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Developing a monitoring and
evaluation framework for the
International Festival for Business:
lessons for local evaluators and
partners

A Report by SQW Ltd

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RESEARCH

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Foreword

The Government's 2010 White Paper *Realising Every Place's Potential* marked a significant overhaul of the Local Growth policy landscape. Local Enterprise Partnerships were established as small, strategic bodies responsible for driving growth in their local areas. Simultaneously, a greater emphasis was placed on making focused public investments and shifting power and responsibilities to the most appropriate geographical level.

At the same time, there has been a growing body of technical work - conducted by Government, academics and researchers - focusing on the importance of high quality evaluation in policy development. Notably, this included the publication of *Learn, Test, Adapt*, which focused on the role of Randomised Controlled Trials in policy development.

In the Local Growth space, the Departments for Business, Innovation and Skills and Communities and Local Government, in conjunction with the Economic and Social Research Council have established the Local Growth What Works Centre. The purpose of the Centre is to understand which policies are most effective in supporting and increasing local economic growth - and ultimately to improve decision-making through the generation and application of high quality evaluation evidence.

The combination of these two key drivers creates challenges, but also great opportunity. More so than ever, there is a role for local partners to generate robust monitoring and evaluation evidence that informs not only their own priorities, but those of their peers too. However, doing monitoring and evaluation to a high standard is not always straight forward; the NAO report *Evaluation in Government* highlights many of the challenges encountered by evaluators working on spatial and business interventions - and highlights the frailties of lower power analytical techniques. In order to maximise the value of monitoring and evaluation activity - and to manage the costs - it should be carefully considered at the outset of policy development and properly resourced.

There are of course a range of different approaches to impact evaluation, each with different strengths and weaknesses; it is important to be conscious of the options available and to select the right one that fits the policy and resource circumstances. The report considers these challenges by taking readers through the application of theory-based approaches to assessing impact in the specific case of the International Festival for Business being held in Liverpool this year.

This report, commissioned from evaluation specialists SQW Ltd, represents collaboration between the Department for Business, Innovation and Skills and Liverpool Vision. The collaboration has the immediate benefit of developing the monitoring and evaluation approach for the Liverpool International Business Festival. Crucially, however, this report creates a "public good"; a resource of benefit to a broader cadre of local partners who may be thinking about the challenges and opportunities of monitoring and evaluation for their own interventions. Finally, I would like to place on record my sincere thanks to Liverpool Vision for their willing collaboration on this important piece of work.

A handwritten signature in black ink, appearing to read 'Tom Griffiths', with a long horizontal flourish extending to the right.

Tom Griffiths, Deputy Director, Local Growth Analysis, Department for Business, Innovation and Skills.

Summary

SQW was commissioned by BIS in September 2013 to support Liverpool Vision in developing a framework for monitoring and evaluating the International Festival for Business (IFB). The IFB, to be held in Liverpool in 2014, aims to play a key role in promoting two-way trade and investment between the UK and markets across the world.

As part of this work, SQW was asked to draw out the lessons for local partners undertaking monitoring and evaluation, and in so doing encourage better-designed evaluation amongst local organisations. The following key points emerged:

- **Plan for evaluation and the evidence that will inform it. This should include fit-for-purpose monitoring systems that should be established early-on, ideally alongside the initial design of the policy intervention.** Avoid retrospectively putting in place plans for monitoring and evaluation only ‘when they are needed’, as this is likely to lead to gaps in monitoring and the evidence base, and result in less rigorous evaluation research design.
- **Develop and remain focused on the logic chain as a key tool for evaluation.** Developing an intervention logic chain, which sets out why an intervention is needed, what it will do and what it will achieve, should not be seen as a ‘tick-box’ compliance exercise, but as a practical mechanism to inform decisions about evaluation approaches, implementation and dissemination. The logic chain does not necessarily stay ‘fixed’; it may evolve and change during the implementation of an intervention.
- **Be alert to, and make use of, the guidance, learning and evidence on monitoring and evaluation that is already out there** – as referenced throughout this report, significant work has been done, and is emerging, on ‘how to do’ evaluation. All evaluations will need to reflect their own local context and be tailored to their individual needs. However, in terms of monitoring systems, methodologies and research processes, localities should try to avoid ‘reinventing the wheel’. An important source of information going forward will be the What Works Centre covering Local Growth.
- **Ensure that decisions on evaluation methods and implementation are evidenced, informed and considered.** In planning for evaluations, localities should consider experimental and quasi-experimental approaches (in full or part) if these are appropriate given the context, constraints and complexities of the intervention. Where these are inappropriate, other approaches can be used to generate evidence and learning on interventions. Irrespective of the selected approach, the pros and cons of different options should be considered, and any limitations should be clearly noted. The plan for the chosen approach should cover how the evaluation will be resourced and delivered (including by whom), and the uses to which it will be put.
- **Where there are constraints on resources and budgets, ensure that there is prioritisation of evaluation and research effort.** Identifying clearly what the evaluation objectives are, and what you need to know to answer the evaluation questions, is key to planning resources and budgets accordingly.

1. Introduction

SQW Ltd (SQW) was commissioned by the Department for Business, Innovation and Skills (BIS) to support Liverpool Vision in their design of a framework for monitoring and evaluating the International Festival for Business to be held in Liverpool in summer 2014. The resulting evaluation documents have been published by Liverpool Vision in April 2014 and can be found [here](#).

Background to the study

The International Festival for Business (IFB)

The International Festival for Business (IFB), to be held in Liverpool in June and July 2014, aims to play a key role in promoting two-way trade and investment between the UK and markets across the world. The overall purpose of the IFB is to:

Generate jobs and investment in the Liverpool City Region and wider UK economy.

This will be achieved through a programme of business events and supporting services, held over a 50 day period and staged in the Liverpool City Region¹. Formal business events are being used as the principal means of bringing together decision makers, with over 150 events planned across the festival period. The festival has particular focus on seven broad themes, namely: Cities, Enterprise and Urban Business; Creative and Digital Industries; Financial and Professional Services; Higher/Further Education and Research; Low Carbon and Renewables; Manufacturing, Science and Technology; and Maritime, Port and Logistics. The events will range from large international conferences to focused workshops on specialist business topics.

The programme of events will be supported by the establishment of an international 'Trade HUB', operating in grade A office space at Mann Island in the city throughout the festival. The 'Trade Hub' will be designed to allow IFB delegates to trade, network, broadcast and gather information. There will also be a complementary programme of cultural and leisure activities across the City Region.

Liverpool Vision is responsible for delivering the festival, supported by the Liverpool City Region Local Enterprise Partnership (LEP), and a range of private sector delivery partners.

The IFB will involve investment of around £15m, including £5m committed by BIS via Liverpool's City Deal funding.

¹ Covering the Local Authority Districts of Liverpool, Halton, Knowsley, St Helens, Sefton and Wirral

Objectives of the work

As delivery lead, Liverpool Vision is responsible for the monitoring and evaluation of the IFB. As one of the core funders of the IFB, and to promote good practice in the evaluation of local interventions, BIS commissioned SQW to provide independent external advice and support to Liverpool Vision in the development of monitoring and evaluation plans for the IFB.

Completed over the October 2013 to February 2014 period, the work involved two linked elements:

- The provision of ‘critical friend’ support to Liverpool Vision in the development of materials and plans for monitoring and evaluating the IFB, including reviewing materials developed by Liverpool Vision and suggestions to improve plans for data collection, evaluation methods and practical implementation. The output of this element of the work was a series of internal ‘working papers’ for Liverpool Vision and BIS, used by Liverpool Vision in their on-going work to develop and finalise plans for monitoring and evaluation.
- Based on the critical friend support, drawing out of the key messages from the IFB monitoring and evaluation planning as a reference point for other localities and agencies undertaking similar activities in the future. This report is the formal output of this element of the work.

Wider context

Within government and the wider research and policy-facing community, there is an ongoing push to improve evaluation practice, the robustness of evaluation evidence and the uses to which the evidence is put. There are several recent developments that are of note. First, the *Magenta Book*, HM Treasury’s guidance on policy evaluation, was edited and republished in 2011. This is government’s authoritative guide to evaluation and is a valuable reference document for local organisations undertaking evaluation. Second, a recent report by the National Audit Office (NAO), *Evaluation in Government*, indicates that the rigour of evaluation methodologies (especially on impact evaluation) needs to be improved and states that more robust approaches to assessing the counterfactual should be employed where practical and appropriate. The NAO’s report advocates the use of randomised controlled trials (RCTs) where possible, or quasi-experimental approaches. The essence is that the outcomes of a project or policy should be estimated by comparing the behaviour and/or performance of the beneficiary group(s) with an appropriate non-beneficiary group(s). In some cases, it may be too expensive or may not be feasible to establish a counterfactual in this way, and we return to this in Chapter 4.

Third, BIS, CLG and the Economic and Social Research Council (ESRC) have recently co-funded the establishment of a *What Works Centre* covering Local Growth. Part of a network of centres, this will assess to a consistent standard and common currency existing evaluation evidence in areas pertaining to local economic development, contribute to disseminating evidence on what works, and help to encourage good practice in evaluation.

These recent developments provide an important backdrop for this report and for local organisations engaged in economic development, because they signal a growing

recognition that evaluation matters. Done well, evaluation evidence can tell us what works in what context and why, thereby providing critical feedback on what we should do more of (and less of) to foster local growth. Whilst there are often issues around the synchronicity between policy-making and policy-learning processes, there can be worthy returns for local organisations of investing in evaluation. Put simply, compelling evidence on what works will lead to more persuasive cases for investment, whether that be in national negotiations (on a wide range of project and programme investments) or in discussions with local leaders.

Effective evaluation (and the monitoring that underpins it) also matters at a local level. It can generate intelligence and evidence that can help to inform and improve current and future interventions, prioritise resources, and demonstrate capacity and competence locally. This can help to secure public and private investment in a local area in interventions that are shown to work and organisations/partnerships that can demonstrate their impact.

This report

Purpose and audience

This report draws on the experience of developing the monitoring and evaluation plans for the IFB to provide lessons for other localities. The report does not itself represent the monitoring and evaluation framework for the IFB; this is published separately by Liverpool Vision. Rather it sets out the messages and key challenges for others undertaking monitoring and evaluation of local economic development interventions, and in so doing seeks to encourage more appropriate and better-designed evaluation amongst local organisations.

The IFB is an appropriate 'case example' for this learning intent for a number of reasons:

- The IFB is a high-profile and significant intervention with the potential to generate significant learning on how to implement major business events, but with limited resource available for monitoring and evaluation. Understanding how limited resource has been prioritised and focused in this context will be of interest to localities.
- The IFB is a locally-led intervention, involving both the public and private sector, working with national agencies and seeking to deliver against Government policy objectives. This is relevant as local partners across England look to develop, deliver, monitor and in time evaluate activities under their Strategic Economic Plans and Growth Deals.
- The IFB is a complex intervention, involving a range of activities and partners, cutting across different policy domains, and with a range of time-paths to impact. Understanding, at a local level, how this complexity has been managed in planning for evaluation will be of value to others developing similar complex and multi-faceted interventions.

