects of our City Deal. Who evaluates the Metro and what is the process? Whilst the Gateway Review and underpinning evaluation has no jurisdiction, it makes sense to align evaluation processes and methods to drive efficiency
- Beyond IQE, there will be a reliance on stakeholders in wider supply chains to validate the benefits of the CSC project investment. A greater focus on marketing and celebrating the benefits of this investment, is required in order to ensure wider visibility and profile.

15. There will be a need to commit up to £30,000 to create urgent capacity and capability around data analytics, economic forecasts and sectoral assessments and to work with IQE, WG and others to develop appropriate marketing materials and resources

Reasons for Recommendations

16. The reasons for the recommendations are:

- The content of the National Evaluation Framework needs consideration in order to progress to the stage of developing a Locality Framework and Local Evaluation Plan for CCR.
- The 'logic model' for CSC Project needs to be understood by all relevant stakeholders, chief amongst which are IQE Plc and CSC Foundry Ltd and embedded into processes and systems in order that the preparatory work can begin.
- Regional Cabinet, partnerships and other stakeholders will very quickly become involved in the process of establishing baseline information, offering views, perspectives and insights on outcomes and progress. It is important that there is a strong understanding of the significance of this work and the part they have to play.
- Greater focus on data analytics and capability is clearly critical. Similarly, marketing and celebrating outcomes and success around the CSC project merits attention and investment to 'get the message out' and create a reputation for smart investment.

Financial Implications

17. Cardiff Capital Region's share of developing the National Evaluation Framework was fully budget for in 2017/18, with payments made to reflect the value of actual work completed during that year. It is understood that some work remained outstanding and the necessary budgetary provision is in place to meet those costs in 2018/19.

18. The 2018/19 approved Programme Management Office budget includes a sum of £50,000 to meet the costs associated with SQW's work in the current financial year. Around £18k of this this budget will be needed to fund the residual work relating to the National Framework, with the balance (£32k) being available for developing locality work in the current year. In addition, the Medium Term Financial Plan drawn-up to support Regional Cabinet's annual budget planning process includes further sums, to meet the cost of SQW's work over that period. It will be important to get visibility on the potential quantum and profile of SQW's costs as soon as possible and report these back to Regional Cabinet for consideration and approval.

19. Separately, the report identifies the need to commit up to £30k to create urgent capacity and capability around data analytics, economic forecasts and sectoral assessments. This commitment can be met from the Wider Investment Fund's Programme Development and Support budget. These requirements should be discussed with the chair of the Regional Economic Growth Partnership to establish whether there are any synergies with work that they are progressing in this area, for which an approved budget is already in place.

20. It is understood that the Accountable Body will rely on national arrangements procured through Transport for Greater Manchester to ensure that SWQ's unit costs are appropriate and represent value for money.

Legal Implications

21. In the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA'') the Councils acknowledged and agreed that the funding provided by HMT (£375,000 000) is subject (amongst other things) to satisfying the five yearly Gateway Reviews by HMT. This report sets out the work done to date in terms of developing the review process and future steps required to develop local evaluation plans and gather the required data. It is very important that appropriate steps are put in place as satisfying the Gateway Review presents a key risk to the City Deal, given the implications for the HMT funding.

General advice

22. In considering this matter generally and the content of any reviews, regard should be had, amongst other matters, to:

    (a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;

    (b) the Councils' duties under the Well –being of Future Generations (Wales) Act 2015; and

    (c) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief.

Future Generations and Wellbeing Considerations / Well-being and Equalities Assessment

23. Consideration to aspects concerning the Future Generations (Wales) Act 2015 and Well-being and Equality are described in Appendix 3.

RECOMMENDATIONS

It is recommended that the Cardiff Capital Region Joint Cabinet:

a. Note the National Evaluation Framework as developed by the National Evaluation Panel for the purpose of evaluating the impact of CCR interventions on local economic growth;

b. Note the wider evaluation plan, including key milestones and timescale for the CCR evaluation process and in particular to note the agreed 'logic model' for the CSC Foundry project and the need for this to be shared with and understood by key stakeholders;

c. Note the resource and potential cost implications of this work over the medium term and which will be reported back to Regional Cabinet as the locality work is developed; and

d. Agree and endorse the need to create data analytics capability and resource within the process and professional marketing materials to promote the investment in the CSC Project, ring-fencing a sum of up to £30,000 within the Wider Investment Fund's Programme Development and Support budget.

Kellie Beirne
Cardiff Capital Region City Deal Programme Director
18th September 2018

The following Appendices are attached:

Appendix 1 – National Evaluation Framework
Appendix 2 – CSC Project Logic Model
Appendix 3 – Future Generations Evaluation Gateway Review

Independent Evaluation of Local Growth Interventions

National Evaluation Framework

May 2017

Contents

Core content

1: Purpose & context

2: Overview of the Investment Funds

3: Implications arising for the National Framework from the scoping research

4: The National Evaluation Framework – components & approach

5: Roles & Responsibilities

6: Delivery Plan

7: Next steps

Supporting Material

Logic models & evaluation issues

Proposed interim reports content

The Maryland Scientific Methods Scale

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1: PURPOSE & CONTEXT

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Purpose & context (1)

- The purpose of the 'National Evaluation Panel' is to "***evaluate the impact of the locally-appraised interventions on economic growth***"
  - The 'interventions' are the Investment Funds (x11) agreed with each Locality in devolution/growth/city deals
    - *Not* the deals in full
  - The 'National Evaluation Panel' is the appointed consortium, led by SQW Ltd (see Roles & Responsibilities for further details)
- This will be delivered through
  - The development of monitoring and evaluation frameworks – a National Framework and in turn Locality Frameworks
  - The agreement of evaluation plans for each Locality, and delivery of evaluation research by the consortium, informed by monitoring data which will be collected by the Localities
  - Reports on the impact of interventions at the first five-year Gateway Reviews

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Purpose & context (2)

- There is no GVA ‘threshold’ to be met. The evaluations should conclude what the impact has been for each Locality individually, within the context set by the coverage and focus of each individual deal, which ministers will consider when making funding decisions
- In the years between the agreement of the evaluation framework/plans and the Gateway Reviews, the Consortium will provide a quality assurance role, ensuring Localities are collecting adequate monitoring data to inform the Gateway Reviews
- Localities started at different time-points, with the first Gateway Reviews to be undertaken five years after payment commenced in each case

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Purpose & context (3)

- The expectation is *not* that there will be a '*single evaluation project*', either nationally across the 11 areas, or in each individual Locality
- Rather, there will be a '*programme of evaluation research*' that includes
  - Evaluations in each Locality, which reflect the interventions delivered in that place, building on principles, approaches, & analyses that are consistent (as far as practical) across Localities
  - Cross-cutting workstreams delivered in parallel across the Localities, complementing the intervention-level evaluations and providing evidence on the impacts of the Funds to e.g. assessment of capacity development/partnership, contextual review of economic performance

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Purpose & context (4)

- The following are *not* within scope of the National Evaluation Panel
  - Making recommendations to Ministers/officials on future allocations or waves of investment as a result of the findings of the evaluations
  - Evaluating the 'policy' of devolved Investment Funds, or the Government's wider devolution policy agenda
  - Process evaluation (i.e. how activity has been implemented and what is working well/less well)
  - Economic evaluation (i.e. assessing value for money via cost benefit or cost effectiveness analysis)
  - Appraising planned interventions, or advising Localities on possible future interventions to be supported by the Investment Funds

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Purpose & context (5)

- There is an increasing focus by Government on applying robust approaches to impact evaluation in all policy areas
  - Using rigorous methods to understand the counterfactual position i.e. what would have occurred in the absence of intervention
- Statistical/empirical approaches are often preferred
  - Experimental methods i.e. Randomised Controlled Trial
  - Quasi-experimental methods e.g. Regression Discontinuity Design, Propensity Score Matching, Difference-in-Difference
  - Maryland Scientific Methods Scale is used to judge robustness
- But such approaches may not be feasible or appropriate in practice, with 'theory-based' approaches used potentially
  - Where control groups cannot be practically defined or identified
  - Where interventions are "complex", involving multiple agencies or simultaneous causal strands, or where outcomes are emergent

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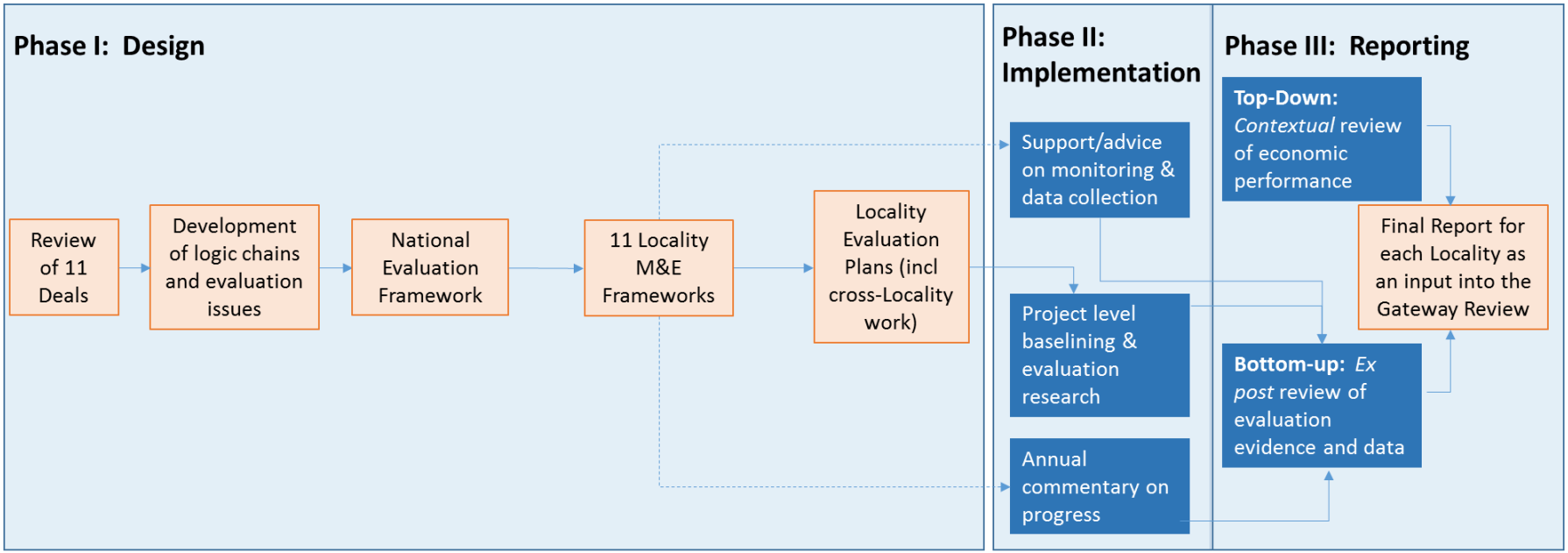
Overview of approach



Jan 2017 → May 2017

Cohort 1 → May-Sept 2017 → 2018-2019 → Dec 2019

Cohort 2 → July-Nov 2017 → 2018-2020 → Dec 2020

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Purpose of the National Evaluation Framework (1)

- The National Evaluation Framework aims to
  - **Establish the overall approach and principles for the evaluation of the Funds**, to provide consistency for activity undertaken at a Locality-level in subsequent Phase of the work
  - **Develop high-level theories of change and logic models**, identifying how and why activity supported through the Funds is expected to generate benefits, to provide a basis for the development of tailored materials at a Locality-level
  - **Set out the common indicators and data sources to be used for monitoring and evaluation**, providing consistency within and across Localities for similar interventions supported by the Funds
  - **Identify potential evaluation approaches, issues in identifying the counterfactual, and criteria for selection of approaches**, to inform evaluation planning and delivery at a Locality-level
  - **Outline the purpose of and approach to the complementary cross-cutting workstreams to be delivered by the Consortium**, and how these will be used alongside the intervention-level evaluation to inform the Gateway Reviews

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Purpose of the National Evaluation Framework (2)

- These aims are set in the context of identifying the evidence that will be needed to populate the 'Gateway Review Reports' of the National Evaluation Panel

Key sections	Inputs
Introduction	Purpose of the report - text based on specification and background information
The Deal and the Investment Fund	Description of the agreed Deal, size of IF, description of activities funded through IF including those in scope for this Gateway and future plans
The wider economy	Contextual description of: the economy at the time the Deal was agreed (using secondary data); the anticipated growth in the economy at that time; changes in economy from Deal to this point; and commentary on key developments that were expected and how far these, or others have happened.
Progress and impact	1. Progress with interventions that are underway but not yet able to be evaluated – monitoring data used and commentary on progress vs. expectations
	2. Impact evaluation evidence – summary of evaluation findings on impact along with comparison on expectations (detailed reports including methods as annexes)
Wider developments and impact	Narrative on the progress around local capacity and working, and how this has been stimulated by and supportive of the direct economic impact

2: OVERVIEW OF THE INVESTMENT FUNDS

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Summary of Investment Funds

	Type of Deal	Fund Value	Start date	Term	
Glasgow City Region	City	£1.13 billion	2015/16	20 years	Cohort 1
Greater Cambridge	City	£500 million	2015/16	20 years	
Greater Manchester	Devolution	£900 million	2015/16	30 years	
Leeds City Region	Growth	£600 million	2015/16	20 years	
Liverpool City Region	Devolution	£900 million	2016/17	30 years	Cohort 2
Tees Valley	Devolution	£450 million	2016/17	30 years	
Cambs and Peterborough	Devolution	£600 million	2016/17	30 years	
Cardiff Capital Region	City	£495 million	2016/17	20 years	
Sheffield City Region*	Devolution	£900 million	2016/17	30 years	
West Midlands	Devolution	£1.095 billion	2016/17	30 years	
West of England	Devolution	£900 million	2016/17	30 years	

** Funding for Sheffield CR had not commenced by May 2017; expected to start in 2017/18*

Status of Investment Funds (by end-March 2017)

	Clarity on interventions		Delivery underway	
	At March '17	If no, when?	At March '17	Expected by?
Glasgow City Region	Yes	-	Yes (1 project completed)	4/5 projects at business case stage
Greater Cambridge	Yes (for first tranche of 8 projects)	-	Yes (2 of 8 projects)	Other projects at varied design/dev stages
Greater Manchester	Yes	-	Yes	-
Leeds City Region	Partial – all IF projects under West Yorks+ Transport Funds	Some projects confirmed, others will be over Summer '17	Yes (4 underway)	On-going
Liverpool City Region	Partial	First projects confirmed by summer '17	No	September '17
Tees Valley	Partial	3 projects underway, others TBC (post Sector Action Plans)	Yes	-
Cambs and Peterborough	No	From summer '17 (post mayoral election)	No	Late '17 onwards
Cardiff Capital Region	No	Some decisions c. Summer '17; further clarity early '18 (linked to Regional Economic Strategy)	No	For initial projects, from late '17 onwards; unclear for others
Sheffield City Region	No	Summer '17 (post SEP refresh)	No	Early '18
West Midlands	Partial – projects developed, IF contribution TBC	-	TBC	TBC
West of England	No	May '17 (post SEP refresh, Transport Plan)	No	Unclear