The report is intended principally for practitioners and policy makers in local organisations (Councils, LEPs etc.) who are responsible for delivering, commissioning, or managing

evaluations. Whilst technical concepts are used, it is appropriate for a non-technical audience. It is not intended for this report to be a comprehensive guidance document on evaluating local actions; rather it seeks to provide practical 'how to' actions and lessons from the experience of development monitoring and evaluation plans for the IFB. More detailed technical guidance is available elsewhere (e.g. the aforementioned *Magenta Book*), and signposts are provided throughout the report where appropriate.

Structure

The report is structured as follows:

- Chapter 2 sets out some of the key terms that are important in evaluation, including the different types of evaluation and the concept of logic chains.
- Chapter 3 discusses setting evaluation objectives, which are important in guiding monitoring and evaluation design, with a particular focus on proportionality and feasibility.
- Chapter 4 reviews the decision-making required in identifying the most appropriate monitoring and evaluation systems and methods.
- Chapter 5 sets out other key learning points from the experience of designing the monitoring and evaluation of IFB including decisions on who should evaluate, managing risk and dissemination.
- Chapter 6 summarises the key messages and themes from the report.

2. Talking terms

This chapter sets out some of the key terms that are important in evaluation, including the different types of evaluation. It also introduces the concept of logic chains. Ensuring that there is a clear statement of the underlying logic and theory of change associated with an intervention is a first key lesson for planning monitoring and evaluation.

What is monitoring and evaluation?

Monitoring and evaluation are steps in the policy cycle, which is sometimes denoted through the ROAMEF acronym, standing for Rationale, Objectives, Appraisal, Monitoring, Evaluation, Feedback. The monitoring and evaluation stages refer to the following:

- **Monitoring** captures data on the progress of projects/programmes to check how far they are meeting expected targets. This normally involves formal evidencing and reporting of spend, activities and outputs.
- **Evaluation** is an assessment of projects/programmes to see how successful they have been in achieving their intended outputs, outcomes and impacts, whether they represented value for money and what lessons can be learned for the delivery of similar interventions. Evaluation can be undertaken during or after implementation.

There are different types of evaluation, with each type having different emphases on the nature of the evidence and learning being sought. Two key types of evaluation are as follows:

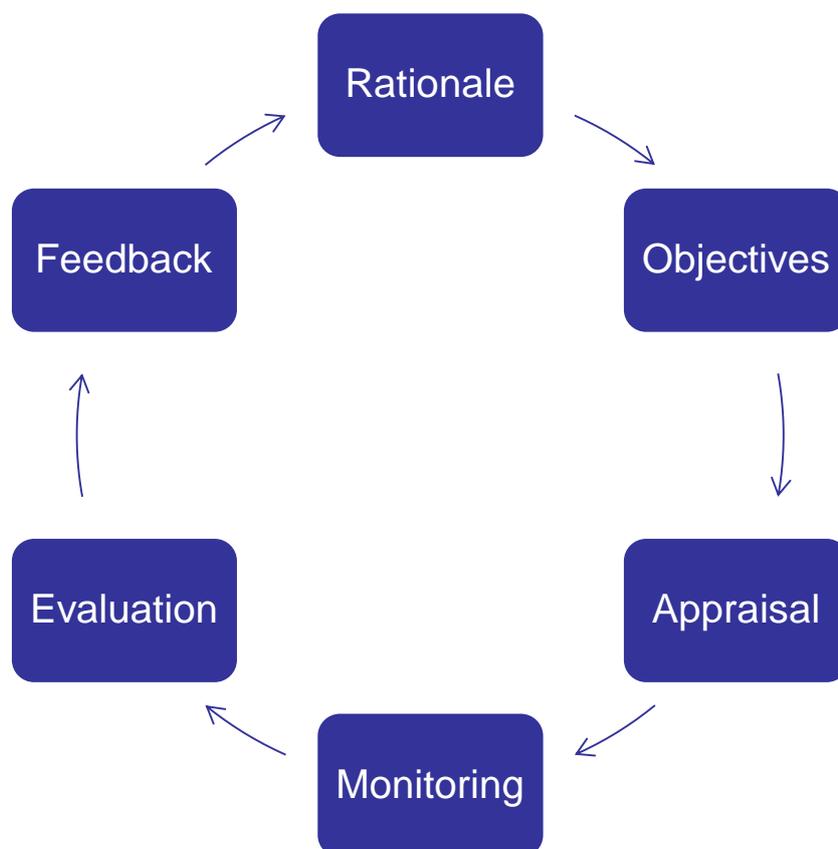
- **Formative (or process) evaluation** focuses on how activities were developed and delivered with the aim of generating learning as to why activities were a success or not.
- **Summative (or impact) evaluation** focuses on assessing the outcomes and impacts of activities. This enables an assessment of the value for money. In undertaking summative evaluation, an important aspect is undertaking a robust assessment of the counterfactual. We discuss this in more detail in Chapter 4.

The nature or emphasis of an evaluation may vary depending on the time of the evaluation. For example an **interim evaluation** may focus on process aspects, with an early assessment of impact if this is possible. An **ex post evaluation** may focus on assessing the impact. In practice, a comprehensive evaluation of a project/programme is likely to cover both process and impact: in learning about why a project or programme has had an impact, it may be important to consider implementation processes. In addition, the emphasis of an evaluation may be informed by what is feasible in terms of evaluation methodology.

The ROAMEF depiction, reproduced in Figure 1, implies a step-by-step process undertaken in a linear way. In practice, there is overlap and iteration between the different stages. The following points set out some key issues relating to this overlap and iteration:

- Evaluation should be considered at the start of the cycle. A reason for doing so is that there may be past evaluation evidence and learning that ought to feed into project and programme design.
- Another key reason for considering evaluation at the start of the ROAMEF cycle, and the underpinning basis of this paper, is that **evaluation should be planned at the outset**. This means that appropriate data collection can be put in place to facilitate evaluation. It also means that evaluation design can inform project/programme design, and that experimental approaches to evaluation (which will affect implementation) can be considered fully.
- There is a close relationship between monitoring and evaluation, with the former having an important facilitative role for the latter. As we will see in Chapter 4 with respect to the IFB in Liverpool, it is important to have effective monitoring systems to inform evaluation design.

Figure 1: ROAMEF cycle



Logic chains and theories of change

Logic chains (or logic models) set out the sequential steps of a project or programme from the underlying rationale and objectives through the implementation (in terms of inputs, activities to be delivered and immediate outputs) to the intended effects (in terms of outcomes and impacts). They are a useful device to inform project/programme design and evaluation, because they encourage thinking about the steps required for an intervention to have its desired effects. Therefore, to be effective, a logic chain should represent the **causal theory** about why and how an intervention might work. Indeed, logic chains may be accompanied by a **‘theory of change’**, which sets out an explicit theory of ‘how’ and ‘why’ a policy might cause an effect – which may then be used to guide the evaluation. For more details on theories of change and theory-based evaluation see the *Magenta Book* (pp55-59).

Figure 2 sets out a template structure for a logic chain, defining the varying steps from rationales to impacts and identifying the type of information required under each of the steps. A key early task for Liverpool Vision in developing its monitoring and evaluation plan was to set out a clear logic chain for the IFB, and an example of a populated logic chain for the overall logic of the IFB is set out as part of Figure 2. In order to understand how and why the desired effects may be brought about, the logic chain for the IFB was developed further through a detailed schematic on the causal theory. Following Figure 2 there is a more detailed depiction of how activities are expected to bring about different types of interactions, and so deliver outputs, which in turn will bring about the desired outcomes of the IFB. This illustration of the causal theory is a more complicated depiction of how the intervention is expected to work, and is important in informing the evaluation, which will need to reflect this sophistication². The detailed depiction also sets out a series of ‘nested’ logic chains for different activities of the IFB and also how different types of participants (e.g. Liverpool City Region companies, companies from the rest of the UK and international companies) may interact and be affected. This nested element was important given the various types of participants in the IFB. It also illustrates the complicated way in which the IFB is expected to bring about desired outcomes, because there is likely to be overlap and interaction between the different activities. Note that Figures 1 and 2 are in draft form, produced by Liverpool Vision in the development of the IFB monitoring and evaluation plans, and should be regarded as illustrative only.

A supplementary, causal theory can be set out as a narrative. For example, for the IFB this could include the following:

“a key rationale is based on ‘information failures’ whereby: (i) Liverpool City Region and UK businesses do not have perfect information on all of their possible buyers/suppliers/investment opportunities, which limits their potential to grow, and (ii) overseas businesses/investors have insufficient information of what Liverpool City Region/UK and its businesses have to offer, leading to sub-optimal investment. In response to this, the theory is that by providing greater information and opportunities

² Some projects/programmes at local level may be quite complicated interventions, which require consideration of a range of influencing factors on the logic (or system of the intervention), as well as the networks and contexts that are relevant to the project/programme.

for networking and coordination, you can influence these sorts of decisions. The logic of the brokerage activities of the IFB (e.g. 'meet the buyer' events) is that by fostering interactions and overcoming lack of information, new business opportunities are developed there and then (with subsequent effects in terms of investment/growth/increase in the numbers of Liverpool City Region businesses that export) or new contacts are made that lead to new business opportunities further down the line."

The logic may be underpinned by some specific assumptions, which can inform key evaluation questions, such as the following:

- There are barriers to doing business/investing due to lack of information. **Questions: Do international businesses have misperception of Liverpool City Region? Can these be influenced through a festival such as the IFB?**
- Decisions can be influenced through encouraging/fostering interactions. **Questions: What types of decisions are influenced and by what types of interactions/events? What are the commercial/economic benefits in the short and longer-term?**
- By bringing together events under the IFB will they attract a greater quantity and quality of activities. **Questions: How do events work together? What additional scale and quality has been brought about?**
- There is a link between positive perceptions of a city and investment decisions. **Questions: How far does IFB lead to improved perceptions? Does this affect decision-making of participants? Are there spillover effects to others?**

In getting the logic clear, key building blocks are the underlying strategic reasons for doing the project or programme. These are articulated in the underlying rationales and objectives. By the time of evaluation planning, these ought to have been clearly articulated, e.g. as part of a project or programme appraisal. However, this may not always be the case. As a result, there may be a role in evaluation planning, as far as possible, to ensure that there is a clear and shared understanding of the rationales and objectives. As part of evaluation, it is then useful to test how far the evidence supports the validity of the original rationales (and whether they remain), and achieved outcomes can be compared to the original objectives.

A note on rationales

Rationales for projects/programmes are often justified through:

- Use of evidence on the contextual conditions that affect a possible project/programme, and which may provide a case for intervention if ...
- ... there is evidence of the existence of market failures or other rationales for intervention (HM Green Book refers to there potentially being a case for intervention on the grounds of economic efficiency grounds, i.e. market failures, or equity grounds).

There are four types of market failure, namely market power (e.g. monopoly power, barriers to entry), asymmetric (or lack of) information (e.g. adverse selection, moral

A note on rationales

hazard, monopoly power, bounded rationality), externalities and public goods. HM Green Book discusses market failures, and further guidance is available elsewhere in other economic texts.

'Other failures' may refer to equity considerations (e.g. whereby people/businesses/ places are disadvantaged by who/where they happen to be), coordination failures (e.g. lack of joining up between existing activities or agencies, meaning that potential synergies are not capitalised on), and institutional failures (e.g. intervention by public agencies creates perverse incentives, such as the benefits trap whereby people face disincentives to work because they may be worse off).

In the case of IFB, a key part of the rationale relates to information, with foreign investors not having complete information to inform decisions on investment/trade in the Liverpool City Region (resulting in potential misperceptions) and UK based companies lacking information on ways in which they can generate income from overseas. In addition, there are equity considerations (on the basis of arguments around rebalancing the economy spatially, i.e. to regions outside of the South East) and coordination arguments (e.g. bringing together existing events). The process of developing the evaluation plan for the IFB crystallised these arguments, and informed the causal theory to be evaluated.

A note on SMART objectives

A key part of the logic chain is a depiction of the objectives of the project or programme. As far as possible, these should be expressed in SMART terms, i.e. they should be:

- Specific – i.e. clear and unambiguous (avoiding general objectives)
- Measurable – i.e. progress can be assessed clearly so that it is obvious whether you have been successful in meeting the objective
- Achievable – i.e. potential to be delivered by the programme in the timescale
- Relevant – i.e. matters/is worthwhile for the programme
- Time-bound – i.e. indicate a point by which you intend the objectives and its consequences to be achieved

The presence of SMART objectives can facilitate evaluation, because SMART objectives mean that is unambiguous as to whether the project/programme has been successful in meeting what it set out to do. In some cases, SMART objectives may be absent or the particular target measures may emerge over time. This poses challenges for evaluation. In the case of IFB, it has been challenging for evaluation planners to retrospectively make objectives more SMART given that the objectives were established prior to evaluation planning. However, two practical actions have been/will be adopted to improve the clarity of how objectives will inform evaluation:

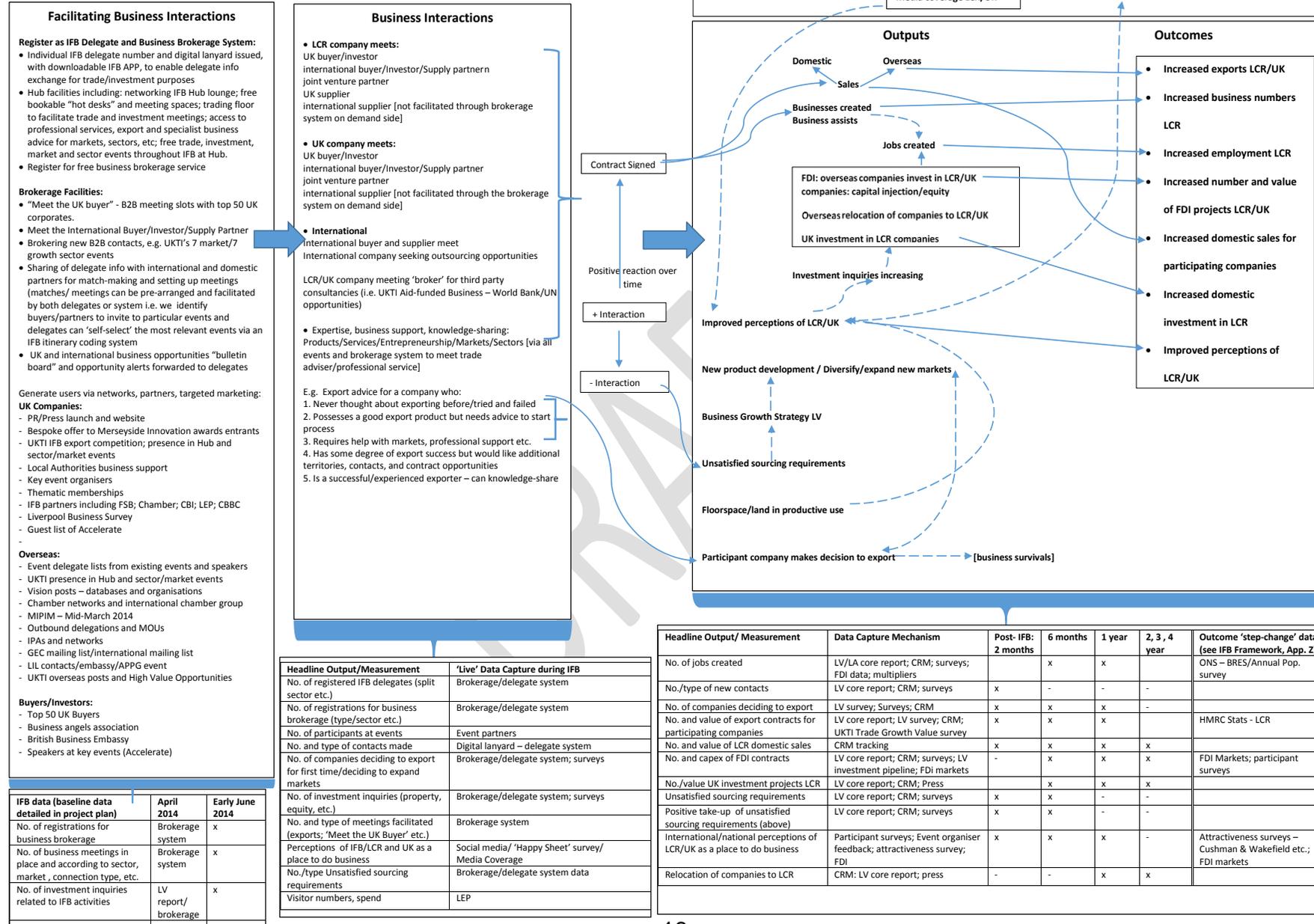
- Timescales have been identified for objectives so that it is clearer as to whether they are expected to be achieved in the short-term (during the IFB itself), medium-term (by summer 2015) or long-term (by summer 2018).
- Baselines will be established, where possible, to inform the setting of target outcomes against which to judge success later – and this is the case for IFB.

Figure 2: Example logic models

RATIONALE	OBJECTIVES	INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACTS
<p><i>What issues or problems does this programme seek to address? Relate this to the 2 main economic arguments for intervention:</i></p> <ul style="list-style-type: none"> • <i>Efficiency - to address market failures, i.e. externalities, public goods, imperfect competition and/or imperfect knowledge etc.</i> • <i>Equity - to rectify uneven distributions of outcomes.</i> 	<p><i>What are the goals being pursued (Specific, Measurable, Achievable, Relevant, Time-bound)?</i></p>	<p><i>What resources contribute to the production and delivery of the outputs?</i></p>	<p><i>What are the proposed activities to implement the programme?</i></p>	<p><i>What outputs will the programme activities provide?</i></p>	<p><i>What are the consequences of the intervention and its outputs, e.g. in terms of changed behaviour, perceptions and performance of businesses, individuals, organisations and communities</i></p>	<p><i>What is the longer term associated economic impact, and the impact on the conditions giving rise to the rationale?</i></p>
<p>IFB example</p>						
<p>The IFB is intended to contribute to addressing the structural imbalance of the UK economy, in terms of:</p> <ul style="list-style-type: none"> • The relative sizes of the public and private sectors • The relative importance of the economy in London and the South-East compared to that of the rest of the UK • The balance of trade <p>The IFB is being staged in the LCR for several reasons:</p> <ul style="list-style-type: none"> • The LCR has a strong 	<p>To generate jobs and investment in the Liverpool City Region and wider UK economy:</p> <ul style="list-style-type: none"> • Create jobs in the LCR/UK • Increased exports; to contribute to the Government's target of doubling UK exports by 2020 • Increased domestic sales for participating companies • Increased foreign direct investment into the LCR and 	<p>Funding</p> <ul style="list-style-type: none"> • £ 5 million city deal • (x) Other national/regional funds • (x) Sponsorship and other private funding <p>Total: £ 15 million</p> <p>Delivery:</p> <ul style="list-style-type: none"> • Liverpool Vision • EEP • LCR LAs • LEP <p>Partners:</p>	<ul style="list-style-type: none"> • The core activities of the IFB are the range of business interactions facilitated by: <ul style="list-style-type: none"> ○ Business brokerage and delegate system ○ 100 + Business-focused Events ○ IFB Trade HUB • Supporting interventions needed to support the delivery, including: <ul style="list-style-type: none"> ○ IFB Marketing ○ Volunteer programme ○ Traineeships in HUB ○ 'Rum Warehouse' 	<ul style="list-style-type: none"> • Jobs created • Export contracts secured by participant companies • Domestic sales for participant companies • Participant companies from overseas investing in LCR/UK • Domestic investment from participant companies into LCR: by relocation/equity injection etc. 	<ul style="list-style-type: none"> • Increased employment LCR • Increased exports LCR/UK • Increased domestic sales LCR/UK • Increased number and value of FDI projects LCR/UK • Increased domestic investment in LCR • Improved perceptions of LCR/UK • Increased visitor spend in LCR • Increased visitor numbers to LCR 	<p>Contribution to rebalancing the economy of LCR/UK</p>

RATIONALE	OBJECTIVES	INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACTS
<p>track record in delivering large events; examples include Capital of Culture '08 and Liverpool's presence at the 2010 World EXPO in Shanghai</p> <ul style="list-style-type: none"> • Liverpool has undergone an internationally significant transformation in the last fifteen years, both physical and economic • Liverpool has very high international brand awareness • Liverpool also suffers from significant concentrations of socio economic deprivation (equity rationale) 	<p>UK</p> <ul style="list-style-type: none"> • Increased domestic investment into the LCR • Improved perceptions of the LCR/UK as a place to do business • Increased visitor numbers/spend in LCR 	<ul style="list-style-type: none"> • Cabinet Office • UKTI • BIS • BCC • CBI • FSB • EEF • UK Business Angels • Other private sector partners <p>Sponsorship Agency:</p> <ul style="list-style-type: none"> • Capitalize 	<p>at Stanley Dock Development</p> <ul style="list-style-type: none"> ○ Transport ○ Information Services <ul style="list-style-type: none"> • Cultural programme 	<ul style="list-style-type: none"> • Perceptions of LCR/UK as a place to do business • Media coverage for LCR • Visitor spend • Visitor numbers • Volunteer and accredited training • IFB-related tender opportunities for development and delivery • Floor space/land in productive use 		

Appendix B: Nested Logic Model – business interactions



Indicators

As has been shown above, the underlying logic, through the logic chain and a depiction of the theory of change, can usefully highlight the types of question that can inform evaluation. In addition, logic chains can also form the basis for developing sets of indicators or sources of evidence that might be required as part of both monitoring and evaluation.