Shape of Investment Funds

	Number of interventions	Scale of interventions
Glasgow City Region	21 interventions (which includes large number of individual projects within integrated schemes)	Variable. Projects range in size from £3.8m up to £144.3m (net capital expenditure)
Greater Cambridge	8 priority interventions so far	Variable. Projects range from £0.5m to £60m
Greater Manchester	2 interventions	Both large/multi-million interventions
Leeds City Region	33 – list now 'fairly fixed'	Wide range: intermediate/smaller, and those looking further ahead, £5m+ 'Transformational Projects'
Liverpool City Region	TBC but will be relatively large number of projects	Multiple projects. Could request £0.25m to £20m+ in SIF monies
Tees Valley	6 confirmed (of which 2 have multiple strands), but further interventions expected	Project level ranges from £9.6m-£1m of Investment Fund monies
Cambs and Peterborough	Not yet known	Not yet known
Cardiff Capital Region	Not yet known	Not yet known
Sheffield City Region	Not yet known	Not yet known
West Midlands	TBC	TBC
West of England	Not yet known	Not yet known

Coverage of Investment Funds

	Transport	Site dev / regen	Housing	Digital / Broadband	Flood defence	Skills capital	Skills revenue	Business support	R&D, innovation	Other
Glasgow City Region	Yes	Yes	Yes		Yes					
Greater Cambridge	Yes									
Greater Manchester	Yes									
Leeds City Region	Yes									
Liverpool City Region	*(Yes)*	*(Yes)*	*(Yes)*			*(Yes)*		*(Yes)*	*(Yes)*	*(Yes)*
Tees Valley				Yes			Yes	Yes		Yes
Cambs and Peterborough	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*		*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*
Cardiff Capital Region	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*		*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*
Sheffield City Region	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*		*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*
West Midlands	*(Yes)*	*(Yes)*	*(Yes)*			*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*
West of England	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*	*(Yes)*

Notes: (Yes) means strategic agenda/consultations suggest this will be a focus, but not yet confirmed

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Other key messages from the initial review (1)

- Significant activity in similar/related areas is being progressed outside of the Investment Fund
  - e.g. Cardiff Metro & A14 Upgrade in Transport
  - This means there will be significant 'noise' in evaluation terms
- Pooling investment with other sources of public and private finance appears common (as expected)
  - This may provide challenges in terms of monitoring and attribution
  - There will be a need to consider 'proportionality' in evaluation prioritisation where the Fund is being used alongside other public sector funding
- Mapping indicates examples of support for extending existing interventions, alongside majority of 'new' activity
  - Evaluation plans or approaches may already be in place

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Other key messages from the initial review (2)

- There are a number of ways in which the Investment Fund is being used …
  - To support grant-based or non-recoverable expenditure
  - To support loan-based or other forms of re-coverable expenditure e.g. revenue raising schemes
  - As a financial mechanism to facilitate borrowing in order to secure further finance to deliver local growth interventions
- … with implications for
  - What is being evaluated? i.e. 'direct' interventions only, or 'indirect' interventions that are enabled by borrowing/revenue (which could be very wide ranging potentially)
  - What success looks like? i.e. financial- or outcome-based metrics?

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3: IMPLICATIONS ARISING FROM THE SCOPING RESEARCH

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Implication 1: a framework is timely for some but not all

- The variation in the degrees of progress across Localities makes a national framework far from straightforward
  - Some Localities are more advanced than others, often because they started earlier
  - But these Localities may not be typical of the others, especially as they are focussed on capital spend
- Therefore, the national framework is essentially
  - A staging post towards the Locality frameworks
  - Signposting what the local frameworks will cover, but with the detail to follow in the local frameworks
  - Focused on identifying preferred approaches to evaluation
  - But also where we might need to vary from them due to local variations
  - And with the proviso that ‘other’ activities may need to be added

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Implication 2: the framework needs to be flexible in design and implementation

- There is a wide range of activities taking place within and across Localities
- The framework needs to be able to accommodate this range
- That means not applying one method to very different interventions
- Instead we are aiming for
  - Appropriate approaches which will vary by type of intervention
  - Consistency of approaches to similar types of intervention across Localities
  - Evaluation methods that are as robust as practical, and that are proportionate and do not impact adversely on delivery

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Implication 3: the framework is focussed on the impact of funded interventions

- The focus of the National Panel is on what is achieved with the Investment Fund
- The Panel is not seeking to assess the wider policy of devolution
- … nor is it assessing the effectiveness of a policy of devolution nor the investment fund approach

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Implication 4: we need to be realistic about what can be reported at Gateway 1

- Recognise that by Gateway 1 much of the spend will not be able to demonstrate outcomes, and therefore not be suitable for 'impact evaluation'
- Much of the capital spend will only recently have completed or still be in progress – it may be too soon to assess economic impact
- Where groups of projects are intended to reinforce, often only some elements will be complete
- Where this applies, we propose to focus on
  - Progress against project milestones and spend profile, and outputs and intermediate outcomes (where these are available from monitoring data) i.e. 'progress evaluation'
  - Capacity development and partnership – to demonstrate the effects being achieved in terms of the development of local capacity, cross-area and partnership working
  - Baseline data that requires collection in real time (e.g. business/investor confidence)
- We also recognise that the timing of expenditure and delivery will vary, and new interventions may emerge over time in the period
  - We propose that interventions will be 'in scope' where expenditure has been incurred at least 12 months before the Gateway Review Report i.e. by December 2018 for Cohort 1, and December 2019 for Cohort 2

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Implication 5: the framework needs to recognise that activities are inter-linked / reinforcing

- We have organised the overall framework by activity type
  - Simpler to understand and identify relevant approaches and data
  - Gives maximum flexibility across Localities
- The logic models can be amended at local level to reflect specific foci, e.g. different / narrower outcomes
- The logic models can be combined to capture inter-related activities
  - Likely to mean combined inputs, activities and outputs with rationalised / overlapping outcomes
  - Theories of Change will need to reflect complex routes to outcomes
  - Data collection will be rationalised and may (for example) focus on changes in a particular location for a set of related interventions
  - Will mean a fairer assessment by reducing double counting or attribution issues across interventions

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Implication 6: realism about the suitability of top-down modelling / forecasting to assess impact (1)

- While the impact of the interventions may be sizeable in absolute terms, it is unlikely to be identifiable in Locality wide economic performance
  - Certainly by Gateway 1, and probably overall
- In addition, the Investment Funds appear to be mainly based around individual projects or groups or projects, but not a single group of projects (i.e. a programme) which all relate to each other
  - And again by Gateway 1 would not expect to see this type of reinforcement
- Therefore, we do not plan to attempt a top down econometric modelling of the overall impact of the Investment Funds at the Locality level as part of the national evaluation framework

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Implication 6: realism about the suitability of top-down modelling / forecasting to assess impact (2)

- Where modelling could play a role is in providing the context for assessing interventions
  - Look at trends before and at the time interventions were selected
  - Consider at that point how the economy was expected to develop
  - Revisit to understand what has actually happened
  - Use that knowledge as part of a narrative around what has been achieved against expectation & the wider economic factors may have influenced performance

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Implication 7: we will adopt a pragmatic, narrow view of financial instruments (1)

- Some Localities are looking at using the Fund monies to borrow further finance
- Where this is to bring forward specific, identifiable interventions then we will assume these are ‘in scope’ of the evaluation
- Where the borrowing goes to a wide range of activities and the role of the Fund is not clear we will be pragmatic
  - Agree with the Locality a range of activities that are ‘in scope’ and evaluate those activities
  - We will not seek to cover the wider activities funded through borrowing where the role of the Fund, relative to other sources of finance, is not identifiable
- In both cases we will record the wider funding raised as leverage

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Implication 7: we will adopt a pragmatic, narrow view of financial instruments (2)

- Some Localities are looking at using LGI to develop and implement revenue raising schemes and/or to support schemes that involve re-payment (e.g. loans not grants)
- We would evaluate this activity, focusing on the 'first round' activities only in the first Gateway Review
  - 'Second round' activities funded via the revenue/re-payment would not be evaluated in the first Gateway Review
- The assessment of outcomes would focus on the economic benefits generated, not the income raised, for example
  - Business start up rate would be more important that amount of loans repaid
  - Reduction in congestion would be more important than fines/levies raised

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Guiding principles arising from the implications

1. The local frameworks and plans will be developed at times which fit with the development of projects in each locality
2. The national framework will enable consistency in evaluation across Localities where interventions are similar, and recognise the need to balance robustness and proportionality in methods adopted
3. The national and local frameworks are focussed on the impact being achieved through the investment funds
4. The impact report for Gateway 1 will look beyond GVA to also assess progress made in programme delivery and wider strategic benefits
5. Elements of the framework can be combined to reflect that some interventions are mutually re-enforcing
6. The assessment of overall impact will not use locality wide econometric modelling to assess the difference made to area-wide economic performance
7. Where the Investment Fund is used to lever / borrow other monies, the evaluation focus will be defined quite narrowly on direct, first round affects generated from the Investment Fund

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4: THE NATIONAL EVALUATION FRAMEWORK

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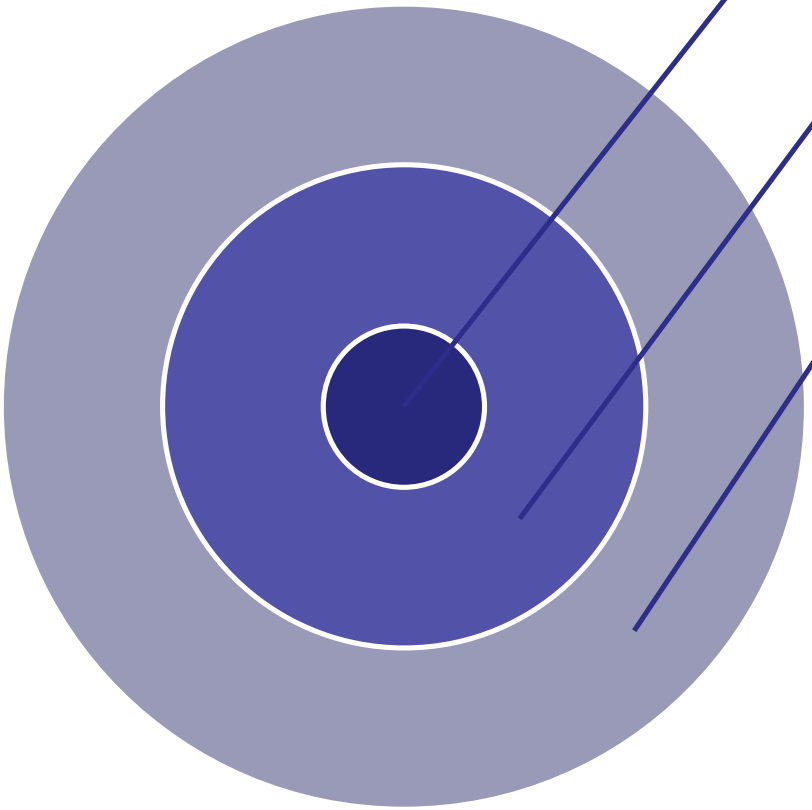
Framework Components

3 workstreams, providing a mix of quantitative & qualitative evidence for the Gateway Review …



Impact Evaluation of Interventions (& on-going monitoring to track progress)

- Grouping by theme / intervention type to develop logic models
- Identification of evaluation issues & approaches

Capacity Development & Partnership Evaluation

- Strategic-level i.e. partnership, capacity & engagement benefits of 'the Fund'
- Project-level i.e. these benefits from individual interventions

Contextual Economic Forecasting

- Forecasts pre-intervention to identify how the economy was expected to develop to Year 5 (& potentially beyond)
- Review actual out-turn at Year 5 to provide context for impact evaluation

… underpinned by on-going engagement, incl. annual learning event with Localities to feed-back into delivery; and reporting, incl. baseline and light-touch annual reviews, and reports one-year out and for Gateway Review

Impact Evaluation – Intervention Themes Structure (1)

- Framework developed 'bottom-up' based on actual / planned interventions across Localities
  - But, reflecting uncertainty & the types of interventions that may potentially be delivered to ensure flexibility
- Two tier structure
  - Themes x4
  - Primary Intervention Areas x13 – which are (or are expected to be) evident across multiple Localities
  - Plus 'Supporting locally specific' activity-types – which are (or are expected to be) evident across a small number of Localities
- Logic models developed at Core Intervention Area level
  - Identifying ToC, activity, outputs and outcome measures, and potential evaluation approaches/issues
  - Full set provided in this document here
  - Will also inform 'hybrid' logic models at local level where interventions contain a combination of activity-types