By setting out the logic chain, it is possible to identify appropriate indicators that would be required to populate the logic chain. As far as possible, these should be identified as part of the plans for monitoring and evaluation. For example, these might include:

- **Contextual indicators**, which reflect the rationale and context within which the project is taking place. For the IFB this includes indicators on the number of Foreign Direct Investment (FDI) enquiries and the number and value of FDI projects, and trends in overseas sales of goods and services.
- **Inputs**, i.e. the expenditure and other resource lines that should be monitored as part of implementation. For the IFB this includes expenditure (and sources) on different types of events and activities (such as promotion).
- **Outputs**, i.e. indicators on the immediate deliverables of activities, which should again be monitored as part of implementation. For the IFB this could include immediate measures of activity such as the number of registered IFB delegates and the number of visitors to Liverpool City Region during the festival, as well as indicators of effects during the festival such as number of Liverpool City Region businesses securing overseas contracts and perception measures amongst overseas businesses.
- **Outcomes**, i.e. the changes in behaviour and performance that you are seeking to bring about, which are likely to require evaluative research (such as surveys). For the IFB this includes the commercial benefits (e.g. in terms of turnover) of new overseas contracts secured, increases in the numbers of Liverpool City Region that are exporters, and subsequent investment effects in Liverpool City Region by wider UK and overseas businesses.

In the detailed schematic under Figure 2 (above), a number of output and outcome indicators are identified that may be captured as part of a baseline for IFB, through monitoring systems and through other data collection (e.g. surveys of participants).

Summary of key actions from this chapter

Action	Commentary
When to think about monitoring and evaluation	
Plan evaluation as soon as possible – preferably as part of project/programme design	This is particularly important in informing data collection, including what data is to be collected and when If experimental approaches (see Chapter 4) are to be adopted, e.g. randomised controlled trials, then evaluation design will inform how the project/programme is implemented
Develop monitoring systems to facilitate evaluation as soon as possible	Closely related to the point above, monitoring systems should be considered at the outset – this will be important in facilitating evaluation
Logic chains	
Develop an overall logic chain for the project or programme	The logic chain and underpinning ‘theory of change’ should be developed as far as possible to represent the expected causal logic of how and why the project or programme is expected to work If appropriate, a series of nested or specific logic chains could be developed for particular activities within the project or programme or for particular objectives or target groups
Use the logic chain and underlying theory of change to identify requirements for monitoring and evaluation	The logic chain/theory of change can be used to understand the types of evidence that might be appropriate, for instance the measures that could be used to demonstrate that outcomes have been achieved, or the issues/assumptions that need to be tested to understand why the project or programme is working as intended (or not)
Indicators	
Drawing on the logic chain, identify appropriate indicators to form the basis of monitoring and evaluation	These indicators are likely to cover contextual indicators, and indicators for inputs, outputs and outcomes These indicators can then be used to inform such things as monitoring data requirements, survey questions and secondary data needs

3. Setting the evaluation objectives

This chapter covers the objectives of evaluation, which are important in guiding monitoring and evaluation design. As part of this, both proportionality and feasibility are key issues, which can highlight the importance of prioritising elements of a programme for evaluation.

Key research areas for evaluation

There are a number of research areas that may be incorporated into an evaluation of a project or programme. Here, we focus on four particular issues that are likely to form a key part of the objectives for many evaluations: first, addressing the strategic purpose and founding rationale for the project/programme; second, assessing what works; third, assessing value for money; and fourth, learning to improve future delivery of projects and programmes. These form part of the objectives of the evaluation of the IFB.

Meeting the strategic purpose

One of the evaluation aims for the IFB is to assess *“How far the IFB has served its strategic purpose of generating jobs and investment in the LCR and wider UK economy, in the short term and long term, and to establish the extent to which the outcomes observed are the result of (caused by) the IFB intervention”*. This is important for three key reasons:

- First, it provides **accountability to stakeholders** on what has been achieved against the original intents, i.e. how far do outcomes achieved meet or surpass original objectives.
- Second, in assessing the outcomes, it seeks to **understand the effects that are attributable and additional** to the IFB (i.e. they would not have happened otherwise).
- Third, in making this assessment it will be important to consider **how the project/programme has addressed issues relating to the rationale**. In the case of the IFB this tests how far these issues were valid at the outset, and how far they might have been addressed; for example how far informational barriers have been overcome.

These research aims show the importance of establishing SMART objectives, and being clear on the founding rationale for the project/programme (as introduced in Chapter 2). A further point, which we pick up on in Chapter 4, is the extent to which additionality can be robustly tested in an empirical way, i.e. the feasibility of different types of impact evaluation.

Assessing what works and value for money

In assessing the outcomes of a project/programme, there are two further aims that can be considered, and these are captured within the IFB monitoring and evaluation plan. These are as follows:

- An **assessment of the value for money**, which compares the outcomes and impacts to the resource inputs. This provides further account to stakeholders and might inform future spending decisions – e.g. is it worth making similar investments in the future?
- An **assessment of what in particular within a project or programme worked well**. For the IFB, one of the evaluation aims is to assess *“The relative value of the different types of intervention (events, the HUB and supporting interventions); principally what worked well, what didn’t, and why”*.

Again, the extent of confidence in these assessments depends on the feasibility of methods to assess the counterfactual and the relative performance of different activities. For example, in the case of the second aim above, it may be difficult to capture in isolation evidence on the relative performance of different activities because they are inter-related. However, there may be useful feedback from participants on what was important to them from the IFB, but also what else provided a supporting role.

What do you want to learn?

A key reason for evaluation is to **learn lessons for taking forward the project or programme**, either at an interim stage of the initiative or at the end of its current run-through. There will also be important lessons for other similar initiatives that you or other organisations may wish to consider delivering in the future. The answers to these questions are likely to come from both the evaluation of outcomes and impacts (e.g. drawing on the evidence against the research aims identified above) and from the formative side of an evaluation (e.g. qualitative feedback from project/programme partners and beneficiaries).

In setting evaluation aims relating to learning, it is useful to consider what you know already (from your own previous evaluations or from elsewhere). For example, if there is a body of evidence around what works and why from other similar initiatives, then subsequent evaluation should look to bolster this evidence (e.g. by providing greater weight of evidence) or look to fill specific gaps in this evidence.

For example, in the case of the IFB, partners in the Liverpool City Region have existing knowledge on the key processes required and governance for staging major events, drawing on their experience of the European Capital of Culture in 2008. Therefore, key learning objectives for the Liverpool City Region with respect to IFB relate to the business focus of the IFB and its drawing together of existing activities. As a result, main learning points may be derived from:

- understanding how the existence of the IFB was able to improve the scale, reach and quality of events that would have happened anyway
- understanding how and why a festival such as IFB can influence business decisions, networks and perceptions.

A note on the spatial focus of evaluation

A final issue to note is being clear on the parameters around evaluation, and in particular the spatial focus. This is particularly important for local organisations evaluating their

activities, as there is a question as to *‘what spatial area am I interested in when understanding the outcomes?’* The answer is normally dependent on the rationale and objectives for the project/programme and the target group/geography. If a project/programme is focussed on delivering outcomes for a particular spatial area then they should be evaluated as such. However, this is often not straightforward. In the case of the IFB, the focus of the objectives, in particular for Liverpool Vision and its partners, is on delivering outcomes for the Liverpool City Region. Therefore, the evaluation will focus on understanding outcomes related to this spatial area. However, there are likely to be benefits to the wider UK economy (and there is a UK audience for the evaluation). This does have quite important implications for evaluation, as follows:

- Benefits to the UK more widely should be assessed and taken into account by Liverpool Vision’s evaluation – perhaps reported separately.
- Outcomes in relation to investment and businesses within the Liverpool City Region may result in displacement effects from the UK more widely. For Liverpool Vision’s evaluation the target area is the Liverpool City Region and so the assessment of displacement will be focussed principally on any displacement effects within the City Region. However, wider displacement effects, including between the Liverpool City Region and the wider UK should be assessed as far as possible and, as with wider benefits to the UK, noted separately.

The spatial area of focus for the evaluation may vary depending on the specifics of the project or programme. For example, some interventions may be quite clearly focussed on Local Enterprise Partnership or specific Local Authority District geographies; some programmes such as European programmes may have a regional footprint; wider still, there may be pan-regional programmes that should be assessed as such (e.g. the evaluation of The Northern Way considered the underpinning rationales at the level of the North of England). In other cases, the geography may be more complicated or specified in different ways (e.g. covering only the rural geography of a locality). In these cases, benefits that leak into surrounding areas may be deemed as appropriate, in particular if they are in the relevant locality/LEP geography. However, it may be relevant to assess the scale of such leakage. For example the High Technology Corridors programme in the West Midlands was focussed on three distinctive ‘corridors’ of activity, which were not defined by local authority boundaries. Whilst, activity was focussed in these corridors, benefits were assessed for the West Midlands region as a whole (though spatial creep was acknowledged as a ‘process’ issue in the evaluation³).

Proportionality of evaluation and prioritising evaluation aims

With the overall research areas and evaluation objectives set, the next step for those planning evaluations is to consider how to best focus and maximise resources, taking into account issues of proportionality and prioritisation, as considered below.

³ See

http://webarchive.nationalarchives.gov.uk/+/http://www.advantagewm.co.uk/Images/High%20Technology%20Corridors%20Final%20Report_tcm9-18159.pdf

Evaluation resources are likely to be scarce and so there is likely to be a need to prioritise evaluation efforts on particular research aims. In general, **evaluation resources should be allocated in relation to the following criteria:**

- **scale of spend** – larger projects and programmes should have more evaluation resource dedicated to them
- **pilot initiatives** – pilots should have relatively more evaluation resource so that initiatives can be tested to see if they work before wider roll-out
- **risk/innovation** – novel and riskier projects and programmes should have more resources dedicated to evaluation.

In this context, and to maximise the use of resources it is useful to think about the fundamental purpose of evaluation, which is to develop evidence on outcomes and learning to inform future projects and programmes. Therefore, **evaluation resource will have the most value by focussing on gaps in the evidence base that can be usefully filled.**

For example, there are advocates in some Anglo-Saxon nations (e.g. Australia) to use a hypothesis testing framework for evaluation (which draws on how this approach is used in the intelligence services). This involves setting hypotheses (including possible competing hypotheses) against key evaluation questions, with these hypotheses tested first against existing evaluation evidence. If the existing evidence provides a clear and credible conclusion then you move to reporting and dissemination/implications. If there are gaps, then you may reframe your hypotheses and collect evidence to fill these gaps⁴. In this sense, evaluation objectives could be focussed on one or two aspects of a programme and/or particular evaluation questions (e.g. assessing whether a specific activity leads to certain outcomes).

Partly related to this argument is to **focus on the core strategic purpose of a project or programme** in developing evaluation aims (and the subsequent evaluation activities). This aligns with the 'What Works Centre for Local Growth', which will consider the existing evidence base on local growth to identify what is known about what works and where there are gaps.

Another issue is to **consider how evaluation resources can be stretched further**, e.g. by using cost-effective methods and approaches, and drawing on existing data/research (as discussed in more detail in Chapter 4).

Prioritising evaluation resources for the IFB

In developing the monitoring and evaluation plan for the IFB, there was a constraint on the amount of resources available. To make the most of available evaluation budget, Liverpool Vision has taken the decision to undertake the evaluation internally. There is a

⁴ See Matthews, M. and White, G. (2013) *Faster and smarter: using a hypothesis-testing approach to policy and program evaluation*, Technical Memorandum Prepared for the OECD Expert Group on the Evaluation of Industrial Policy, Working Draft

separate issue about who should undertake an evaluation, and the pros/cons of undertaking studies internally, which we cover in Chapter 5.