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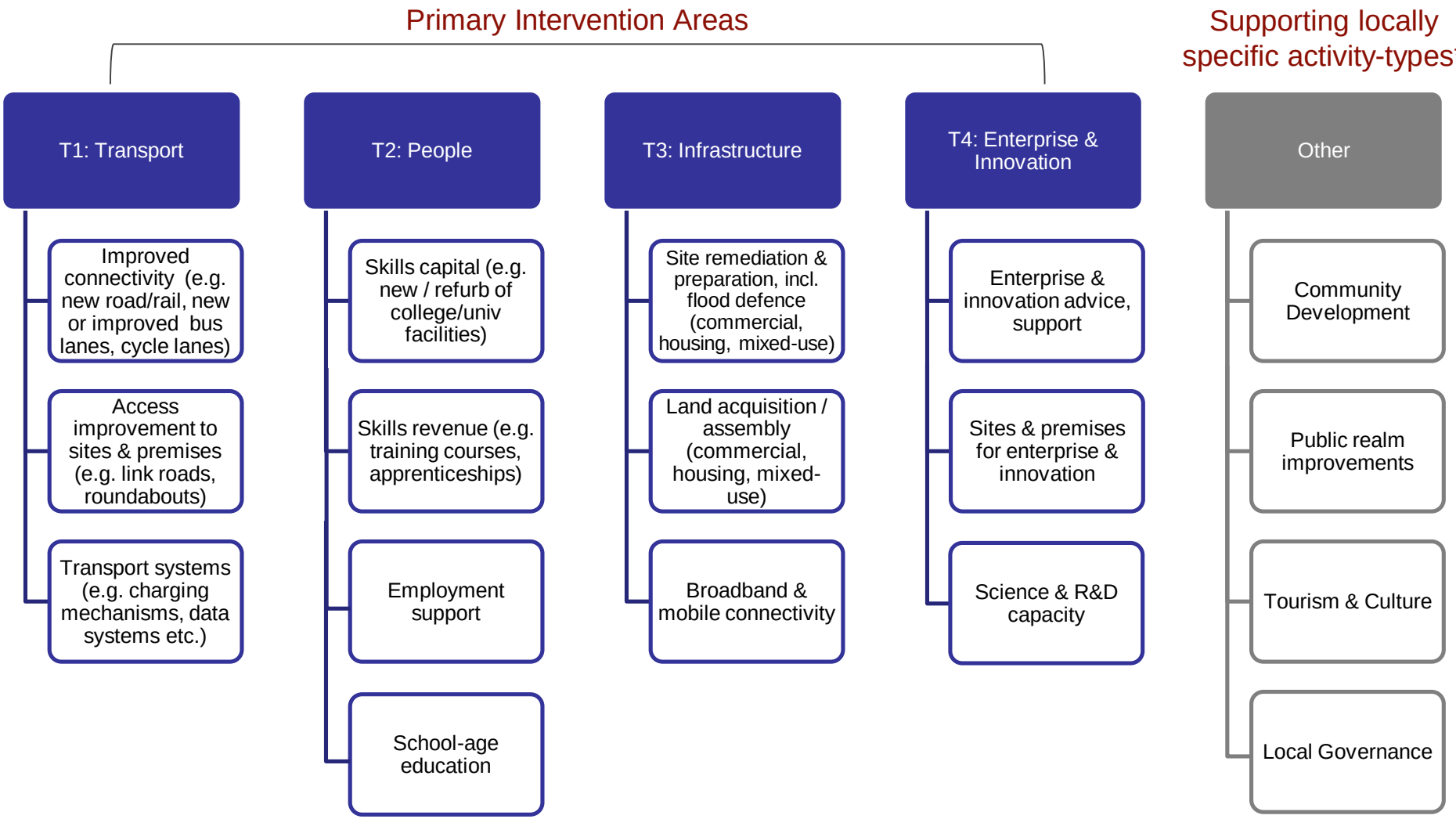
Impact Evaluation – Intervention Themes Structure (2)



** Note: the activity types set out are examples and are not exhaustive; other activity types may evident in Localities and will be considered in the work at a Locality level. No activity types funded via Investment Funds are 'excluded' from the scope of the National Evaluation Panel.*

Impact Evaluation – Indicators

- For the measures identified in each logic model, the Framework identifies indicators that can be used to track/evidence performance
  - Monitoring information to be collected by Localities
  - Primary research collected by the Consortium through evaluation
  - Secondary data from official Government sources
- The following principle will be applied to the use of indicators
  - If secondary data is available this will be used (access/coverage allowing); where this is not available, monitoring data will be used; primary research will be used only where these are not available, or will not be robust
- Indicators will vary in terms of when they will need to be collected
  - Monitoring data will generally be collected in 'real time' during delivery
  - Secondary data will generally be collected for the Gateway Review Report
  - Primary research collection will vary depending on the nature of data
    - In some cases data will need to be collected in 'real time' (including a baseline stage) e.g. surveys of property market sentiment, learner satisfaction
    - In some cases data can be collected at a single point for the Gateway Review e.g. change in labour market catchment area, new products/services developed

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Capacity Development & Partnership Evaluation (1)

- The purpose is to provide evidence for the Gateway Review on the effects of the Funds on local capacity development & partnership working
  - Complementing quantitative data from impact evaluation
- Research to be delivered at two levels – reflecting different knowledge & how effects may be realised
  - **Strategic-level**: focused on how 'the Fund' as a whole has led to changes in the behaviours, perspectives, & decisions of actors across the economic development landscape in the area
    - Evidenced via (i) focused 'partner survey' across broad range of actors across the public & private sectors and (ii) in-depth consultations with up to 5 key partners/stakeholders (e.g. Deal lead officers, LEP or Combined Authority Board/Senior Management)
  - **Project-level**: focused on how the development and delivery of individual interventions (or groups of linked interventions) may have led to these types of changes
    - Evidenced via in-depth consultations with project sponsors, leads & key local players (e.g. officials, councillors)

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Capacity Development & Partnership Evaluation (2)

Benefits	Mechanism by which achieved
Strategic Alignment	• Securing partner commitment and consensus to delivery against shared local objectives and activities • Scope for long-term planning & implementation facilitated by the Fund mechanism, leading to better plans & decision making
Leverage	• Leveraging further public or private investment to deliver local economic growth: directly e.g. via borrowing, securing follow-on investment for delivered schemes; & indirectly e.g. via demonstrator effects of success
Synergy	• Joining-up with, unlocking, or helping to maximise the potential of other investments in local economic growth • Influencing the development of new schemes to align with Fund activity
Engagement & Partnership Working	• Enhanced engagement of public sector partners & stakeholders in the design and delivery of local priorities and programmes • Ability and willingness of partners to agree and change plans in response to new circumstances or crises • Enhanced engagement of the private sector in local economic growth
Economic Development Capacity	• Improved evidence base and intelligence on economic development interventions e.g. via evaluation, appraisal experience • Improved understanding of challenges & opportunities in the local area • Development of local skills in building consensus and ownership of partnership plans and activities • New structures / processes put in place to manage Fund activity supporting wider investment activity

Contextual Economic Baseline Forecasts

- Forecasts of economic growth in Localities to be developed at the 'baseline' point for GVA & employment
  - Forecast to Year 5 (& potentially to Year 10 for context)
  - Forecasts at Locality-level (i.e. x11), not broken down further, plus the relevant national comparators
  - Using CE's established forecasting model, developed using conditions/evidence available at the baseline point
- Forecast data will be reviewed at the point of Gateway Review & compared to actual out-turns of the economy, to provide context & narrative for assessment
  - How the Locality has developed compared to what was expected
  - How this context may have influenced impact achieved through the Funds to date or projects taken forward

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Evidencing cumulative effects

- Whilst there is no consistent 'programme' approach, the Investment Funds may involve the delivery of interventions that when taken together generate impacts greater than would be the case if delivered individually
- These 'cumulative effects' will be considered
  - Through hybrid logic models (e.g. a collection of linked interventions in a defined spatial area), that will inform evaluation activity, as part of the Impact Evaluation Workstream
  - Through consultations at strategic and project-up levels, as part of the Capacity Development/Partnership Evaluation Workstream
- The analysis will need to recognise there may be other non-Investment Fund interventions also playing a role in contributing to these 'cumulative effects'

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5: ROLES & RESPONSIBILITIES

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The Consortium (1)

- SQW Ltd is the **Consortium Lead Partner**, responsible for
  - Overall project management, client liaison and quality assurance
  - Leading the design and delivery of evaluation research
  - Management of other consortium partners (via sub-contracts)
- Three **Consortium Partner Firms** (sub-contracted to SQW)
  - Cambridge Econometrics, who will provide expert inputs on economic forecasting and data analysis and interpretation
  - Steer Davies Gleave, who will provide expert inputs on transport
  - Savills, who will provide expert inputs on land and property
- The work of the Consortium will be supported by an **Academic Group** (sub-contracted to SQW)
  - To provide expert 'critical friend' inputs throughout, focused on evaluation methods, data analysis, and interpretation

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The Consortium (2)

- Key personnel and roles

Core Team

Responsible for overall Consortium direction and management, development of the National Framework, quality assurance and review of evaluation research, and client liaison and engagement

- **Graham Thom** - Project Director / Chair
- **Joe Duggett** – Project Manager

Locality Team Leads

Responsible for developing Locality Frameworks and Evaluation Plans, liaison with Localities, review of evaluation evidence, and leading report writing including the Gateway Review Report

- **Jonathan Cook** – Greater Cambridge, Cambs and Peterborough, Cardiff
- **Luke Delahunty** – Glasgow, Sheffield CR, Tees Valley
- **Christine Doel** – Greater Manchester, West Midlands, West of England
- **Richard Hindle** – Leeds CR, Liverpool CR

Academic Group

Responsible for advising on evaluation methods, data analysis, and interpretation, and 'peer review' of frameworks and evaluation findings, including Gateway Review Reports

- **Prof Martin Boddy** (Univ West of England)
- **Prof Ron Martin** (Univ Cambridge)
- **Prof Philip McCann** (Univ Sheffield)
- **Prof Brian Robson** (Univ Manchester)
- **Prof Pete Tyler** (Univ Cambridge)
- **Prof Cecilia Wong** (Univ Manchester)

Role of the Consortium

- In Phase 1
  - Development of the National Framework, including liaison with Localities and Steering Group
  - Co-production (working with Localities) of Locality Frameworks (in Phase 1B) and Outline Evaluation Plans (in Phase 1C)
- In Phase 2
  - Detailed design/delivery of evaluation studies for interventions
  - Detailed design/delivery of capacity development and partnership research
  - Detailed design/delivery of economic forecasting (baseline)
  - High-level support/advice on monitoring requirements, to inform agreed evaluation activity
  - Develop draft 'annual reviews'
- In Phase 3
  - Synthesise evidence to inform Locality-level assessment of impact
  - Detailed design and delivery of economic forecasting (update)
  - Develop draft/final 'one-year out', and 'Gateway Review Reports'

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Role of individual Localities

- In Phase 1
  - Co-production (working with SQW Locality Teams), of Locality Frameworks (in Phase 1B) and Outline Evaluation Plans (in Phase 1C)
  - Review and sign-off of Locality Frameworks and Outline Evaluation Plans
- In Phase 2
  - Collect monitoring data on interventions supported by the Investment Fund, throughout delivery, to inform evaluation
    - Where relevant, this will include ensuring that contact details on applicants and beneficiaries is collected, to support agreed evaluation activity
    - Localities are responsible for financial and output verification/audit, and ensuring the quality of the data that is collected/reported
  - Oversee and support the delivery of evaluation projects on interventions e.g. participation in study steering groups, identifying and securing engagement of partners/stakeholders
  - Support to capacity development and partnership evaluation
  - Review and comment on draft 'annual reviews'
- In Phase 3
  - Review and comment on draft 'one-year out' report, and draft 'Gateway Review Report'

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Role of the Steering Group

Note: the role of the Steering Group is set out in the formal Terms of Reference agreed across Localities, these are consistent with the summary provided below

- In Phase 1
  - Review and sign-off National Framework
- In Phase 2
  - Review and sign-off approach to the capacity development and partnership research, and economic forecasting
  - On-going oversight of progress of evaluation activity at Locality level, including bi-annual meetings, and an annual learning event
- In Phase 3
  - Review and comment on draft 'one-year out' reports, and draft 'Gateway Review Reports' to ensure consistency of approach and treatment across Localities

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Managing Conflicts of Interest

- To ensure that the work delivered by the Consortium is both operationally and presentationally independent, and is seen to be independent, we undertake that
  - No senior member of our team (Director or Senior Consultant) will be assigned to a project which involved detailed development or appraisal work of interventions to be funded through the Investment Fund in any Locality where they are writing the Gateway Review report
  - The Project Director and Project Manager will exclude themselves from all other Investment Fund related work across all Localities
  - Members of the Academic Group will not peer review reports of Localities where their host university is based (e.g. academics based at Manchester University will not peer review material specific to Greater Manchester) or where they have been involved in developing any aspect of the Deal
- In this context “our team” includes all firms/academics involved in the Consortium

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6: DELIVERY PLAN

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Phase 1B and 1C (1)

- Phase 1B will involve developing Locality Frameworks
  - Tailored logic models covering activity by Intervention Areas
    - Logic models for interventions delivered within the areas, *not* for each individual intervention / project
    - Building on National Framework logic models and indicators, revised to reflect local theory of change, activity, outputs, outcomes
    - May involve development of 'hybrid' logic models where interventions cover more than one Intervention Area
  - Prioritisation of interventions with Localities to agree where impact evaluation will be focused, if necessary
    - In some Localities all activity may be evaluated
    - In some Localities, prioritisation may be required reflecting proportionality of evaluation effort, and what can be evaluated by Gateway Review 1
      - Impact evaluation will be proposed where expenditure has been evident, and outcomes are reasonably expected to be evident by Gateway 1
      - Where outcomes are not reasonably expected to be evident by Gateway 1, the focus will be on 'progress evaluation' i.e. reporting on progress in delivery versus plans
    - Consideration of potential evaluation methods, and viability taking into account nature and scale of local activity

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Phase 1B and 1C (2)

- Phase 1C will involve developing Outline Evaluation Plans
  - Agreeing methods for evaluation of prioritised interventions
  - Timescales
  - Monitoring requirements

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Phase 1B and 1C (3)

- Timing of delivery of Phase 1B and 1C to be flexible dependent on status of Investment Funds
  - Ensuring that the framework and plans are developed when the nature of initial wave of interventions for Gateway 1 is defined
  - Overall expected timeline for individual Localities set out below – this will be applied flexibly, with the potential for Phase 1B to start sooner (or later e.g. Sheffield) dependent on local context

	May	June	July	August	Sept	Oct	Nov
Glasgow CR	Phase 1B			Phase 1C			
Gtr Cambridge							
Gtr Manchester							
Leeds CR							
West Midlands							
Liverpool CR			Phase 1B			Phase 1C	
Tees Valley							
Cambs & Ptbr							
Cardiff CR							
Sheffield CR							
West of England							

Phase 1B and 1C (4)

- Following the completion of Phase 1B with the first wave areas we will re-visit the National Framework
- The purpose will not be to revise the principles or approach, rather the purpose will be to check that the detailed content of the logic models and potential evaluation approaches/issues remains appropriate and relevant, to inform the work with the second wave of Localities
- Any changes to the National Framework will be agreed formally with the Steering Group

Phase 2 (1)

- Phase 2 will involve monitoring of activity by Localities as interventions are delivered
- Phasing and reporting points
  - Provision of monitoring data by Localities to the Consortium on a bi-annual (six monthly) basis
    - Data provided by end-April / end-October to cover previous six months
      - Data for end-April to cover October to March period annually
      - Data for end-October to cover April to September period annually
    - First data provided at end-October 2017 for Cohort 1, end-April 2018 for Cohort 2 (each covering delivery to that point)
  - Baseline report produced for each Locality
    - Covering scope of interventions, evaluation activity, monitoring data and narrative on progress in delivery to date, and baseline data
  - Interim reports produced by for each Locality
    - Covering update on evaluation progress, monitoring data and narrative on progress in delivery to date
    - Plus, interim review of data quality/coverage and feedback from the Consortium at six-monthly points

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Phase 2 (2)