A second aspect to prioritising evaluation resources has been to focus on the core purpose of the project. For example, the core strategic purpose is related to the creation of jobs and new investment in the Liverpool City Region (and wider UK) relating to internationalisation. A secondary purpose is in attracting visitor spend, both during the festival and afterwards. In light of these differing degrees of priorities, more evaluation resource is being focussed on understanding the business benefits associated with participants, rather than visitor spend. In practice, therefore, this is illustrated in the contrasting deployment of evaluation resources:

- Business benefits will be assessed using data captured through robust monitoring (as discussed in more detail in Chapter 4) and linked longitudinal surveys of participants. For example, participants of the IFB will be surveyed at baseline stage (i.e. before the festival), immediately after the festival, and then subsequently (12 months later and potentially after 2-3 years). Alongside the monitoring information collected, this primary evidence will enable Liverpool Vision to identify information on business outcomes of the IFB (new contacts, new joint ventures, deals with overseas customers etc.), and self-reported evidence on the role of the IFB in generating these.
- Visitor impact will be assessed through a less resource-intensive visitor spend model, which will draw on data on visitor numbers, origin of the visitor, duration of stay, and assumption for the spend per visit (e.g. depending on staying visits, day visits etc.).

Summary of key actions on evaluation objectives

Action	Commentary
Setting evaluation objectives	
Set the evaluation's objectives, being as clear and specific as possible	There are likely to be up to four core areas relating to this: assessing the additional and attributable outcomes in relation to the strategic purpose of the project or programme; assessing what works; assessing the value for money; and understanding lessons from delivery.
Proportionality and evaluation priorities	
In determining how much resource to dedicate to evaluation, consider the scale, nature and level of risk/innovation of a project or programme	Other things being equal the following types of projects should have more evaluation resource dedicated to them: larger projects; pilot initiatives; risky/innovative investments.
Prioritise evaluation	In particular, focussing on gaps in the evidence base (to

Action	Commentary
<p>efforts by considering focussing on specific evaluation objectives or cost-effective means of implementation</p>	<p>maximise learning) and on the core purpose of the project or programme will help to prioritise scarce evaluation resources</p>

4. Methodologies and approaches

This chapter reviews the decision-making required in identifying the most appropriate monitoring and evaluation systems and methods. This needs to be informed by the objectives and priorities for evaluation (as noted in chapter 3), and also issues around feasibility and rigour.

Systems for monitoring

Effective monitoring is essential to provide the underpinning information and data to inform the design and implementation of a robust evaluation of a policy intervention. As set out in the *Magenta Book*, monitoring “*seeks to check progress against planned targets and can be defined as the formal reporting and evidencing that spend and outputs are successfully delivered and milestones met*”.⁵

Monitoring data are not used solely for evaluation – expenditure data for example will be collated for financial reporting purposes – but they provide a key resource to inform evaluation, both process and summative. In practical terms, monitoring involves the establishment of systems and processes to enable information and data about an intervention to be recorded covering its expenditure, the nature and scale of its activities and the outputs, and where possible the outcomes, that are delivered.

In identifying the monitoring needs for an evaluation, it is important to consider both the existing systems in place, and any new data collection that may be required. In making use of **data covered by established systems** (more on this later in this Chapter) those planning evaluations will need to consider the quality and coverage of the data. For example:

- the extent to which data collection will cover all aspects of an intervention, and particularly those prioritised by the evaluation, specifically checking the data coverage against the elements of the project/programme logic model (see Chapter 2)
- the robustness of the data collection systems, and the extent to which the timing and frequency of data are consistent with the evaluation, for example will data be available for intended times for reporting (e.g. interim and final evaluation reports)?
- the validity and independence of the data, notably where information is provided by those agents/organisations responsible for delivering a project/programme to the evaluators; in some cases formal verification processes can be used as part of monitoring systems, in other cases those undertaking evaluation may need to triangulate the monitoring data with information from other sources such as primary

⁵ Magenta Book, p14

research (further information on triangulation is available in Chapter 8 of the Magenta Book)

Where there are gaps in the coverage of existing data systems, **new monitoring data generated specifically for the purposes of the evaluation** will need to be considered. Issues to be addressed here include the following:

- Who will have responsibility for gathering data, and when will the data be gathered?
- How will the data be gathered, and how will the new data be aligned/combined with the existing data systems?
- What are the cost implications on data collection, and are these proportionate to the evaluation? Generally, new data collection should focus on only those areas that are core to the evaluation and its priorities. In the case of the IFB, if (hypothetically) there were no data available from existing/planned systems on the number of business participants this would need to be addressed through new data collection. However, if there were no systems for monitoring visitor expenditure, it would be appropriate to decide that no new data should be collected.

Beneficiary data

Effective monitoring systems should capture information on the beneficiaries of an intervention – this should be mission critical to monitoring and evaluation planning and implementation. Drawing on the evaluation objectives and priorities (to identify from whom data needs to be collected), contact information for all relevant beneficiaries, and appropriate baseline data should be collected as part of monitoring.

Crucially, **systems for the collection and storage recording of beneficiary information should be put in place at the outset of an intervention to inform evaluation activity.**

In progressing this monitoring activity, those planning evaluations should ensure that:

- appropriate permissions are in place for contact data to be used for the purpose of evaluation, e.g. so that beneficiaries can be surveyed
- secure data storage and access processes are in place, particularly where sensitive information is included
- there are clear protocols for how the data will be used, and by whom (including any external researchers or contractors), and that processes are in place for anonymising data (if required).

Where appropriate for the design of the evaluation (i.e. where non-beneficiaries may form part of the design – see next sub-section) this data collection should be put in place as early as is practical for non-beneficiaries, e.g. those expressing interest, those withdrawing, those rejected, or those from a matched comparison or control group.

For more details on good practice in data collection, and the use of monitoring data in evaluation more widely, see the Magenta Book (Section 7: Data collection).

Monitoring for the IFB

In the case of the IFB, monitoring data will be collated through two principal methods:

- A **Business Brokerage and Delegate System**, where participants will sign-up to the IFB and provide basic information, will be used both as a 'live resource' during the IFB delivery (for example, providing an interactive calendar and business matching facility), and to provide monitoring information for the evaluation. This will include data on number and type of participants, their engagement in events and activities, and their contact details to enable primary research/surveys before, during and after the festival.
- **Monitoring information provided to Liverpool Vision by event organisers**, for example on event attendance and expenditure, with inclusion in the IFB entailing obligations to provide information to Liverpool Vision for the purposes of evaluation.

In this case, the internal evaluation team at Liverpool Vision worked with the project manager and technical team to feed in the data needs of the evaluation into the development of the Business Brokerage and Delegate System, for example, to ensure that data on business characteristics (sector, size) was recorded in the system to enable effective tracking of the types of businesses engaged in the IFB. This highlights the **benefits of identifying the data requirements for the evaluation early on, prior to finalising monitoring systems and processes**.

The use of the Business Brokerage and Delegate System also represents an important example of the **use of technology and ICT systems to inform monitoring and evaluation**, enabling the evaluation to make use of a potentially very large and detailed dataset. For example, an IFB app and digital lanyard used by beneficiaries will generate data during the IFB and will provide useful indications about the nature, type and distribution of business interactions taking place. A key challenge for Liverpool Vision will be to ensure that the focus of the evaluation is not 'lost' in the wealth of data available i.e. that the focus remains on those indicators and information that will meet the evaluation objectives. However, in planning evaluations, local partners should increasingly look to utilise new technology that can provide potentially rich, but low cost data, on intervention process and impact (the risks to successful evaluation of the use of new methods will also need to be understood, as discussed in Chapter 5).

Utilising existing external information

It is also important to **draw as far as practical on other external evidence that can be appropriately utilised and potentially leveraged for use in an evaluation**. This includes socio-economic data available from national sources, largely free-to-use, for example labour market and business statistics from Nomis⁶, and publications/data from the Office for National Statistics.

⁶ <http://www.nomisweb.co.uk/>

Emerging evaluation practice also includes the use of detailed individual-level administrative datasets – such as HMRC or Job Centre Plus data for individuals, or data contained within the ONS Virtual Microdata Laboratory for businesses. These data-sets can be used potentially to identify a comparison group of non-beneficiaries, and via data-linking, track the performance/experiences of beneficiaries and non-beneficiaries over time.⁷ Data linking is a highly technical exercise, though local agencies may wish to consider what administrative datasets could be used by the evaluation and discuss this with relevant central government departments/agencies to enable access where practical.

Those planning evaluations, especially at a local level, should also look to identify where existing research is underway in their areas that can be used or re-purposed to provide additional evidence. In the case of the IFB, Liverpool Vision had run for a number of years a survey of businesses across Liverpool, a set of additional questions regarding the IFB were added to the 2013 survey to provide a low(er) cost providing baseline evidence on perceptions/planned engagement with the festival. The evaluation will also use information from UKTI from their planned research programme.

However, a key lesson from the development of the IFB's monitoring and evaluation plan was to ensure that there is **clarity on how, and why, external evidence will be used**, to ensure that it does not detract from the main evaluation approach identified, as discussed in greater detail below.

Monitoring good practice – The Prince's Trust Enterprise Programme

The Prince's Trust Enterprise Programme (formerly known as the Business Programme) helps 18-30 year olds who are unemployed/under-employed to start their own businesses. The programme offers mentoring support and, where needed, financial support to start a business. Since 1983, the programme has supported some 80,000 young people.⁸ Information on participants of the programme are recorded on the Prince's Trust database, with all new clients completing a profile form at the start of the programme to gather key profile data including demographic information and information about their background and needs. Young people also complete a 'distance travelled' form, at the outset and at subsequent stages to measure perceptions of 'soft outcomes', such as confidence and communication.

Participants are contacted via standard approaches (e.g. phone calls) as well as through more novel means (e.g. text message) after their engagement with the main element of the programme to record data on their subsequent progress such as movements into self-employment, employment, education, training and volunteering. With comprehensive systems in place, a major study of the outcomes of participants of the programme was able to utilise monitoring information from the database, matching characteristics to non-beneficiaries from an administrative dataset of unemployed people, and undertaking a series of surveys over time to compare

⁷ See Hart, M. and Drews, C (2012), *Exploring the Long-Term Impacts of Business Improvement Services*, report for BIS

⁸ See http://www.princes-trust.org.uk/about_the_trust/what_we_do/research/1304_enterprise_sroi.aspx

Monitoring good practice – The Prince’s Trust Enterprise Programme

outcomes.

For more details see ‘*Business start-up support for young adults delivered by the Prince’s Trust: a comparative study of labour market outcomes*’ available [here](#)

Methods for empirical impact evaluation

As noted in Chapter 1, there is increasing recognition within Government, including BIS, of the important role of ‘stronger’ evaluation methods to provide robust evidence on the impacts of policy interventions and to indicate ‘what works’ in delivery. BIS’ own guidance on evaluation⁹ seeks to ensure that the importance of experimental and quasi-experimental design in evaluating the impact of business support interventions is clearly understood, because such approaches can more rigorously assess the counterfactual and contribute to an understanding of causality.