- Complementary workstreams within Phase 2
  - Capacity Development & Partnership Evaluation
    - Strategic-level
      - E-survey baseline and in-depth strategic interviews, two further waves for 'one year out' and Gateway Review Reports
    - Project-up
      - Qualitative research completed for 'one year out' and Gateway Review Reports
  - Contextual Economic Forecasting
    - Baseline forecasts developed
    - Comparison to actual out-turns for Gateway Review Reports
  - Primary research to inform evaluation (as agreed in local plans)
    - Baseline research (as appropriate) e.g. property market sentiment surveys
    - Updates throughout delivery on an annual basis (as required)
- Annual learning event with Localities and Steering Group
  - First event proposed for July 2018, and annually thereafter

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Phase 3

- Phase 3 will involve the collation of evidence and production of a Gateway Review Report for each Locality
  - Intervention ‘impact evaluation’ evidence
  - Intervention ‘progress evaluation’ evidence
  - Capacity development and partnership working evidence
  - Contextual economic forecasting and comparisons to out-turns
- Draft then final reports produced including
  - Review and comment by Locality / Steering Group
  - Peer review by Academic Group
- Final report planned to be completed by December in financial year of Gateway Review (December 2019 for Cohort 1, December 2020 for Cohort 2), to allow time for data to be finalised, synthesis, reporting and sign-off

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Overall schedule – Cohort 1

- Covers: Glasgow CR, Greater Cambridge, Greater Manchester, Leeds CR
- Reporting milestones
  - Baseline Report: December 2017
    - *Mid-year data review in June 2018*
  - One-year-out Report: December 2018
    - *Mid-year data review in June 2019*
  - Gateway Review Report: December 2019
- Research phasing
  - Workstream 1: January 2018 to October 2019
  - Workstream 2: Baseline in October-November 2017; update in October-November 2018; final in October-November 2019
  - Workstream 3: Baseline forecasts developed in October-November 2017; compared to out-turns in Gateway Review Report

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Overall reporting schedule – Cohort 2

- Covers: Liverpool CR, Tees Valley, Cambs and Ptrb, Cardiff CR, Sheffield CR, West Midlands, West of England
- Reporting milestones
  - Baseline Report: June 2018
  - Annual report: December 2018
    - *Mid-year data review in June 2019*
  - One-year-out Report: December 2019
    - *Mid-year data review in June 2020*
  - Gateway Review Report: December 2020
- Research phasing
  - Workstream 1: April 2018 to October 2020
  - Workstream 2: Baseline in October-November 2017; update in October-November 2019; final in October-November 2020
  - Workstream 3: Baseline forecasts developed in October-November 2017; compared to out-turns in Gateway Review Report

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Summary of timing

	Dec 2017	June 2018	Dec 2018	June 2019	Dec 2019	June 2020	Dec 2020
Cohort 1 • *Glasgow CR* • *Gtr Cambridge* • *Gtr Manchester* • *Leeds CR*	**Baseline Report**	*Mid-year data review*	**One-year-out Report**	*Mid-year data review*	**Gateway Review Report**	-	-
Cohort 2 • *Liverpool CR* • *Tees Valley* • *Cambs and Ptrb,* • *Cardiff CR* • *Sheffield CR** • *West Midlands* • *West of England*	-	**Baseline Report**	**Annual Report**	*Mid-year data review*	**One-year-out Report**	*Mid-year data review*	**Gateway Review Report**

Learning Event July 2018

Learning Event July 2019

Learning Event July 2020

** Sheffield CR reporting schedule may be pushed back by a year; to be confirmed*

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Roles and responsibilities in report review and sign-off

- Outputs across the three Phases will be subject to '**shared review**' by the Locality and Central Govt
  - Formal 'draft' Locality-specific outputs (i.e. frameworks, interim, and one-year out and final evaluation reports) will be subject to internal QC by the National Evaluation Panel
  - The outputs will then be shared with *both* the individual Locality and Central Govt for review
  - Comments by the Locality and Central Govt to the National Evaluation Panel will also be shared, to ensure full transparency (i.e. comments by Central Govt will be made available to the Localities, and vice versa)

- Formal '**sign off**' of outputs will be the responsibility of the Locality, in their role as the formal client of the work of the National Evaluation Panel, via the Framework Agreement
  - As the 'recipient' of the Gateway Review Reports, Central Govt will *not* have a role in sign-off
  - However, where comments made by Central Govt on the 'draft' outputs have not been accepted by the Locality and addressed in the 'final' output, this will be explained in the report by the National Evaluation Panel

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7: NEXT STEPS

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Actions to take forward in Phase 1B

- Identify relevant Intervention Area logic model(s)
  - Consider if 'hybrid' logic models are required
- Refine and develop ToC and logic model for the Locality
  - Excluding non-relevant indicators
  - Tailoring indicators to specific context as necessary e.g. to reflect particular distributional or sector emphases
  - Including additional locally specific indicators
- Develop preferred approach to evaluation drawing on National Framework
  - Identify interventions in scope for Gateway Review 1 (i.e. where expenditure incurred 12 months in advance of reporting)
  - Identify where 'impact' evaluation is possible
  - Preferred approach to addressing the counterfactual
  - Specification of sources of data (based on logic model content) and responsibility for collection
  - Timing of data collection
  - Timing of reporting schedule

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LOGIC MODELS & EVALUATION ISSUES

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Coverage

- Capacity Development and Partnership Evaluation
  - Approach to assessing strategic impact
  - Project-up assessment
- Impact Evaluation – for each core Intervention Area the following are presented
  - **Headline logic model** – including an overarching theory of changes, and the expected activities, outputs and outcomes to be delivered and generated by interventions of this type
    - Indicative timescales to outcomes are also identified
  - **Counterfactual issues & evaluation approaches** – setting out the issues in assessing the counterfactual, the potential evaluation approaches that may be appropriate, and the factors that will influence the selection of evaluation approach

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Assessing strategic impact

Theory of change

Alongside the direct impacts that flow from the interventions it is anticipated that the need to work together across the locality to develop and implement projects will lead to number of capacity and partnership benefits, which in time should lead to better economic development activity in the future.

Activities

- Development of the 'Deal' and interventions
- Establishing governance structures to oversee selection and monitoring of interventions and finances
- Development of evidence base to inform decision making

Outputs

- Engagement of wider range of stakeholders – geographically more diverse, greater representation of public / private / CVS
- New / improved structures for economic development
- Engagement of higher level / greater seniority of stakeholders
- More regular engagement of key stakeholders
- Improved vision / plan for development of the locality as whole
- Greater consensus about future development of local economy
- Increased recognition of the role of evidence in strategy / project development

Outcomes

Theme-specific

- Improved partnership working
- Broader agreement about economic priorities
- Better project selection / investment decision process applied more widely
- Better linkages / reinforcement / leverage between projects across the area, not just those funded by the Deal
- Partnership able to come together and make decisions for good of whole locality, even at cost to some sub-areas
- Better able to respond to issues / crises that arise

Broader economic outcomes

- More impactful decisions and projects lead to greater impact at project level and improved wider economic performance – in the long term

Assessing strategic impact

Issues in addressing the counterfactual

Ideally we would map the development of partnership working and capacity in the areas with an Investment Fund against others without a Fund. A difference-in-differences approach could be used, which could go some way to accounting for the differing starting points we will inevitably come across. This would be possible, provided we could persuade other areas to take part. In practice this is likely to be problematic. Moreover, many other localities also have 'Deals' of some sort, just without the Investment Fund. There would be a risk of the evaluation then becoming an assessment of the Investment Fund vs other approaches, and this is not the brief of the National Evaluation Panel. Therefore, it is more likely we would use a before and after approach, seeking to track impact simply within each area.

Potential evaluation approaches

The before and after approach at a strategic level would come principally through a series of waves of self-completion e-survey of key stakeholders. Survey waves would take places as soon as practical (late 2017 / early 2018) and then in the year prior to and the year of the Gateway review (i.e. three times). The target population for each locality would include: local authority leaders / cabinet members (as signatories of the Deals), local authority chief executives, local authority heads of economic development and planning, the local transport authority, the chairs and chief executives of the Local Enterprise Partnerships (in Glasgow by SE and SDS, in Cardiff the Cardiff Capital Region), and other key stakeholders (e.g. Chambers of Commerce, inward investment agencies, FSB etc.) SQW will agree with each Locality a list of suitable contacts (to be identified by the Locality), and may ask Localities to distribute a link to the survey directly to an agreed list of consultees, with responses to SQW to ensure confidentiality. The e-survey will be complemented by up to five in-depth consultations in each Locality of key partners/stakeholders at a strategic/senior level; these will be completed following each wave of the e-survey (ideally this will be with the same individuals, but these may change over time). A more tailored 'project-up' approach is set out on the next slide.

Influences on the decision

We envisage that we will use a single questionnaire across all Localities for the e-survey and in-depth consultations. This will be cost effective for all. It may be that Localities believe that their soft infrastructure is already working sufficiently well and they do not expect any strategic gains to emerge that could be identified through this research strand. If so, these areas could opt out of this strategic-level; research**,** although the 'project-up approach is still likely to apply.

Project-up impact – what are we assessing

- Capacity development and partnership benefits of improved local partnership working and capacity may also arise through project development and implementation
- We refer to these as ‘project-up’ benefits, as they arise from the project up to the strategic level, rather than the strategic driving the project
- Examples might include a project or set of projects that was implemented / produces benefits across local authority boundaries are catalytic and which have
  - Brought people together to develop and implement it
  - As a result this group of people are now working together on other things, have adopted a wider view of the locality’s economic development, have created new partnerships with wider stakeholders, have demonstrated to others in their organisations the benefits of doing so

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Project-up impact - approach

- Evidence would be heavily qualitative
- Round of interviews with PMO and project managers for each project in scope of evaluation
- Localities would propose 1-2 case studies, if applicable
- Each case study likely to include 6-8 depth interviews with project partners and stakeholders (and draw on PMO/project manager interviews)
- Likely to be timed in the year before or year of the Gateway review to ensure up to date information, but could be done earlier if preferred

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Theme 1: Transport

Core Intervention Areas

- 1A: Improved connectivity
- 1B: Access improvement to sites & premises
- 1C: Transport systems

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1A: Improved connectivity

Theory of change

Effective transport infrastructure is key to local economic growth, but poor or sub-optimal transport connections can act as a barrier to growth, including owing to congestion, inconsistent and unreliable journey times, or a lack of accessibility to areas of opportunity. Transport schemes – be these new roads and rail/light rail, dedicated bus lanes, cycle lanes, road improvements etc. – have the potential to address these barriers and unlock economic and social opportunities.

Activities

- New roads developed
- Extension/upgrade of existing motorways / major roads
- Road surface improvements
- New junctions developed on motorways / major roads
- Junction improvements on motorways / major roads
- New rail lines and supporting infrastructure developed
- New light rail lines and supporting infrastructure developed
- Key corridor improvements (traffic calming schemes, crossings etc.)
- Cycle paths development or improvement
- Bus priority / rapid transit schemes
- Development and improvement of park and ride schemes

Outputs

- Km of new road developed
- Km of resurfaced roads
- Km of additional lane capacity
- Number of new junctions
- Number of junctions improved
- Km of rail infrastructure developed
- Km of light rail infrastructure developed
- Km of new or improved cycle paths
- Km of dedicated bus / public transport infrastructure
- Number of construction years of employment

Outcomes

Theme-specific

- Reduced congestion
- Reduced journey times
- Enhanced accessibility – employment / business locations
- Enhanced accessibility – services / community locations
- CO2 savings via modal shift
- Increased passenger numbers on public transport
- Increased cycle usage
- Enhanced local environment (incl. air quality)

Timing: Measurable within 12 months of completion, but full effects may take time to flow through, and likely to vary by the scale and type of scheme

Continued on next slide …

1A: Improved connectivity

Theory of change

Effective transport infrastructure is key to local economic growth, but poor or sub-optimal transport connections can act as a barrier to growth, including owing to congestion, inconsistent and unreliable journey times, or a lack of accessibility to areas of opportunity. Transport schemes – be these new roads and rail/light rail, dedicated bus lanes, cycle lanes, road improvements etc. – have the potential to address these barriers and unlock economic and social opportunities.

Activities

- New roads developed
- Extension/upgrade of existing motorways / major roads
- Road surface improvements
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- New rail lines and supporting infrastructure developed
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- Key corridor improvements (traffic calming schemes, crossings etc.)
- Cycle paths development or improvement
- Bus priority / rapid transit schemes
- Development and improvement of park and ride schemes

Outputs

- Km of new road developed
- Km of resurfaced roads
- Km of additional lane capacity
- Number of new junctions
- Number of junctions improved
- Km of rail infrastructure developed
- Km of light rail infrastructure developed
- Km of new or improved cycle paths
- Km of dedicated bus / public transport infrastructure
- Number of construction years of employment

Outcomes

… cont.

Broader economic outcomes

- Widening of labour market (measured via catchment area analysis)
- Enhanced attractiveness as a place to live - measured via house price uplifts & housing starts
- Enhanced attractiveness as a place to do business – measured via commercial priority rental / sales values uplifts (£)
- Enhanced attractiveness as a place to invest – measured via investment (number/value), land value uplift, property market sentiment surveys
- Improved business productivity via travel time savings, agglomeration effects

Timing: expected to take 3-5 years to be delivered following completion, although may be some 'anticipation effects' prior to completion and in intervening years

1A: Improved connectivity

Issues in addressing the counterfactual

The nature of the counterfactual will depend on the type of intervention and how it is targeted, the different ways in which they may lead to transport and economic outcomes, and the different target groups. In some cases, for example, the creation of new local transport infrastructure such as cycle lanes and bus priority schemes, it may be possible to identify other areas in the Locality (or nearby) to act to as a counterfactual, where transport and economic outcomes can be compared, with these other areas selected to 'match' the areas targeted by the scheme as far as practical. For large schemes, such as the development of new road or rail links, it is challenging to see how an explicit counterfactual area in which the intervention does not occur can be identified e.g. there is not likely to be a 'similar' place that does not benefit from the intervention, and it is not possible to observe both the states of 'policy on' and 'policy off'. In these cases, assessing the counterfactual is likely to involve looking at changes over time, or differing effects over space, which may involve difference-in-difference analysis to account for time-invariant unobserved characteristics. A particular challenge for evaluating transport schemes is 'reverse causality' i.e. where schemes are put in place in areas with high rates of business growth, investment, or other positive outcomes (to develop further this potential), rather than the investment leading to these outcomes; this will need to be accounted for in the evaluation methods selected. It will also be important to take account of the pre-intervention disruption that may be caused, and any 'anticipation effects' e.g. increased confidence leading to planning applications or associated development, which may provide evidence on intermediate outcomes.