Within this context, the essential principles behind a successful *impact* evaluation are as follows:

- An evaluation must involve the measurement of the counterfactual. It must be capable of proving, as far as practical, the **causality** of an intervention on any changes observed amongst the target population over and above what would have happened in any case (potentially assessed through understanding differences in the experiences, behavior and performance between a treatment group and those in a suitable comparator/counterfactual group).
- An evaluation must be **robust**, meaning that it needs to be valid (measuring what was intended to be measured) and reliable (whereby repeated measures produce a consistent result). Key issues related to robustness include appropriate sample sizes, appropriate sample selection and the use of appropriate research questions.
- An evaluation method has to be **feasible** to use in the relevant policy context, and it must not adversely impact or impede delivery.

Taken together, evaluation needs to **strike the appropriate balance between rigour and deliverability**, ensuring that the evaluation is able to provide a robust assessment without impacting negatively on the intervention’s ability to deliver for its target population.

A range of methods are available to those planning for an evaluation, from the ‘gold standard’ experimental Randomised Controlled Trial (RCT), to quasi-experimental approaches using comparison groups, and on to ‘weaker’ pre-experimental designs that rely principally on data from the beneficiary/treatment group alone, including ‘self-reported’ benefits. Further details on the range of evaluation methods are available in the BIS evaluation guidance, and the Magenta Book.

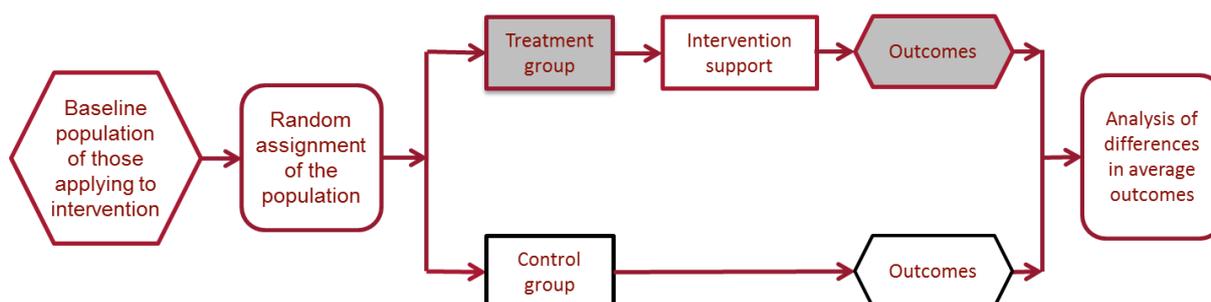
⁹ BIS (2011) *Guidance on Evaluating the Impact of Interventions on Business*, BIS, London

Headline depictions of a number of evaluation methods are presented in Figure 3. These options are not exhaustive, and a range of other variants are available, but they do represent an introduction to the **main models of evaluation that should be considered by those planning evaluation in an economic development context**. It is important to note that RCTs do not require having a treatment group receiving an intervention and a non-treatment group receiving nothing at all. In many cases, as identified in Figure 3, the difference between treatment and non-treatment groups may be in the nature, intensity and timing of intervention.

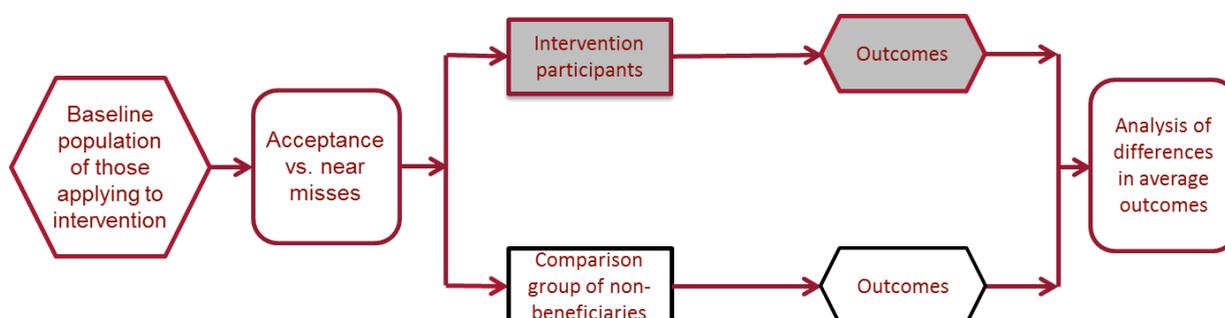
Figure 3: Evaluation methodology options

Evaluation methodology options – from ‘stronger’ to ‘weaker’

Randomised Controlled Trial (RCT) – this involves the random assignment into two groups, a ‘treatment group’, and a ‘non-treatment group’. The purpose of the random assignment is to ensure that any pre-experimental differences are distributed evenly between the groups so that the different outcomes can be compared and the causality of the treatment identified. Variants on a ‘pure policy on/policy off’ experimental design, can include approaches based on differences in the timing, intensity, or nature of the intervention offered to the treatment and control group.



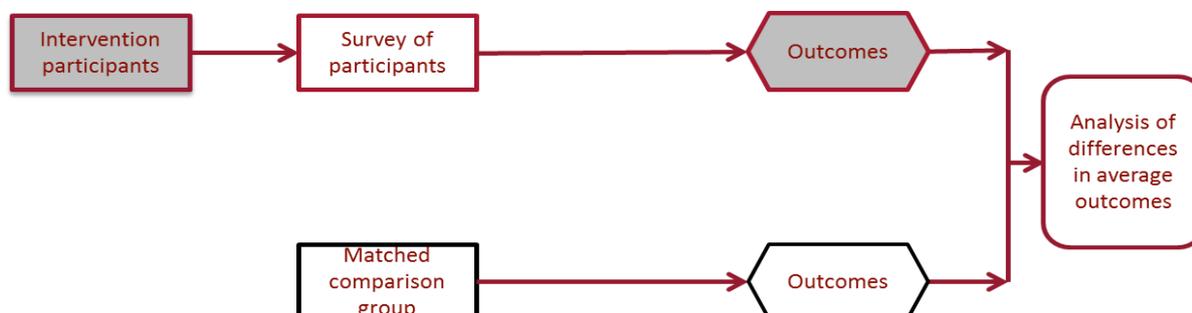
Regression Discontinuity Design (RDD) – this uses a ‘cut-off’ point to compare the outcomes of a group of participants of an intervention to a comparison group that did not receive the intervention. The cut-off point may be due to eligibility or ‘near misses’. The assumption is that the characteristics/skills/capacities of applicants around the cut-off point are likely to be similar, with the principal distinction being the involvement in the intervention.



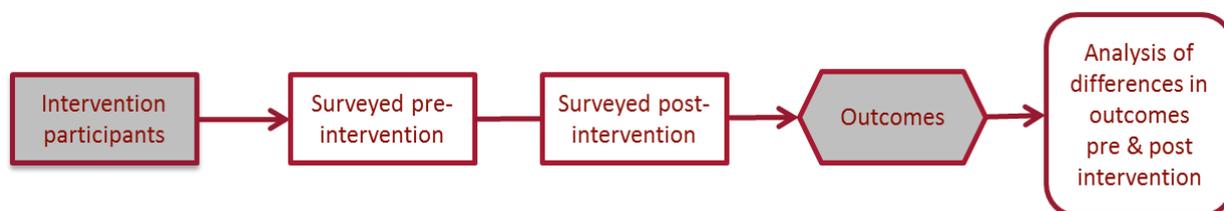
Matched comparison group – where random assignment is not possible, a matched comparison group can be identified with similar characteristics to the participants of an intervention. The aim of matching is to identify a comparison group that would be likely to attain the same outcomes as the treatment group in the absence of the intervention,

Evaluation methodology options – from ‘stronger’ to ‘weaker’

although this is a highly technical and complex exercise. Where there are differences between the groups, this could be controlled for in analysis.



Pre-test/post-test design – where it is not possible to construct an appropriate comparison group, a range of options are available including taking observations on the outcome measures from participants before and after treatment. This could involve a number of pre- and post-intervention surveys over time. This requires baseline data to be identified prior to the intervention – where this is not possible a single ‘one shot’ approach is possible, taking observations after the event only. However, this ‘one shot’ approach is the weakest evaluation method, as it does not provide a robust baseline against which the effects of the intervention can be measured, and relies on historic self-reported information that may be subject to memory decay.



The extent to which the above models are appropriate will depend on a range of factors including:

- the timing of the evaluation planning (RCT and quasi-experimental models in particular need to be identified at the outset of an intervention)
- the time lags before outcomes are anticipated (e.g. it may not be feasible to use experimental/quasi-experimental approaches if there are long time lags due to attrition)
- the degree of complexity between the intervention and outcomes to be tested; for example experimental/quasi-experimental approaches are more appropriate if there is a more direct link between the intervention and the outcomes, than if outcomes are affected by a range of confounding variables (in addition to the intervention)
- the nature of the application and engagement process (for example, an RDD requires clear eligibility criteria and application processes)

- the extent to which appropriate control/comparison groups can be identified.

The nature of the activity will also determine the feasible evaluation options. In some cases, where the nature of activity is focused (rather than varied), and the beneficiary cohort relatively self-contained experimental designs are possible. For example, Nesta undertook an RCT of creative credits to support innovation in Greater Manchester (see box below). However, for interventions like the IFB, where events are open to all those that choose to participate with no formal 'application' process or reasonable scope to withhold participation, and that involve a very wide range of beneficiaries (UK businesses both large and small, overseas businesses, individual entrepreneurs) experimental or quasi-experimental design are likely to be challenging.

Randomised controlled trial in economic development evaluation – Creative Credits in Greater Manchester

Creative Credits is a business-to-business voucher mechanism designed to encourage SMEs to innovate in partnership with creative service providers. In the pilot in the Manchester City Region in 2009 and 2010, SMEs received Creative Credits worth £4,000, which they could use to purchase a variety of creative services from local creative businesses. The SMEs were required to contribute at least a further £1,000 of their own towards their projects.

The pilot was undertaken as an RCT, with eligible applicants allocated randomly to a treatment and control group, enabling the scheme's additional impacts to be evaluated by comparing innovation and business performance in the 'treatment' group with the 'control' group of firms made up of non-recipients. Four surveys were undertaken with firms in the treatment and control groups to track innovation and business performance.

For more details see '*Creative Credits a randomized controlled industrial policy experiment*' available [here](#)

That said, where experimental or quasi-experimental designs are not feasible for the overall evaluation model, those planning evaluations should consider the potential for specific and focused experiments within a wider non-experimental evaluation approach. For example:

- **undertaking a smaller RCT for individual elements of an intervention that are oversubscribed** – in the case of the IFB this could include randomly allocating places to a number of events that have a limit on participation and that are oversubscribed, and then testing the extent to which the outcomes of participants (the treatment group) are different to those of the non-participants (the control group) over time (as with all RCTs, and other evaluation options, ethical considerations would have to be identified and assessed where treatment was withheld)
- **undertaking a matched comparison group approach to answer specific evaluation questions** – in the case of the IFB, it may be possible to identify a matched comparison group of non-beneficiaries from overseas to test whether there is a link between positive perceptions of a city and investment decision making, by

comparing the views/behaviors of firms from specific places that have and have not been involved with the IFB; given the scope and range of the IFB it would not be possible to construct a comparison group from all countries, but a specific experience on, for example, firms from the USA, or China may be viable.