Potential evaluation approaches

Three options are considered potentially viable. First, for smaller scale interventions it is likely that a **pre and post assessment** method that seeks to understand the effects of the intervention over time will be appropriate; this would involve using relevant indicators (e.g. on congestion, travel time, indicators relating to modal shift, and potentially wider economic indicators) before and after the intervention has been implemented in the area to assess the potential effects of the scheme, including accounting for any anticipated change over time without intervention; this would not involve the identification of a counterfactual. A second option, would involve the **identification of a control area**, for example, a stretch of the same network where there was no intervention, and controlling for observable factors, employing difference-in-difference and/or other statistical methods to account for time-invariant unobserved characteristics in tracking performance on relevant outcomes; this could include comparing modal shift in the intervention area to other parts of the Locality. A third, related option would involve a **distance decay** approach that would seek to assess how the effect of an intervention changes over space in the Locality. This approach involves examining performance metrics both in the immediate vicinity of the investment, and across extending rings/bands surrounding the investment location (within and/or potentially outside the Locality), having controlled for variation in observables (firm, area, economy); this approach does not involve the identification of a control group/area, but uses differences in 'exposure' to the investment as the basis of assessing impact. The approach could include considering accessibility indicators (e.g. journey times and distances), modal shift, and public transport reliability, and land/property values. All approaches could be complemented by primary research via surveys and/or case examples to provide further evidence on the observed effects of the scheme on business performance (e.g. via travel time savings) and wider accessibility and transport conditions.

1A: Improved connectivity

Influences on the decision

The key influence on the evaluation approach to be delivered in each case will be the scale of the intervention, with implications for (i) the extent to which it is reasonable to expect that it will lead to changes in performance on key transport and economic outcomes metrics taking into account other transport and non-transport interventions that may influence performance and could provide significant 'noise' in terms of the ability to attribute any changes in performance to the intervention in question and (ii) related to this, the proportionality of evaluation activity. Where the interventions are larger and more targeted then more robust approaches should be explored (control area and distance decay), for smaller interventions where the level of attribution is considered challenging and to ensure that evaluation activity is proportionate, pre and post assessment methods may be more appropriate. The availability of data at sufficiently granular spatial scales is also likely to be a key issue influencing the decision on the viability of evaluation approaches.

1B: Access improvement to sites & premises

Theory of change

Appropriate access to sites and premises is essential for commercial, residential or other uses. Putting in place effective transport access – be this via new or improved roads, junctions or other capital schemes – can help both to directly unlock development sites and stimulate further investment at these locations, and indirectly to generate wider benefits for the transport network in terms of reduced congestion and journey times.

Activities

- New link / access roads developed
- New junctions to open up access to sites
- Improved junctions to enhance access to sites
- New roundabouts or other traffic management schemes (e.g. crossings, surface schemes) developed

Outputs

- Km of new road developed
- Km of resurfaced roads
- Number of new junctions
- Number of junctions improved
- Number of construction years of employment

Outcomes

Theme-specific

- Reduced congestion
- Reduced journey times
- Land unlocked for development (ha)

Timing: Measurable within 12 months of completion, but full effects may take time to flow through.

Broader economic outcomes

- New businesses attracted to sites / premises
- Increased employment at sites / premises
- Enhanced attractiveness as a place to invest – measured via investment (number/value), land value uplift, property market sentiment surveys
- Improved business productivity via travel time savings, agglomeration effects

Timing: expected to take 3-5 years to be delivered following completion, although may be some 'anticipation effects' prior to completion and in intervening years

1B: Access improvement to sites & premises

Issues in addressing the counterfactual

The Intervention Area is focused on transport interventions that help to unlock and/or improve access to sites and premises for commercial, residential, or potentially other uses. In this context, it may be possible to identify comparable site(s) in the Locality that have not benefited from intervention, to provide a control group, against which progress in terms of new development and other metrics can be identified. However, this is likely to be challenging, both in terms of matching observable characteristics of the site (e.g. existing transport infrastructure, physical attributes, developer interest, supporting infrastructure position, planning, economic and property market context) but also because it is not possible to assess comparators in terms of unobservable characteristics. As such, assessing the counterfactual is likely to involve looking at changes over time. Issues of 'reverse causality' i.e. where the access improvements are put in place where the location of investment is influenced by economic factors (positive or negative), will also need to be considered. Issues of pre-intervention disruption and 'anticipation effects' may also be relevant (although these are likely to be less pronounced than for transformational schemes). However, there may also be longer-term negative effects on transport/congestion as a result of the growth of sites/premises which would need to be considered i.e. new employment sites which have been opened up may lead to greater use (and increased congestion) on surrounding routes.

Potential evaluation approaches

The challenges associated with identifying an appropriate counterfactual, and the related issue that the characteristics of areas where transport schemes are taken forward are likely to be very specific, means that robust approaches such as distance decay and comparison groups are not likely to be viable. The evaluation is therefore likely to require a **case-based approach**, involving a combination of analysis of project monitoring data, contextual data (for example on housing starts/completions for housing schemes, and deals, investments, values for commercial schemes), primary research with those involved directly in the scheme (developers, public sector), and primary research with other relevant stakeholders (e.g. property agents, local strategic partners) to test the level of additionality of the scheme, and its impact. As part of this case based approach, there may be value in comparing the progress of those sites where access improvements have been implemented to other sites in the Locality that have not had this support, to provide contextual evidence on the potential effects on accelerated/enhanced development; however this would not provide a formal counterfactual.

Influences on the decision

The availability of data at sufficiently granular spatial scales is likely to be a key issue influencing the decision on the viability of evaluation approaches. Related to this will be the scale of the intervention; for larger schemes more robust data driven approaches such as distance decay approaches will need to be explored. The extent to which other non-supported interventions are also evident in the area will also need to be taken into account, this could provide significant 'noise' in terms of the ability to attribute any changes in performance to the intervention in question.

1C: Transport systems

Theory of change

The effective operation of transport systems is increasingly being driven by integrated and data-driven transport planning, as transport systems become more complex and as challenges including congestion and environmental quality become more acute with increasing urbanisation and population growth. Interventions focuses on transport 'systems' including charging mechanisms, ticketing systems sand integrated transport planning can help to respond to these challenges, including through the application of technology and the collation and use of data to improve services.

Activities

- Levies and charging schemes (e.g. city-centre, workplace parking)
- Smart integrated ticketing schemes for public transport (e.g. bus, light rail rail)
- Integrated transport planning analysis and strategy development

Outputs

- Take-up of Smart integrated ticketing schemes, measured by number of purchases / scale of usage
- Revenue raised by levies and charging schemes
- Strategies, plans and research reports produced

Outcomes

Theme-specific

- Reduced congestion
- Reduced journey times
- Enhanced accessibility – employment / business locations
- Enhanced accessibility – services / community locations
- CO2 savings
- Increased passenger numbers on public transport
- Increased cycle usage
- Enhanced local environment (incl. air quality)
- Improved integration of transport system

Timing: Measurable within 12 months of completion, but full effects may take time to flow through.

Broader economic outcomes

- Improved business productivity via travel time savings, agglomeration effects

Timing: expected to take 3-5 years to be delivered following completion

1C: Transport systems

Issues in addressing the counterfactual

The nature of the counterfactual will depend heavily on the type of intervention and how it is targeted; at this stage it is not possible to provide details given that the exact nature of intervention that will be delivered in this Intervention Area is not yet fully identified. For example, if there are schemes focused on reducing congestion via levies/charging in one part of a Locality, it may be possible to identify other areas in the Locality to act to as a counterfactual, where rates of congestion and other metrics can be compared; these other areas could be selected to reflect the characteristics of the targeted areas. For schemes focused on the Localities a whole, given the challenges in identify appropriate comparison areas (i.e. other localities) with well-matched characteristics, the counterfactual is likely to focus on understanding within the area how the schemes that have been implemented have changed behaviours of the target group over time, for the relevant outcome(s).

Potential evaluation approaches

A range of evaluation options may be considered, although given the level of uncertainty at this stage on what the schemes will involve practically, a more prescriptive assessment is not possible. This could include **pre and post assessment** method, the **identification of a control area**, and **distance decay** approaches (each of which has been discussed in 1A – 1C). These approaches could be complemented by primary research via surveys and/or case examples to provide further evidence on the observed effects of the interventions on business performance and wider accessibility and transport conditions. Other evaluation methods may also be viable, including **spatially-defined Regression Discontinuity Design** (e.g. comparing the performance of an area just outside a treated area with one just inside it), and dose response methods, that compares the outcomes for areas/groups that have been exposed to different levels of treatment; for example, where different levies are charged in different places across a Locality.

Influences on the decision

The key influence on the approach taken will be the scale and specificity of the interventions. Where the local initiatives are larger and more targeted then more data driven approaches can explored. The availability of data at sufficiently granular spatial scales is also likely to be a key issue influencing the decision on the viability of evaluation approaches.

Theme 2: People

Core Intervention Areas

- 2A: Skills capital
- 2B: Skills revenue
- 2C: Employment support
- 2D: School-age education

SQW

2A: Skills capital

Theory of change

This includes funding the development or refurbishing of facilities, especially FE Colleges and potentially HEIs. This is being done to improve the service offered to learners and employers, which could be achieved through providing easier access to services by opening in a new location, and installing new equipment to enable learner needs to be better met. Refurbished facilities may also lead to more learners being attracted / retained.

Activities

- Facilities improved
- Sq ft of space developed
- Employers approached to engage in design and development

Outputs

- Number of new courses offered
- Number of new courses developed with employer input
- Employer investment in course delivery
- Number of learners enrolling in new courses
- Number of learners on expanded courses
- Total number of learner hours delivered
- total learner numbers in the institution

Outcomes

Theme-specific

- Learner retention rate
- Qualifications achieved
- Employment of learners
- Improved productivity of learners back in their workplace
- Employer satisfaction
- Learner satisfaction

Timing: Should be measurable within 12 months of learning being completed, but learning will not start until new facility is available

Broader economic outcomes

Employers in key locations around the investment / sectors

- Better able to recruit
- Have upskilled their employees
- And so fewer skill gaps and shortages

Timing: May take 12- 24 months (and hard to identify in practice)

2A: Skills capital

Issues in addressing the counterfactual

There is a challenge of identifying first if the learning taking place is additional. This could be tested through data on previous activity in the location and by the institution. The scoping study suggests identifying similar towns or institutions but also acknowledges the challenges of this, especially given the number of other influencing factors over the time period. If a group of comparator towns or institutions could be identified, then it could be possible to develop a matched comparison group of learners, using PSM, to track retention and attainment. This would rely on ILR data, which the scoping study flags as having some issues. It also would not show employment and wage benefits, which would require a link to HMRC data. There is no national data to show changes in skill gaps or shortages at the locality level. Evidence on these issues would require primary research.

Potential evaluation approaches

Where a facility is new it should be fairly easy to collect gross outputs. **Qualitative, case study assessment** could then be made as to how far these outputs are additional to what went before – is the institution doing more learning, more of a particular type of course than before, or more learning delivered to people from certain postcodes; and could it have made these changes without the new facility.

Historic data could be used to look at change over time – before and after – on learner numbers, composition and returns on learning activity. This approach alongside case studies appears to offer the most realistic evaluation approach.

With additional resource our preferred approach would be to **model learner retention and outcomes** from the new facility against similar places, institutions and/or learners via the ILR. Learners could be matched by personal characteristic, course type and locational factors – but this would be subject to reassurances about the ILR and having the required additional resources.

HMRC data could be used to track learner earnings, compared against a similar group of people identified through propensity score matching.

Influences on the decision

The qualitative and case study approaches should be replicable in most circumstances. The modelling is more uncertain and will be influenced by:

- Where we are looking at improved / expanded premises - how far similar institutions can be found in similar economic conditions
- Where we are looking at new provision in a previously unserved location – how far similar locations can be found, e.g. in terms of size of place, socio-economic mix and economic performance and growth
- The scale of the new provision – smaller developments may not be identifiable in comparative data.

2B: Skills revenue

Theory of change

The performance of local businesses is being held back by a lack of skilled workers. This could include those people who already work for the business (skill gaps) or the skills amongst those applying for jobs (skill shortages). Courses are delivered to provide skills to people who can then work locally and help firms grow and/or raise their productivity.

Activities

- Training courses delivered
- Learning hours delivered
- Learners enrolled, with breakdown on age. gender, race,
- Employers offering places
- Size and sector distribution of employers

Outputs

- Number of learners completing courses
- Number of learners gaining qualifications
- Learner retention rate
- All outputs by demographics of learner and size of employer

Outcomes

Theme-specific

- Employment of learners – entry to work or new jobs
- Improved productivity of learners back in their workplace and the firm overall
- Wage uplift for employees
- Employer satisfaction with learners
- Learner satisfaction

Timing: Should be measurable within 12 months of learning being completed. Likely new courses could be established quite quickly.

Broader economic outcomes

Employers in key locations around the investment / sectors

- Better able to recruit / utilise workers
- Have upskilled their employees
- And so fewer skill gaps and shortages

Timing: May take 12- 24 months (and hard to identify in practice)

2B: Skills revenue

Issues in addressing the counterfactual

There is a growing literature evidencing the returns to learning and qualifications. It models the wage outcomes observed by those who gain qualifications against others. This process could be repeated for LGI interventions. However, it would require the interventions to have sufficient scale to produce robust results and involve sufficient upskilling to impact on individuals' wages (and note returns on investment would also likely be retained by employers and so wages would provide a partial impact).

If effective we would expect a reduction in skill gaps and shortages. However, there is no national data set which would evidence this at local level. If training was very firm / sector specific it may be possible to identify a group of firms that would be expected to benefit and track their performance against others. However, it is not clear that all other effects could be safely controlled for or assumed away

Potential evaluation approaches

Approaches will need to flex to fit the nature of the intervention. Where they are very sizeable or firm / sector specific the data driven approach above might work; this could include a range of **quasi-experimental approaches**, involving identifying a control group of non-supported firms (e.g. unsuccessful applicants or non-supported firms identified through matching in administrative data), and comparing their performance over time with supported firms using analytical methods such as RDD (based on application criteria), 'selection models', difference-in-difference approaches, and PSM; the evidence base could draw on longitudinal surveys and/or administrative data-sets (e.g. BSD). While the data approach is more robust, it may be more realistic to undertake **survey work** with only those employers and learners that were supported to ascertain the outcomes achieved. The evaluation would focus on demonstrating that: there was a clear rationale, most likely a shortage of certain skills; the skills delivered were in line with this shortage, i.e. to the right level of competence; that the people trained are now using their skills in the workplace; and wages and (ideally) productivity have improved. This could be augmented by using secondary data on the return on training investment from the wider literature.

Influences on the decision

The key influence on the approach taken will be the scale and specificity of the interventions. Where the local initiatives are larger and more targeted then more data driven approaches can explored.

2C: Employment support

Theory of change

There are a number of people who are some distance from the labour market and who may not be eligible or fully supported through existing national (DWP) provision. Therefore a series of activities are offered to enhance their employability and move them towards and in to employment (NB important to be clear which it is).

Activities

- Courses / activities delivered
- Breakdown by type of course
- Contact hours delivered – advice and counselling; skills training; job search support
- People enrolled, with breakdown on age, gender, race, employment history – time out of work
- People enrolled by presenting issues / barriers to be addressed, e.g. mental health, self confidence, literacy numeracy

Outputs

- Number completing support / courses, including 'positive' discharge
- Improvement in presenting issues
- Qualifications gained
- Increased labour market activity – jobs applied for, interviews attended

Outcomes

Theme-specific

- Progression to employment, training or further support – differentiating between the three
- Increased income to individuals (and potentially households)

Broader economic outcomes

Improved supply of labour and increased employment and economic activity rates

- Number of people in work
- Number of people economically active

Timing: progression to employment should be measureable 3-6 months after the programme

2C: Employment support

Issues in addressing the counterfactual

It would be possible to randomise people in to the programme or control group, but we expect given the disadvantaged nature of the client group this would meet with considerable local resistance.
We envisage that any programme will operate across a locality, making selection from other similar parts of the area difficult. Similarly, many of the factors which may influence recruitment to such programmes will not be easily identifiable from standard data sets, e.g. self confidence, and so identifying people with similar characteristics will not be straightforward.

Potential evaluation approaches

Given the difficulties of recruiting a local comparison group, it may be wiser to look elsewhere. There is growing use of the **propensity score matching (PSM)** process in labour market evaluation. This constructs a comparison group by matching the characteristics of the treatment group with another group of individuals drawn from other parts of the country. The assumption made is that if you match on observable characteristics then the unobservable ones should also be captured, assuming large enough numbers. It can be adjusted for local labour market conditions. The Labour Force Survey (LFS) would provide a standard source of data from which to identify the comparison group, and can provide data on labour market activity (not simply employment). However, it only becomes available with a time lag.

Influences on the decision

The PSM approach should be applicable, with three caveats: if people are a long way from the labour market then their change in labour market activity may not be demonstrable – although if programmes are effective this risk should be small; LFS data comes available with some time delay - this could be overcome by matching participant profiles over a slightly earlier time period, assuming the labour market remains fairly stable as now; and thirdly the scale of the local intervention would have to be large enough and be expected to be sufficiently impactful to demonstrate a difference. A local treatment group in the low hundreds should be sufficient.

2D: School-age education

Theory of change

Low skills often link to poor educational attainment. Therefore, Localities may choose to intervene at school level to improve the outcomes of young people. This could include measures to raise overall attainment in schools, to reduce people leaving school and becoming NEET, and/or to develop more enterprising / career aware young people. The logic chain below would need flexed depending on which of these outcomes was the key focus.

Activities

- Schools worked with
- Young people worked with – by standard demographics
- Initiatives per school
- Programmes delivered, for example: provision of careers materials / information; programmes to develop school and business links; provision of work experience opportunities; school improvement programmes; teacher recruitment programmes (suitable outputs will need to be developed depending on which programmes are delivered)

Outputs

- Number of people completing courses
- Number of people presenting for higher level qualification
- Number of people presenting for certain qualifications (e.g. maths and English)
- Change in attitudes, aspiration, attendance and career awareness
- All broken down by school and demographics

Outcomes

Theme-specific

- On-going improvement in attitudes, aspiration, attendance and career awareness
- Qualification attainment – at various levels
- Post school (age 16 and 18) activity / destination
- By demographic, school and subject

Broader economic outcomes

- Improved local labour force
- Increase in earnings and productivity from higher skilled people

Timing: issues of attainment and particularly long term economic activity are unlikely to be measureable in the timescale of the evaluation

2D: School-age education

Issues in addressing the counterfactual

The nature of the counterfactual will depend heavily on the type of intervention and how it is targeted. Both are not clear at this point. For example, if an approach targets some schools in a locality then it maybe possible to identify other schools locally. These other schools could be selected to reflect the characteristics of the targeted schools or to see how far the targeted schools close the gap on the 'next tier up'. Where attainment is the key outcome then it would also be possible to use national data to identify similar schools elsewhere in the country and compare changes there to those targeted locally. This is a more pure approach, but there is a risk that there will be activities in out of area schools that the evaluation would not know about. In all of this, there is also the factor of time, and how long young people can be tracked for, especially after they leave school.

Potential evaluation approaches

The option of working with local schools has advantages in that we would know about wider influences and they would probably be more likely to agree to participate in the collection of primary data. The extent to which primary data collection is required will depend on the initiatives, but especially where the intention is to look at changing awareness or attitudes, this evidence is not likely to come from secondary sources. Even where the focus is simply on attainment, it may be that the cost of accessing and processing secondary data are too high given the scale of the intervention. In such cases a **case-based approach** could be used, comparing school level attainment before and after the intervention and supplementing this with interviews with teachers and other stakeholders. Where the focus is more on attitudes it may be possible to undertake tracking surveys of young people in the school to see how far benefits are maintained.

Influences on the decision

The key influences on the decision will be the nature of the intervention, the intended outcomes and the scale of the projects (none of which is clear at this stage). Where interventions are relatively small it would be more appropriate to use the case study approach. Moreover, where the benefits are expected to occur in the medium term, e.g. for young people who are several years away from leaving school, then again a more tailored approach focussed on short term, intermediate outcomes such as improved attitudes etc. would be more suitable.

Theme 3: Infrastructure

Core Intervention Areas

- 3A: Site remediation & preparation, incl. flood defence
- 3B: Land acquisition & assembly
- 3C: Broadband & mobile connectivity

SQW

3A: Site remediation & preparation, incl. flood defence

Theory of change

Market failures prevent the private sector taking forward development on sites, including sites affected by past industrial pollution, those in relatively unattractive locations, and where the underpinning infrastructure is not in place; these issues can mean that that development of commercial, housing, or other uses, is too costly not commercially viable. Private sector risk can be addressed, and follow-on development stimulated, via intervention by the public sector to undertake preparatory work (including infrastructure provision and remediation work including decontamination) that would not be economically attractive to the private sector, building confidence and private sector interest in key locations.

Activities

- Site remediation work
- Installation of utilities (water, electricity, gas, drainage, sewerage etc.)

Outputs

- Ha land reclaimed
- Ha land with reduced flood risk
- Metres of utility infrastructure installed
- Number of construction years of employment

Outcomes

Theme-specific

- Land unlocked for development (ha)
- Reduced transport disruption from flooding
- Enhanced attractiveness as a place to invest – measured via investment (number/value), land value uplift , land value uplift, property market sentiment surveys

Timing: Measurable within 12 months of completion, but full effects may take time to flow through.

Continued on next slide …

3A: Site remediation & preparation, incl. flood defence

Theory of change

Market failures prevent the private sector taking forward development on sites, including sites affected by past industrial pollution, those in relatively unattractive locations, and where the underpinning infrastructure is not in place; these issues can mean that that development of commercial, housing, or other uses, is too costly not commercially viable. Private sector risk can be addressed, and follow-on development stimulated, via intervention by the public sector to undertake preparatory work (including infrastructure provision and remediation work including decontamination) that would not be economically attractive to the private sector, building confidence and private sector interest in key locations.

Activities

- Site remediation work
- Installation of utilities (water, electricity, gas, drainage, sewerage etc.)

Outputs

- Ha land reclaimed
- Ha land with reduced flood risk
- Metres of utility infrastructure installed
- Number of construction years of employment

Outcomes

… cont …

Broader economic outcomes

- Sqm of commercial floorspace developed
- Housing units started / completed
- Businesses attracted to the Locality
- Employment of businesses attracted
- Enhanced attractiveness as a place to live - measured via house price uplifts & housing starts
- Enhanced attractiveness as a place to do business – measured via commercial priority rental / sales values uplifts (£)

Timing: expected to take 3-5 years to be delivered following completion

3A: Site remediation & preparation, incl. flood defence

Issues in addressing the counterfactual

The key evaluation challenge is to understand the role of the remediation and preparation in unlocking and stimulating development for commercial, housing or other uses, and in turn, whether the developments that are then progressed would have occurred without this activity. The interventions are likely to be very site and context specific, meaning that the potential for robust counterfactual evaluation approaches is limited, and the selection of sites is very unlikely to be random, meaning that they may be located in areas likely to perform better/worse than the broader area, which is an issue for any attribution of impact on economic indictors, and methods based on effects over space such as distance-decay are not likely to be appropriate. Such approaches may be appropriate for flood defence projects, by comparing the progress of development on similar sites with and without intervention. There may also be some scope to compare the scale and nature of development to comparator areas over time where there is a large-scale programme at a number of sites in a Locality or a particular sub-area in a Locality with other places, in which case individual issues in constructing a comparison groups may be mitigated.

Potential evaluation approaches

For most schemes the challenges associated with identifying an appropriate counterfactual, and the related issue that the characteristics of sites where schemes are taken forward are likely to be very specific, means that robust approaches such as distance decay and comparison groups are not likely to be viable, although for a a large-scale programme of activity in an area, an approach involving a difference-in-difference analysis comparing the scale of development to comparator areas may be viable, accounting for time-invariant unobserved characteristics. However, in most cases the evaluation is likely to require a **case-based approach**, involving a combination of analysis of project monitoring data, contextual data (for example on housing starts/completions for housing schemes, and deals, investments, values for commercial schemes), primary research with those involved directly in the scheme (developers, public sector), and primary research with other relevant stakeholders (e.g. property agents, local strategic partners) to test the level of additionality of the scheme, and its impact. For commercial developments, such approaches could also potentially include primary research with businesses that have moved to the site post-development, to test the effect of the scheme on their decision to locate in the are (including accounting for displacement within the Locality). For flood defence schemes, focused on sites with existing spatial development, approaches based on the identification of a control group control group may be appropriate.

Influences on the decision

The key influence on the decision will be the nature of the intervention, and the extent to which any viable control group can be identified. The proposed evaluation approach will also rely on the engagement of the relevant developers / private sector partners involved in the interventions; where this is not possible, the evaluation evidence may have to rely on data and engagement with the public sector and relevant stakeholders.

3B: Land acquisition & assembly

Theory of change

The development of sites for commercial, housing, or other uses, can be prevented as a result of a complex mix of different ownerships, planning conditions, and existing uses. This leads to underinvestment by the private sector and/or piecemeal development, with larger scale and strategic investment that can deliver significant economic growth potential not progressed. These issues can be addressed through a strategic approach to site acquisition and assembly via intervention. Intervention can also ensure that sites are developed for strategically important uses – determined by local partners – generating long term demand from a different mix of economic activities, rather than responding to the short term market position

Activities

- Land acquisition – commercial (measured by level of expenditure, £)
- Land acquisition – housing (measured by level of expenditure, £)
- Land acquisition – other e.g. educational, community usage (measured by level of expenditure, £)
- Development and submission of planning applications, plans

Outputs

- Ha land assembled for commercial development
- Ha land assembled for housing development
- Ha land assembled for other development
- Planning permissions / agreements secured

Outcomes

Theme-specific

- Enhanced attractiveness as a place to invest – measured via investment (number/value), land value uplift, property market sentiment surveys

Timing: Measurable within 12 months of completion, but full effects may take time to flow through.

Broader economic outcomes

- Sqm of commercial floorspace developed
- Housing units started
- Housing units completed
- Businesses attracted to the Locality
- Employment of businesses attracted
- Enhanced attractiveness as a place to live - measured via house price uplifts & housing starts
- Enhanced attractiveness as a place to do business – measured via commercial priority rental / sales values uplifts (£)

Timing: expected to take 3-5 years to be delivered following completion

3B: Land acquisition & assembly

Issues in addressing the counterfactual

The issues associated with this Intervention Area are similar for 3A; the key question is whether the land acquisition and assembly activity has stimulated the development of commercial, housing or other uses, and whether similar or equivalent development would have taken place in the area without this activity. Again, given the specific nature of the activity, robust counterfactual approaches are unlikely to be viable given the challenges in identifying an appropriate comparison area and that the spatial area covered may vary considerably from the areas that surround it, meaning that distance decay approaches are not likely to be appropriate. Further, there are clearly 'selection issues' in play with local partners explicitly identifying land/sites to acquire and assemble rather than other locations and developing these sites in a strategic manner.

Potential evaluation approaches

For most schemes within this Intervention Area, the challenges associated with identifying an appropriate counterfactual, and the related issue that the characteristics of sites where schemes are taken forward are likely to be very specific, means that robust approaches such as distance decay and comparison groups are not likely to be viable. In these cases, the evaluation is likely to require a **case-based approach**, involving a combination of analysis of project monitoring data, contextual data (for example on housing starts/completions for housing schemes, and deals, investments, values for commercial schemes), primary research with those involved directly in the scheme (developers, public sector), and primary research with other relevant stakeholders (e.g. property agents, local strategic partners) to test the level of additionality of the scheme, and its impact. For commercial developments, such approaches could also potentially include primary research with businesses that have moved to the site post-development, to test the effect of the scheme on their decision to locate in the are (including accounting for displacement within the Locality).

Influences on the decision

The key influence on the decision will be the nature of the intervention, and the extent to which any viable control group can be identified, although in most cases this is not considered to be viable for this Intervention Area, and the focus is likely to be on case-based approaches. The proposed evaluation approach will also rely on the engagement of the relevant developers / private sector partners involved in the interventions; where this is not possible, the evaluation evidence may have to rely on data and engagement with the public sector and relevant stakeholders.

3C: Broadband & mobile connectivity

Theory of change

Access to high quality communications – broadband and mobile – is key to competitiveness in modern economies, for businesses, individuals, and places. Market failures can prevent investment by the private sector in infrastructure for connectivity, with externalities in terms of economic and environmental benefits not factored into private sector investment decisions. Information and other failures can also prevent take-up and exploitation by businesses and individuals and businesses, who may not be aware of the potential benefits. Support by the public sector – through both capital and revenue schemes – can help to address these issues and deliver significant economic benefits including improved business productivity from the full exploitation of ICT applications and opportunities enabled by high-quality broadband and mobile connectivity.

Activities

- Planning and surveying
- Roll-out of infrastructure for connectivity (broadband / superfast broadband / mobile access)
- Demand stimulation and exploitation activities – businesses
- Demand stimulation and exploitation activities – households

Outputs

- Additional open-access infrastructure points developed
- Premises passed with broadband / superfast broadband / mobile connectivity
- Business supported to take-up / exploit provision
- Households supported to take-up / exploit provision
- Number of construction years of employment

Outcomes

Theme-specific

- Increase in premises with access to connectivity infrastructure
- Increased take-up of connectivity solution
- Reduced commuting and business travel
- Reduced 'digital divide'
- Contribution to improving the efficiency of public services (e.g. facilitating tele-health)

Timing: Measurable within 12 months of completion, but full effects may take time to flow through.