It must be noted that the options above are quite specific and any decision on whether to use such techniques will depend on the priorities for evaluation, proportionality and the extent to which useful learning will be gained.

Capacity and resource constraints

The identification of the appropriate evaluation model should be determined by the feasibility of the approach in terms of methods. However, **the capacity and resource available for the evaluation will also determine what is, and is not, possible.** As recognised in BIS guidance, it is possible that the ‘best’ evaluation option will be costly, and the value for money of evaluation options should be a core consideration.

For example, as noted above, in the case of the IFB the resources for evaluation are limited meaning that there is a need to prioritise resources, and limiting the extent to which more sophisticated research methods were possible.

Evaluation options for the IFB

In developing the overall evaluation approach for the IFB, three broad options were considered across the spectrum, from experimental through to pre/post-test designs. These options, and the assessment of their feasibility for the IFB (as determined by Liverpool Vision) are set out below.

Option	Potential approach and assessment	Progressed
Experimental design	Randomly allocating participants to groups able and unable to attend particular activities, a test group and control group respectively. Regarded as not viable for the IFB, given the scope of the intervention that makes it unfeasible to randomly assign would-be participants to treatment and control groups. It would not be appropriate or possible to prevent firms from participating in the IFB, or indeed parts of the IFB.	No
Quasi-experimental design	Defining a comparison group that contains members with similar characteristics (e.g. sector and turnover) to the treatment group. Given the scope and complexity of the IFB, and the highly technical demands of quality matching to produce a robust comparison across business populations, approach regarded as not feasible. Potential to comparing the outcomes in the Liverpool City Region and a comparator area was also considered. However, other UK city regions may also benefit from the IFB, and a European or	No

Option	Potential approach and assessment	Progressed
	other international city region would inappropriate because of differences in contexts.	
Pre-test / post-test design	Measuring the performance of the target group against defined metrics before and after the intervention, for a period of several years through surveys, drawing on the monitoring information from the Business Brokerage System.	Yes

The identification and testing of these evaluation options was of value to Liverpool Vision, moving the planned evaluation from a principally ‘top-down’ method focused on tracking conditions across the City Region and linking these where possible to administrative data identified at the outset, to a more robust approach involving surveys of participants before, during and after the event.

However, an important message from the work on the IFB, is the need to **identify clearly the limitations of the chosen evaluation approach, even where it is the most feasible, particularly against the core criteria of causality and robustness**. For example, Liverpool Vision have included in their monitoring and evaluation framework a specific reference to the limitations of the approach. This is important to manage partner and stakeholder expectations on what the evaluation will and will not be able to do, and to inform the nature of the analysis, interpretation and evaluation reporting.

Approach to testing theories and reviewing processes

The evaluation options discussed above are focused principally on empirical impact evaluation. However, even where an empirical impact evaluation is the principal focus, it is normally also important to understand why things work in particular contexts (e.g. drawing on theory-based approaches), and also the ways in which delivery processes were implemented. A key point to note is that whilst a ‘gold standard’ RCT may demonstrate the effect of an intervention, this does not necessarily mean that the intervention will work in other contexts or in subsequent time periods.

There is a range of options available to understand why things work and process issues. The Magenta Book sets out a number of different evaluation designs that can be used to understand the implementation and/or delivery of an intervention including:

- **process evaluation** that investigates a number of different research questions to understand and chart the implementation and delivery of a policy, and aims to understand the process of how a policy has been implemented and delivered, and identify factors that have helped or hindered its effectiveness
- **action research** involves the researcher and those involved in developing and implementing the policy collaborating to diagnose actual problems and develop solutions based on this diagnosis in real time and involves close collaboration between the researchers and policy makers

- **case studies**, focused on smaller scale or more specific aspects of policy delivery in depth, providing a level of detail not required for the wider evaluation, but which can inform assessment of what works and why
- **theory-based evaluation** approaches that seek to test and refine the underlying logic model of an intervention and the assumed connections (i.e. the theory) between an intervention and its anticipated impacts.

These methods are not mutually exclusive and can be used in parallel, for example, case studies as part of a wider process evaluation, and theory-based evaluation approaches provide an overarching framework for evaluation research, to which empirical impact and process evaluation research can be incorporated. They will also involve a range of research techniques including bilateral and/or group interviews, focus groups, surveys and analysis of intervention documents and data. For the IFB, a range of wider research methods are proposed to provide evidence on what has worked, and why, throughout the festival. Proposed research methods include:

- a targeted programme of face-to-face interviews takes place with delegates during the Festival, to provide data on the visitor experience and spending patterns (resources permitting)
- a series of online surveys for event organisers and participants, to assess the impact of participation and lessons for future interventions, as well as identifying further opportunities to encourage investment
- case study consultations, to study the process of implementation focused on both organisers and participants.

Summary of key actions on designing the evaluation approach

Action	Commentary
Monitoring	
Identify the monitoring data required to populate the evaluation's logic model, focused on inputs, activities and outputs	Review the coverage and quality of existing monitoring data systems, and identify whether new data collection may be required, or existing systems can be re-purposed. Plans for monitoring data collection should be discussed at intervention design stage.
Identify any external other data/information that can be used to inform the evaluation	Consider what data is available at a national or local level that can be used to inform the evaluation. This should include any local research that can be re-purposed or extended as a low(er) cost option to the commissioning/completion of wholly new research.
Empirical impact evaluation	
Determine the appropriate evaluation method, balancing rigour and deliverability	Consider options from experimental, quasi-experimental or pre-experimental designs, balancing the need to provide causality and robustness with practical feasibility. Once selected, identify clearly the limitations (as well as the advantages) of the approach, to manage expectations and inform analysis and reporting.
Where appropriate, consider scope for small-scale experiments	Where experimental/quasi-experimental approaches are not feasible for the evaluation as a whole, consider the potential for focused research to address specific questions, or targeted at specific elements of an intervention.
Theory-based impact evaluation and reviewing processes	
Identify wider process issues to be assessed by the evaluation, and how the evaluation can be used to understand why interventions work, for whom and in what context	Consider a range of evaluation approaches including process evaluation, action research, and case studies. These approaches provide important information about how an intervention has been implemented and delivered, and why interventions may have worked in different contexts and for different people/businesses (thereby complementing empirical impact evaluation, which focusses on whether the intervention has worked overall)

5. Other learning from IFB experience

This chapter sets out other key learning points from the experience of designing the monitoring and evaluation of IFB.

Who should evaluate

An **important decision for those planning an evaluation will be ‘who should evaluate?’** In particular, the work could be conducted (either partly or wholly) in-house, or commissioned externally and undertaken by independent researchers/consultants. There is no clear ‘right or wrong’ here, and in each case a decision will need to be made, with reference to the capacity and skills available in-house, and the scale and level of innovation of the intervention. However, some general pros and cons for each approach apply, as summarised in the table below.

Option	Potential Pros and Cons
Internal	<p>Detailed knowledge of the complexity of projects in how they operate and the contexts within which they operate</p> <p>Ability to inform implementation at the outset and throughout an intervention</p> <p>Potentially lower cost, utilising existing resource/ capacity</p> <p>Knowledge transfer and learning within an organisation</p> <p>Existing links to/with delivery organisations, partners and stakeholders</p>	<p>Risk of perception of reduced independence in findings i.e. sense of ‘marking your own homework’</p> <p>Disincentives to critique/question activities by senior and other colleagues</p> <p>Potential for lack of specific evaluation skills and competence in generic ‘research’ teams</p> <p>Potential lack of wider evaluation experience on which to draw</p>
External	<p>Explicit ‘independence’ and enhanced ‘objectivity’</p> <p>Track-record in previous studies, and ability to draw on lessons and learning from elsewhere</p> <p>Ability to provide external perspectives and new ideas</p>	<p>Reduced insight into practical implementation detail and knowledge of operating contexts – though could be overcome through involvement at the outset</p> <p>Potentially higher cost, including costs of commissioning, selection, and management</p>

These factors are not absolute – some of the benefits of using internal resource can be generated by commissioning external evaluators at the outset of an intervention, providing

the means to both inform the intervention design, capture evidence in 'real time' and develop a detailed understanding of the practical detail of implementation. Similarly, using internal resource does not necessarily mean that an evaluation cannot be objective and robust. Examples are provided below.

There is also the potential to combine approaches, for example, undertaking the majority of the evaluation internally but making use of external researchers/consultations to advise on specific elements of the work, for example in setting an outline framework for the evaluation or undertaking technical analysis and modelling.

Evaluation of The Northern Way – using external evaluators alongside delivery

The Northern Way was established in 2004 with an ambition to close the productivity gap between the North of England and the rest of the country. External evaluators (SQW) were appointed in 2008, approaching the end of the first phase of delivery, to undertake an evaluation of the intervention over the 2004-08 period. The evaluation examined the set-up, decision-making and activities funded over the 2004-2008 period as well as the transition into the restructured priorities from the 2008/09 financial year, providing the external team with a detailed insight into the practical delivery of the intervention, and its context, and establishing strong links with those leading the intervention. In early 2009, the external team was re-commissioned to undertake an evaluation of the next phase of activity over 2008-11, in 'real time' working closely with the delivery team. The work included the development of logic chains of The Northern Way's work, observation at meetings/events over the course of the delivery period, and the innovative use of 'learning diaries' by leads of activity to capture in real time the nature of the effects and impacts of The Northern Way.

The final evaluation report is available [here](#)

However, whether evaluations are undertaken in-house or externally, it is important to ensure that the experience and expertise in the research and evaluation community is utilised as far as practical. Put simply, given its importance, **evaluation expertise and competence matters**. Where this is not available in-house, local partners should look externally for advice and guidance, including from academics and other organisations (for example other LEPs) who are undertaking similar interventions. Sources of advice and guidance could include:

- What Works Centre for Local Growth (<http://whatworksgrowth.org/>)
- UK Evaluation Society (<http://www.evaluation.org.uk/>)
- The LEP Network (<http://www.lepnetwork.org.uk/index.php>)

Who should evaluate the IFB?

For the IFB, the decision was taken early-on by Liverpool Vision to undertake the evaluation internally, based on a number of factors:

- practically, an internal approach was regarded as offering better value for money with the limited resource available than the use of external researchers/consultants
- the approach provided the opportunity for the evaluation and project implementation teams to work closely in the design and on-going development of the IFB (for example related to monitoring systems as discussed in Chapter 4)
- an internal approach maximised the potential for using the intelligence and learning gathered from the evaluation of IFB to inform Liverpool Vision's future research and evaluation activities – in this respect ensuring that the experiences and knowledge development from evaluating the IFB are not 'lost' to the organisation
- there was the potential to draw on the expertise and lessons from the teams that had led the earlier impact and evaluation work on the City of Culture programme from 2008, providing an opportunity for calling on external experience whilst maintaining internal control and ownership of the activity.