Continued on next slide

3C: Broadband & mobile connectivity

Theory of change

Access to high quality communications – broadband and mobile – is key to competitiveness in modern economies, for businesses, individuals, and places. Market failures can prevent investment by the private sector in infrastructure for connectivity, with externalities in terms of economic and environmental benefits not factored into private sector investment decisions. Information and other failures can also prevent take-up and exploitation by businesses and individuals and businesses, who may not be aware of the potential benefits. Support by the public sector – through both capital and revenue schemes – can help to address these issues and deliver significant economic benefits including improved business productivity from the full exploitation of ICT applications and opportunities enabled by high-quality broadband and mobile connectivity.

Activities

- Planning and surveying
- Roll-out of infrastructure for connectivity (broadband / superfast broadband / mobile access)
- Demand stimulation and exploitation activities – businesses
- Demand stimulation and exploitation activities – households

Outputs

- Additional open-access infrastructure points developed
- Premises passed with broadband / superfast broadband / mobile connectivity
- Business supported to take-up / exploit provision
- Households supported to take-up / exploit provision
- Number of construction years of employment

Outcomes

Cont.

Broader economic outcomes

- Enhanced business productivity
- Safeguarding of employment in subsidised areas
- Improved attractiveness as a location for inward investment
- Enhanced attractiveness as a place to live - measured via house price uplifts & housing starts
- Enhanced attractiveness as a place to do business – measured via commercial priority rental / sales values uplifts (£)

Timing: expected to take 3-5 years to be delivered following completion

3C: Broadband & mobile connectivity

Issues in addressing the counterfactual

The core evaluation question is the extent to which the intervention – be this capital infrastructure activity or revenue activity focused on stimulating take-up and usage – has led to economic and social benefits for individual businesses and people, or spatial areas. For infrastructure schemes, establishing the counterfactual position is very challenging: infrastructure roll-outs are driven by the market which is constantly evolving and responding to new technologies, and the market is moving towards ubiquitous coverage, meaning that a control group based on 'non-intervention' areas is diminishing towards a sample size of zero over time. There is also the key challenge of endogeneity, where a positive relationship between connectivity and outcomes (economic or social) growth does not, in itself, mean that intervention has caused the growth; there may be unobserved variables impacting on performance, and/or 'reverse causality', for example, where high growth in business numbers in an area could lead to an accelerated roll-out of connectivity (rather than the other way round). For revenue schemes, the principal issue is related to 'selection effects' where businesses or individuals that seek support may be better, more ambitious, or in other ways 'different' to the wider base, so comparing their performance to this wider cohort may not be appropriate.

Potential evaluation approaches

For infrastructure schemes, a variety of robust empirical methods are possible, instrumental variable approaches, spatial RDD methods, treatment effect models using propensity score matching techniques, difference in difference fixed effects estimators, and structural econometric models, all of which are designed to overcome issues of endogeneity. These methods could be considered, however, they are likely to be highly complex, and may not be proportionate for schemes funded via the Investment Funds. A more viable approach based on **pre and post assessment** in terms of business and individual performance may be considered: this would involve identifying a group of firms/individuals that have secured support and tracking their performance (via surveys and potentially administrative data) over time – this could involve comparison to a matched comparison group, but given the increasing move towards ubiquitous coverage this may not be possible. For revenue schemes, a range of **quasi-experimental** approaches, similar to those discussed in Theme 4 may be appropriate (see 4B: Counterfactual issues & evaluation approaches), with the principles also applying to support for individuals. All approaches may also include case examples to provide further evidence on the observed effects on business/social outcomes.

Influences on the decision

The nature and scale of intervention will be the core determinant of the evaluation approach progressed. For major infrastructure schemes, econometric approaches may be appropriate, but these are potentially highly complex and would need to be proportionate to the scale of activity.

Theme 4: Enterprise and Innovation

Core Intervention Areas

- 4A: Sites & premises for enterprise & innovation
- 4B: Enterprise & innovation advice, support
- 4C: Science & R&D capacity

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4A: Sites & premises for enterprise & innovation

Theory of change

Entrepreneurship and innovation are key drivers of local economic growth. Start-ups, and innovative and knowledge-based businesses require affordable, accessible and tailored sites and premises. By investing in sites and premises (including innovation centres, science parks and enterprise centres) local areas can help to drive-up levels of entrepreneurship and provide a platform in which start-up and innovation businesses can grow and develop, with evidence suggesting that such initiatives help to improve business survival rates, particularly when delivered alongside value-added advice and support services.

Activities

- New facilities for start-ups developed (measured in sq ft developed)
- Facilities for start-ups refurbished / improved (measured in sq ft refurbished / improved)
- New grow-on space developed (measured in sq ft developed)
- Grow-on space refurbished / improved (measured in sq ft start-ups refurbished / improved)
- Incubation support and facility-based strategic advice

Outputs

- Number of business tenants
- Employment of business tenants
- New businesses created
- Businesses attracted to the Locality
- Businesses assisted to improve performance

Outcomes

Theme-specific

- Growth in turnover of businesses located in facilities (£)
- Growth in employment of businesses located in facilities (number of employees)
- Improved business survival rates of businesses located in facilities
- Increase in the number of businesses that are innovation active
- Enhancement of local innovation ecosystem and networks

Timing: Measurable after 3-5 years, although full effects realised over the longer-term

Broader economic outcomes

- Increased overall levels of entrepreneurship
- Increased expenditure on business R&D

Timing: As above

4A: Sites & premises for enterprise & innovation

Issues in addressing the counterfactual

The key evaluation challenge is to understand the role of the sites and premises in the creation or re-location of enterprises, and their subsequent growth, relative to the other factors (internal and external) that will impact on business performance. This issue is exacerbated by 'selection effects' where businesses that seek to locate in the sites/premises developed by the intervention may be better, more ambitious, or in other ways 'different' to the wider businesses base, in which case comparing their performance is not appropriate; this is likely to be relevant for innovation centres/incubators/science parks that operate entry (and exit) criteria. There is also a question on whether the focus of the evaluation is on an individual facility, in which case the focus is likely to be on comparing the performance of businesses that take-up space with businesses that do not, or an integrated package (e.g. an innovation district, or a new science park), in which case the focus is likely to be on comparing the performance of businesses in the area as a whole (incl employment, start-up rates) with other locations (inside or outside the Locality), to assess the effects of the intervention on stimulating business activity in a spatial area.

Potential evaluation approaches

In theory, Randomised Controlled Trials (where individuals/businesses seeking to locate in sites/premises were selected randomly) would be possible. However, this is likely to have significant implications for delivery, and RCTs are not considered to be practical.

A range of **quasi-experimental** approaches are potentially viable, involving identifying a control group of non-tenants (e.g. unsuccessful applicants, those located outside of an 'area', matching characteristics of firms using admin data), and comparing their performance over time with tenants. A range of analytical methods could be used such as RDD (based on application criteria or spatially defined), 'selection models' difference-in-difference approaches, and PSM. The evidence base could draw on longitudinal surveys and/or administrative data-sets (e.g. BSD).

However, these approaches may not be possible owing to small sample sizes, particularly for individual facilities, in which case, the evaluation may need to focus on evidence from **primary research with tenants and case-study based assessments** or **aggregate across Localities**.

Influences on the decision

The key influences on the decision between more robust counterfactual approaches that draw on a control group, and less robust approaches focused on primary research with tenants and case-study based assessments will be:

(i) the viability of establishing a robust/credible control group (which can be a challenge where the focus is on early-stage & innovative firms)

(ii) sample sizes, with approaches using statistical analysis likely to be proportionate and appropriate where n-values are larger

Approaches based on the use of administrative data only may not be appropriate for interventions focused on supporting new start-ups (e.g. innovation centres for pre-starts/spin-outs) as no appropriate control group would be identifiable; administrative datasets are also unlikely to provide data on innovation behaviours and metrics – in these cases, some form of primary research is likely to be required.

4B: Enterprise & innovation advice & support

Theory of change

A range of market failures prevent businesses from accessing the support and advice that they need to grow, and investing in their businesses processes and infrastructure, including information asymmetries and risk aversion. There are also specific challenges facing people seeking to start-up a new business with banks not meeting the demand for finance and barriers to people accessing appropriate external advice. Interventions, in the form of advice and/or financial support, can help to address these market failures enabling new and established businesses to realise their potential.

Activities

- Advice on core business processes for existing firms (e.g. management, use of ICT etc.)
- Advice on innovation & R&D for existing firms, including product/service/process development
- Advice on exporting for existing firms
- Advice on business start-up (e.g. support on business planning, investment readiness)
- Financial support – existing businesses (e.g. for capital investment)
- Financial support – new start-ups (e.g. grants/loans for start-up)

Outputs

- Number of businesses assisted to improve performance
- Number of businesses engaged in new collaborations with the knowledge base
- Number of businesses engaging in exporting
- New products developed
- New processes developed
- New businesses created
- Private sector investment secured

Outcomes

Theme-specific

- Growth in turnover of assisted businesses (£)
- Growth in employment of assisted businesses (number of employees)
- Improved business survival rates
- Increase in the no. businesses that are innovation active
- Increase in exports (£)
- New/improved products entering the market
- New/improved processes adopted
- Increased expenditure on business R&D
- Enhancement of local innovation ecosystem and networks

Measurable after 1-2 years following support, although full effects realised over the longer-term, and may vary based on the nature of support

Broader economic outcomes

- Increased overall levels of entrepreneurship
- Improved productivity

As above

4B: Enterprise & innovation advice & support

Issues in addressing the counterfactual

The core evaluation question is the extent to which the support provided to businesses has led directly, or indirectly to improved performance – in survival, growth, productivity – relative to what would have occurred without the support, and given the other factors (internal and external) that will impact on business performance. As with sites and premises, a key issue for advice and support is related to 'selection effects' where businesses that seek support may be better, more ambitious, or in other ways 'different' to the wider businesses base, so comparing their performance to this wider cohort may not be appropriate. The logic model covers a wide range of support to business, however, the time-paths to impact across the range of activity are likely to vary considerably, and this will need to be taken into account in developing specific evaluation plans; in some case the route to impact may be relatively simple and be evidenced within 1-2 years following support (e.g. the provision of advice to established firms on core business processes or capital investment); however, in terms of support for enterprise, and innovation support, the routes to impact are likely to be more complex and may be realised over a longer time-frame for example, 3-5 years following support.

Potential evaluation approaches

In theory, Randomised Controlled Trials (where individuals/businesses seeking to locate in sites/premises were selected randomly) would e possible. However, this is likely to have significant implications for delivery, and RCTs are not considered to be practical. A range of **quasi-experimental** approaches, are potentially viable, involving identifying a control group of non-supported firms (e.g. unsuccessful applicants, or identifying a matched group in administrative data-sets), and comparing their performance over time with supported firms. A range of analytical methods available, such as RDD (based on application criteria), 'selection models', difference-in-difference approaches, and PSM. The evidence base could be drawn either from longitudinal surveys, or administrative data-sets (e.g. BSD). However, it is **proposed that evaluations of business support interventions seek to make use of the BSD, where viable** (based on sample size, intensity of support, and routes to outcomes), as a robust and cost-effective way of tracking the performance of supported firms, and a control group of non-supported firms.

Influences on the decision

The key influences on the decision between more robust counterfactual approaches that draw on a control group, and less robust approaches focused on primary research with tenants and case-study based assessments will be

(i) the viability of establishing a robust/credible control group (which can be a challenge where the focus is on early-stage & innovative firms)

(ii) sample sizes, with approaches using statistical analysis likely to be proportionate and appropriate where n-values are larger

Approaches based on the use of administrative data only may not be appropriate for interventions focused on supporting new start-ups (e.g. innovation centres for pre-starts/spin-outs) as no appropriate control group would be identifiable; administrative datasets are also unlikely to provide data on innovation behaviours and metrics – in these cases, some form of primary research is likely to be required.

4C: Science & R&D capacity

Theory of change

There is a well-developed rationale for public investment in science and research. The case includes addressing externalities (where the market is reluctant to invest because they fear that they will not be able to capture all the gains from their investment), and risk aversion and information asymmetries (where the development of new technologies and innovations embody risk and uncertainty of benefits, leading to under investment). In an increasingly knowledge-driven economy, by investing in facilities, people, and programmes focused on science and early-stage R&D, intervention can help to enhance the capacity (both hard and soft) of the UK's knowledge base to undertake world-class science, and increase engagement between the knowledge base and industry to drive commercialisation and productivity.

Activities

- New facilities for R&D developed (measured in sq ft developed)
- Facilities for R&D refurbished / improved (measured in sq ft refurbished / improved)
- Investment in specialist equipment (£)
- Revenue support for researchers / R&D professionals (£)
- Support for technology demonstrators & test-beds
- Engagement in collaborative R&D with industry

Outputs

- Number of scholarly outputs produced (journal articles)
- Qualifications secured (e.g. PhDs)
- Number of jobs created
- Number of businesses engaged in collaborations with the research base
- Number of construction years of employment
- Concepts progressing through TRL stages

Outcomes

Theme-specific

- Intellectual Property (IP) registered
- Growth in number of high quality citations
- Increase in public sector research income secured (£)
- Increase in private sector research income secured (£)
- Spin-outs created
- Increased expenditure on business R&D
- New products / processes / services entering the market
- Enhancement of local innovation ecosystem and networks

Likely to take 3-5 years given time paths to time for support for early-stage science, although this will vary based on nature of activity

Broader economic outcomes

- Increased number of businesses that are innovation active
- Improved productivity

As above

4C: Science & R&D capacity

Issues in addressing the counterfactual

A key challenge in this Intervention Area is that investment in science and R&D has long and varied time-paths to impact, as concepts progress through TRLs, and on to achieve commercialisation, and in some cases investment in science and R&D may not lead directly to any commercial outcomes, with the core outcomes focused on the development of knowledge and capacity: isolating changes in key outcomes that resulted from investment made many years previously is therefore extremely challenging from an evaluation perspective. The nature of the counterfactual will also vary dependent on the type of activity. For projects that are focused on engagement with industry via collaborative R&D and commercialisation support, it may be possible to identify a control group of non-supported firms, although the issue of selection effects discussed in 4A and 4B will also be evident. For projects that are focused on earlier-stage 'basic' research capacity, it is challenging to see how an explicit counterfactual could be identified – comparing change in performance to other research areas/departments/institutions is not likely to be viable owing to the very different contexts, and the focus is likely to be on comparing performance over time for the treated institution.