Managing risk

Effective risk management is an important element of the delivery of all public policy interventions. However, those planning evaluations of policy interventions should also consider risk specifically in relation to the evaluation itself. **Risks to the evaluation, and risk ownership and mitigation, should therefore be identified at the outset of an evaluation**, and refreshed throughout the work.

In the case of the IFB, once the overall evaluation approach had been determined, it was recommended by SQW that Liverpool Vision establish a formal evaluation risk register in the monitoring and evaluation framework. Key risks to be identified included: the practical implementation of the Business Brokerage System (notably, given its innovative nature), the level of engagement by delivery partners in the evaluation research, and risks in the response rates to surveys particularly given expected attrition rates over time.

More generally, assessments of risk should consider the quality and coverage of data, any potential bias/limitations to the findings, and risks on the communication and dissemination of findings. Further details on risk management and general principles of are available in the Treasury's *Orange Book*¹⁰, and detail on understanding the risks to a successful evaluation set out in Chapter 6 of BIS's evaluation guidance.

Dissemination of findings

It is important to **think about the dissemination of the results at the time of planning the evaluation**, including how the findings of the work will be used, shared and built upon. In thinking though dissemination, those planning evaluations will need to think about the following issues:

¹⁰ HM Treasury: Management of Risk: A Strategic Overview (The 'Orange Book')

- **Audience(s)** – the audience for an evaluation can be varied, including: the managers, policy makers and analysts within the organisation that delivered the intervention; other agencies at local, sub-national and national levels; stakeholders including industry bodies, the public, local community groups and other interested parties. Understanding who the principal audience will be will be important in determining the nature of the reporting (technical or non-technical), publication strategies and routes (for example, whether the evaluation will be published externally) and other dissemination mechanisms (e.g. use of events).
- **Types of messages** – evaluations can be used for a number of reasons: to inform practical policy decisions either immediate (for example whether to roll-out a pilot) or longer-term interventions; to improve an existing programme and any ways in which it should be changed; or to inform how future policies should be designed and implemented. Considering to what purposes the evaluation will be put should help to inform the setting of evaluation objectives and evaluation questions (see Chapters 2 and 3).
- **Timing** of the evaluation reporting, again to potentially link into the policy and investment decision cycle, and taking into account the timing that will be required for the outcomes and impacts of the intervention to flow through. Clarity on the timing of dissemination is important to inform decisions about the timings for data collection and analysis.

Thinking through the dissemination for an intervention like the IFB was particularly important given its high-profile (which is likely to necessitate the need for some form of evidence soon after the festival), but also given its complexity where many of the outcomes and impacts, such as impacting on investment decisions, are likely to take some time to work through. Liverpool Vision has proposed a staged approach, with both short-term and longer-term dissemination stages, involving:

- a baseline report in early 2014 i.e. prior to the event
- an initial monitoring and evaluation report in November 2014, soon after the event to provide an initial perspective on the scale of activity and early messages on outcomes
- a full evaluation report in September 2015, with the potential for a final evaluation report final evaluation report between 2016-2018, resources permitting.

Summary of key messages

Action	Commentary
Who should evaluate	
Determine if the evaluation will be led in-house or commissioned externally	Consider the pros and cons of internal or external evaluation, or the potential for mixing the two approaches to maximise value for money, robustness, and feasibility.
Risks	
Identify the risks to the successful delivery of the evaluation	Risks to the successful implementation of the evaluation should be recorded, including ownership and risk mitigation. Where practical, the risk matrix should be updated on an on-going basis throughout the evaluation period.
Dissemination	
Determine how the evaluation will be reported and disseminated	Consider the audience, types of messages and timing of the evaluation's reporting and dissemination. Timing should take into account different emphases i.e. process/formative reports at interim/mid-term stages, and impact/summative reports at a final stage. Planning for dissemination should take place as early as possible to inform the evaluation objectives and approach, not only once the evaluation is nearly completed.

6. Conclusions

This chapter sets out the key themes from this report, an overview of the distance travelled for the IFB, and provides an integrated headline ‘route-map’ that may be of use to local agencies in planning monitoring and evaluation activity.

Key themes

Across the detail of this report, five key themes emerge:

- **Plan for evaluation and the evidence that will inform it. This should include fit-for-purpose monitoring systems that should be established early-on, ideally alongside the initial design of the policy intervention.** Avoid retrospectively putting in place plans for monitoring and evaluation only ‘when they are needed’, as this is likely to lead to gaps in monitoring and the evidence base and result in less rigorous evaluation research design.
- **Develop and remain focused on the logic chain as a key tool for evaluation.** Developing an intervention logic chain, which sets out why an intervention is needed, what it will do and what it will achieve, should not be seen as a ‘tick-box’ compliance exercise, but as a practical mechanism to inform decisions about evaluation approaches, implementation and dissemination. The logic chain does not necessarily stay ‘fixed’; it may evolve and change during the implementation of an intervention.
- **Be alert to, and make use of, the guidance, learning and evidence on monitoring and evaluation that is already out there** – as referenced throughout this report, significant work has been done, and is emerging, on ‘how to do’ evaluation. All evaluations will need to reflect their own local context and be tailored to their individual needs. However, in terms of monitoring systems, methodologies, and research processes, localities should try to avoid as far as practical, ‘reinventing the wheel’. An important source of information going forward will be the What Works Centre covering Local Growth.
- **Ensure that decisions on evaluation methods and implementation are evidenced, informed and considered.** In planning for evaluations, localities should consider experimental and quasi-experimental approaches (in full or part) if these are appropriate given the context, constraints and complexities of the intervention. Where these are inappropriate, other approaches can be used to generate evidence and learning on interventions. Irrespective of the selected approach, the pros and cons of different options should be considered, and any limitations should be clearly noted. The plan for the chosen approach should cover how the evaluation will be resourced and delivered (including by whom), and the uses to which it will be put.

- **Where there are constraints on resources and budgets, ensure that there is prioritisation of evaluation and research effort.** Identifying clearly what the evaluation objectives are, and what you need to know to answer the evaluation questions, is key to planning resources and budgets accordingly.

The IFB ‘journey’

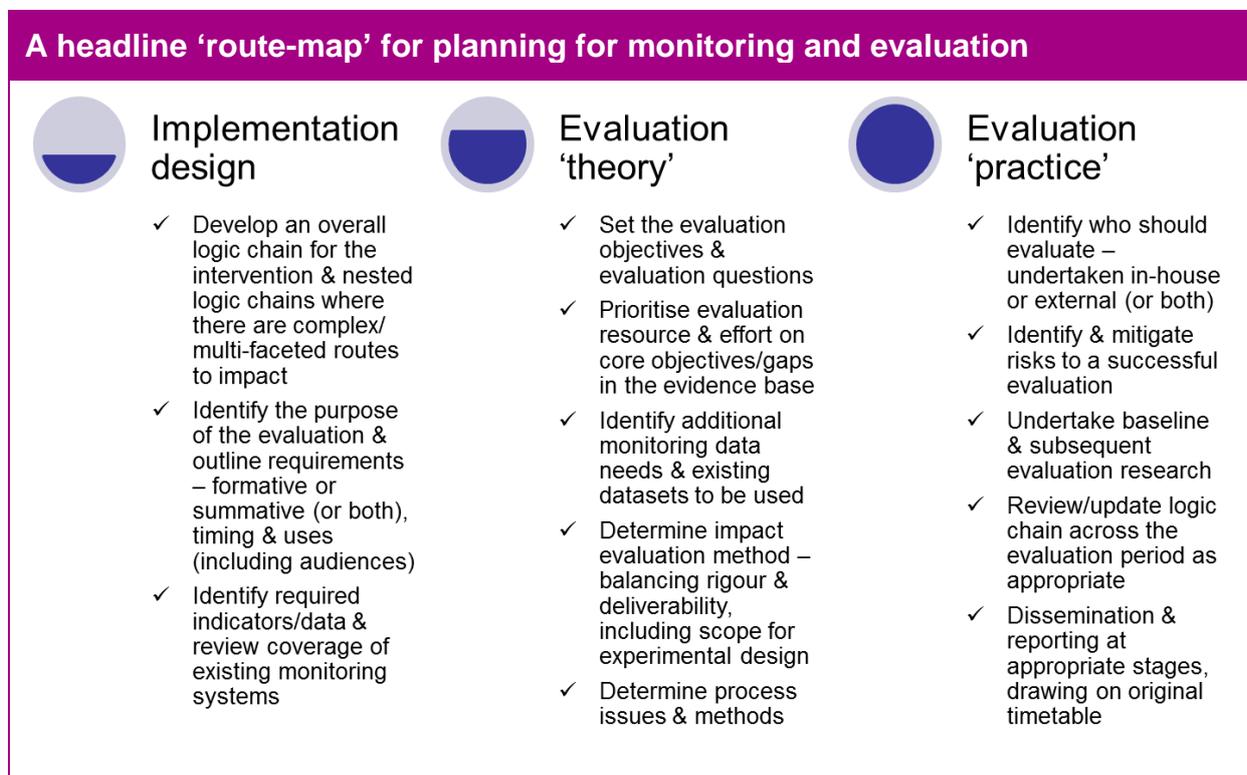
The themes and messages set out above emerged in large part from the journey of Liverpool Vision in developing their plans for monitoring and evaluation for the IFB over the past six months. Key elements of this journey, essentially the ‘distance travelled’ by Liverpool Vision, both driven internally and through the support provided through SQW’s critical friend role, include:

- **Moving away from top-down indicators to a bottom-up assessment** – the initial plans for evaluation were based principally on collation and analysis of secondary data indicators in order to demonstrate changes in condition indicators related to the IFB. However the extent to which these high-level data could be linked to the intervention was limited. The more detailed thinking about how the ‘bottom-up’ activities of the IFB would generate outputs, outcomes and impacts was important in providing a more tailored approach that will enable the effects of the IFB – notably on business performance – to be evidenced.
- **Focussing on strong monitoring to facilitate this assessment** – in parallel to the development of the overall approach, significant work was done by the Liverpool Vision research team to engage colleagues leading on the Business Brokerage System and to integrate the practical management of the IFB into the plans for monitoring and evaluation. Acknowledgement of the core role of strong monitoring data as a key input to the evaluation evidence was important here.
- **Ensuring that the evaluation was proportionate to scale and priorities, but also as robust as possible** – there was limited budget available for Liverpool Vision for the evaluation, and this informed the initial principally ‘top-down’ approach. However, a focus on the prioritisation of effort on the key business performance elements of the intervention, and maximising the use of existing resources (for example, the Liverpool Business Survey) were important factors here.

One final point is relevant. There was an **acknowledgement from within Liverpool Vision that the evaluation of the IFB was important**, both from a national perspective, but also to demonstrate the benefits and impacts of the intervention (and by extension the work of Liverpool Vision) with local partners. A commitment to the evaluation at a corporate level, a focus on making the best use of the resource available, and establishing impact as far as practical given the complexities of the intervention were important.

A practical route-map for monitoring and evaluation

Drawing on these lessons and the practical steps set out throughout this report the figure below provides a headline ‘route-map’ that local agencies can use in planning monitoring and evaluation activity.



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