Potential evaluation approaches

For projects focused on engagement with industry via collaborative R&D/commercialisation, a range of **quasi-experimental approaches** as discussed in 4B are potentially viable, involving identifying a control group of non-supported firms (e.g. unsuccessful applicants, a matched group in administrative data), and comparing their performance over time with supported firms. However, given the expected timescales to effects on business performance, use of the BSD may not be appropriate, with survey-based approaches more likely to provide robust data, including gathering primary evidence on R&D investment and outcomes. For projects focused on earlier-stage 'basic' research, given the challenges in identifying a robust counterfactual, and the complex and uncertain time-paths to impact, a **mixed methods approach** is likely to be appropriate, combining tracking of monitoring/administrative data (e.g. on citations, and research funding secured), surveys with academics/researchers, and potentially external experts, and case study research considering in detail the role of the intervention in progressing a technology or research field; these approaches will focus on effects related to knowledge and the science and innovation base, rather than business performance.

Influences on the decision

The key influences on the decision will be the nature of the intervention, the intended outcomes and the scale of the projects. For interventions that engage with industry, issues of sample size and the viability of establishing a robust/credible control group (which can be a challenge where the focus is on particular technology areas) will need to be considered, and in all cases it is expected that some form of primary research will be required given time-paths to impact and the nature of R&D outcomes that may not be reflected in administrative data. For projects that are focused on earlier-stage 'basic' research, the key issue will be the viability of establishing a sensible comparison – in most cases this is not expected to be possible, with a mixed methods approach adopted.

PROPOSED INTERIM REPORTS CONTENT

SQW

Baseline report

- Relevant for all Localities in Cohorts 1 and 2

Key sections	Inputs
Introduction	Purpose of the report
The Deal and the Investment Fund	Description of the agreed Deal, size of IF, description of activities funded through IF including those in scope for this Gateway and future plans
Evaluation approach	Locality logic models, and overview of the evaluation activity underway and planned in the area, including methods adopted
Delivery progress	Monitoring data of progress for interventions that are underway, any baseline data that has been collected on interventions, and timetable for planed future interventions
Local capacity and partnership baseline	Baseline evidence from first wave of research on Capacity development and Partnership Workstream
Monitoring and evaluation delivery plan	Delivery plan for monitoring and evaluation, including reporting schedule

SQW

Annual review

- Relevant for Cohort 2 only

Key sections	Inputs
Introduction	Purpose of the report, and re-cap on Investment Fund and evaluation approach
Delivery progress	Summary of monitoring data (expenditure and activity/output metrics), and delivery against milestones. Identify any gaps or issues in data collection
Update on evaluation research	Overview of evaluation activity undertaken over the past 12-months (*note: the annual review reports will not included evaluation evidence/analysis*). Identify any variation to delivery plan
Next steps	Monitoring and evaluation activity over the next 12-months

SQW

One-year out review

- Relevant for all Localities in Cohorts 1 and 2

Key sections	Inputs
Introduction	Purpose of the report, and re-cap on Investment Fund and evaluation approach
Delivery progress	Summary of monitoring data (expenditure and activity/output metrics), and delivery against milestones. Identify any gaps or issues in data collection
Update on evaluation research	Overview of evaluation activity undertaken over the past 12-months
Emerging findings	1. Impact Evaluation Workstream – evidence from evaluation research that has been completed and/or emerging evidence for research completed to date, providing early findings on impact
	2. Capacity Development & Partnership Workstream – results from second wave of strategic research, and project-up research (including case studies), where relevant
Messages and implications	Summary of key early findings of impact, and identification of any issues to be addressed in advance of the Gateway Review by the Locality (e.g. generating additional data, issues in intervention delivery progress)

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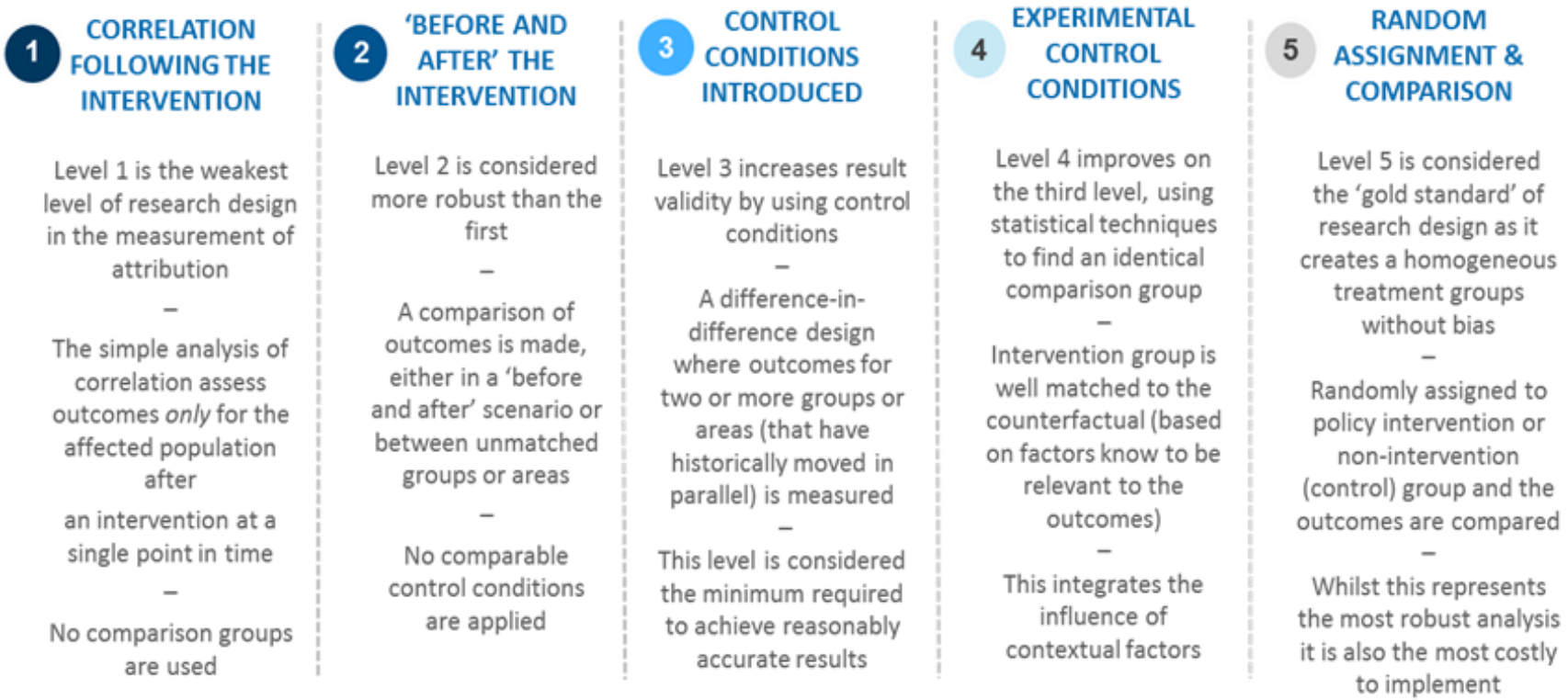
MARYLAND SCIENTIFIC METHODS SCALE

SQW

The Maryland Scientific Methods Scale



Source: BEIS, 2016, Evaluation of policies for local economic growth: scoping study

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Logic model title	Compound Semiconductor Cluster
Logic model type	Hybrid 4A: Sites and premises for enterprise and innovation and 4C: Science & R&D capacity
Interventions / projects covered by logic model	Compound Semiconductor Project

Theory of change

Investment Fund monies will be used to support the development of a compound semiconductor cluster in South Wales, centred on the former LG site between Cardiff and Newport. Monies will be used specifically to redevelop the facility to modern standards, including a clean room facility for the production of compound semiconductors, which is anticipated to leverage substantial private investment, by a single tenant (IQE), of £375m to kit out the factory. A Special Purpose Vehicle (SPV) has been set up as the site owner, and it will receive rental income for 11 years at which point IQE has an option to acquire the site. Through this arrangement, the expectation is that the Investment Fund monies would be repaid.

It is expected that the facility, and IQE's location in South Wales, will act as anchor in the region for high end compound semiconductor production. The investment is expected to complement other investments in the compound semiconductor sector locally, including ERDF funding for Cardiff University's Institute for Compound Semiconductors. The long-term intention is to create a cluster at the forefront of R&D in this technology area, and at the forefront of production of compound semiconductors, although this would rely on non-Investment Fund activities (unless additional Investment Fund monies are committed to other projects to develop the cluster).

Key assumptions underlying the ToC: site's tenant could not have found alternative space locally, and would have moved production overseas without the intervention; retention and expansion of firm's production in Wales results in jobs safeguarded and created as expected; the modernised factory and clean room facility is attractive as a property resulting in enhanced value; the development of this facility and its primary lessee is an essential component in the development of the cluster resulting, alongside other interventions, in helping current semiconductor firms in south Wales to move up the value chain, and attracting other new companies and activities.

Other factors: complementary activities, e.g. of Cardiff University and the Compound Semiconductor Applications Catapult; market demand for compound semiconductors and the continuing growth of the sector; and development of the necessary skills.

Inputs	Activities	Outputs	Outcomes
Investment Fund inputs • £38.4m *Other inputs (including staffing and in-kind)* • None	• Construction activities in relation to development of a clean room facility for the production of compound semiconductors at the former LG site between Cardiff and Newport • Establishment of a Special Purpose Vehicle for the site	• Commercial floor space developed (2040 sq m) • Construction years of employment • Direct creation of new jobs at the site (501) • Safeguarding jobs (156 at head lessee company, 550 jobs at wafer fabrication plant)	**Theme-specific outcomes** • Private sector leverage up to the value of £375m for kit out of the facility (LS) • Secure a £50m investment from the Compound Semiconductor Catapult (LS) • Increase in premises with access to connectivity infrastructure (one) • Positive property market sentiment survey • Uplifted commercial sale value (£6m) • Land value uplift • Floorspace occupied by firm at the facility • Growth in employment of business located in the facility by number of employees

			• Growth in turnover of business located in the facility • Improved business survival rate of business located in the facility • Increased expenditure on business R&D (tenant + subsequently in wider sector) • Increase in exports (tenant + subsequently in wider sector) • New/improved processes adopted (tenant + subsequently in wider sector) • New/improved products entering the market (tenant + subsequently in wider sector) • Intellectual Property (IP) registered (e.g. patents) • Improved attractiveness as a location for inward investment **Broader outcomes** • Return on investment up to the value of £33,108,000 (LS) • Indirect and induced jobs of 1,088 (LS) • Enhancement of local innovation ecosystems • Increase in the number of businesses that are innovation active (i.e. in the wider compound semi-conductor sector) • Improved productivity
Expected timescales for inputs / activities / delivery of outputs and outcomes			
Investment Fund inputs • 2017-18 *Other inputs (including staffing and in-kind)* • None	• 2017-18	• Achieved on completion of the project and upon tenant moving into the facility	• Impacts to be realised over time. Some will be realised on or soon after completion of the project e.g. investment leveraged, improved attractiveness of the site, development of floorspace. • Others will be realised as the principal beneficiary develops its business • Yet others will take longer, e.g. development of the ecosystem and outcomes relating to the wider sector.

Relationship to other interventions

Other Investment Fund logic models:

- Unknown at this stage – further interventions (and logic models) to be confirmed

Other non-Investment Fund activities:

- Wider development of the Compound Semiconductor sector in Cardiff e.g. EU funding for Cardiff University's Institute for Compound Semiconductors

Appendix 3

Future Generations Assessment Evaluation

Name of the Officer completing the evaluation: **Kellie Beirne** **Phone no: 07826 9219286** **E-mail: kellie.beirne@cardiff.gov.uk**	**Please give a brief description of the aims of the proposal** The report sets out the process for the SQW-led local evaluation and the wider characteristics and requirements of the Gateway Review.
Proposal: Local Evaluation and Gateway Review	**Date Future Generations Evaluation form completed: 14 Sept 2018**

1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The report describes the evaluation process. In the main the proposal relates to the work needed to prepare for review – mainly around data readiness and working with others to achieve goals. Ultimately, successfully completing the Gateway Review will see our City Deal continue to be supported and investment being aimed at priority economic interventions.	Ensuring there is a high state of readiness and a strong sense of self-awareness – through data capability and an awareness of the importance of place-based interventions.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The proposal relates to building resilience through understanding and being able to measure and assess the impact of our interventions – some of which might have an effect on natural eco-systems	Consideration to embedding circular economy principles in relevant aspects of procurement processes

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	It is possible that aspects of the assessment process – might in time extend to wellness and wellbeing indicators.	Building our own self-awareness will be a key part of the evaluation process – wellness is likely to feature strongly within this
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	The Gateway Review is about understanding the rate of economic progress and how this is contributes to community resilience and viability.	Data capability, place analysis and having systems and platforms capable of answering the key questions about the scale and extent of change will inform our understandings of progress and advancements made.
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	City Deal seeks to position our region for better economic output and global competitive advantage. This latter reflects upon economic betterment, social justice and environmental sustainability.	
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Our City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage.	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of £1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people's lives.	Examples are offered by small countries that have proactively sought to demonstrate how economic impact translates to improved inclusion, sustainability and a kind of growth that serves a social good. These examples and best practice will be followed and integrated.

2. How has your proposal embedded and prioritized the sustainable governance principles in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
Balancing short term need with long term and planning for the future	The report sets out the work needed in the short-term to both guide and reflect more accurately, better outcomes in the long-term	
Working together with other partners to deliver objectives	The Economic Growth Partnership will take a lead for commissioning the data capability work – in order that approach is rightly, industry-led and ready to inform industrial strategy development	
Involving those with an interest and seeking their views	The report will see an approach embedding across the region and involving organizations that can help inform data capability and approach – Universities and ONS in the main	
Putting resources into preventing problems occurring or getting worse		
Considering impact on all wellbeing goals together and on other bodies	The proposal seeks the data competency and the evidence base to inform sound decision-making	

3. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	None arising at this time.	
Disability	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	As above	
Gender reassignment	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	As above	
Marriage or civil partnership	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	As above	
Pregnancy or maternity	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.		

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Race	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.		
Religion or Belief	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.		
Sex	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.		.
Sexual Orientation	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.		
Welsh Language	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	Not at this time but the situation will be kept under review.	

4. Safeguarding & Corporate Parenting. Are your proposals going to affect either of these responsibilities?

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	**Describe any negative impacts your proposal has on safeguarding and corporate parenting**	**What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?**
Safeguarding	Not directly relevant		
Corporate Parenting	Not directly relevant		

5. What evidence and data has informed the development of your proposal?

- ONS data
- SQW and National Evaluation Framework
- Glasgow Evaluation Framework

6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

Establishing the data and evidence is a first step. Once set out and a process is in place – issues and challenges will become clear and can be acted upon.

7. MONITORING: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

The impacts of this proposal will be evaluated on:	**Following economic baseline assessment no 1 early November 2018**