EEDA
East of England Development Agency

Lessons learnt in promoting economic development in the East of England – a toolkit for economic development practitioners

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Contents

1. Foreword

This report is designed to capture learning and knowledge arising from the experience of the East of England Development Agency (EEDA) in commissioning, managing and delivering economic development programmes and projects.

In light of the forthcoming closure of the Regional Development Agencies (RDAs), it is appropriate to summarise and catalogue the economic development lessons that EEDA and our partners have learnt during the Agency's 11 years' lifespan.

The document is designed as a toolkit to avoid common pitfalls and signposts towards best practice guidance. We hope that this information might be useful for other local and regional partners taking forward similar projects in the future. This may include voluntary and community groups, the educational sector, the private sector, local authorities and local enterprise partnerships amongst others.

The report draws extensively on existing material, such as the assessments that took place as part of the Independent Supplementary Review and EEDA's portfolio of evaluation reports which included extensive interviews with, or surveys of partners, delivery agents and beneficiaries. It also draws on discussions and interviews with a number of EEDA staff and partners. From these sources, this document highlights good practice and also common pitfalls or issues.

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2. Context

2.1 RDA origins and objectives

EEDA is one of nine Regional Development Agencies in England. RDAs were established under the Regional Development Agencies Act 1998 and were formally launched the following year. Under the Act, each Agency had five statutory purposes which were:

- to further economic development and regeneration
- to promote business efficiency, investment and competitiveness
- to promote employment
- to enhance development and application of skill relevant to employment
- to contribute to sustainable development.

EEDA's mission was to support the economy of the East of England, working across the six counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk and the unitary council areas of Luton, Peterborough, Southend-on-Sea and Thurrock.

EEDA always worked closely with businesses, local authorities, universities and other organisations to agree priorities for economic development. In particular, EEDA's activity was shaped by the East of England regional economic strategy (RES). The RES, which was revised every three years, was a result of an extensive consultative process across the region involving a wide range of partners. The strategy's vision, targets and goals provided the focus for EEDA's work and informed the programmes and projects that were developed, supported and delivered. In later years, this was supported by a single implementation plan for both the RES and the regional spatial strategy (RSS).

3. Prioritisation and investment planning

3.1 Strategy development

RDAs were required to develop a regional economic strategy (RES) every three years**.** The primary focus of a RES was to set out a long term vision for the region and priorities for action that contributed to that vision involving a wide range of partners.

A variety of strategy development techniques were used to formulate the RES, such as scenario planning, backcasting and options analysis. Underpinning each of these techniques were four key components:

Vision: a statement of aspirations describing a desired future. In economic development terms, this vision could be backed by a set of quantative targets.

Evidence and analysis: an understanding of the current situation, trends and possible futures, together with their drivers and causes. For economic development strategies, it is important to look at market failure, and to place the evidence in a context of benchmarks and international comparisons.

Stakeholders: an appreciation of their views, concerns and perspectives and plan for how they should be involved in strategy development, and crucially the role they may play in delivery.

Delivery capability: an evaluation of the delivery system, and the culture and available resources within it. Effective strategies are about driving change, and understanding the opportunities and barriers to delivery is crucial. Ideally, economic development strategies should be published alongside an implementation or action plan.

There is considerable government guidance on strategy development. The Prime Minister's Strategy Unit publishes a 'Strategy Survival Guide' which is available online at: http://interactive.cabinetoffice.gov.uk/strategy/survivalguide/

Government also publishes guidelines on consultation processes. It advises that a minimum 12 week consultation period is recommended.

The guidance is available at:
http://www.bis.gov.uk/policies/better-regulation/consultation-guidance

Learning points - developing strategies

EEDA has developed a number of regional, thematic and sub-regional strategies. Some of these have been more successful than others.

The following outlines some of the factors that have been critical to those strategies that have had greatest effect:

Benchmarking: Benchmarking can play an important role in intelligence on performance or the effectiveness of policies and programmes. Obtaining a reference point from other economies, businesses or organisations with similar policy challenges, market opportunities or performing similar activities can help to understand the range of performance levels that are possible. Understanding the underlying attributes or drivers of that performance is equally important to design effective strategies, policies and interventions.

Obtaining accurate, credible benchmarking data can be a challenge but is nevertheless of tremendous value as part of continuous improvement. Knowing what to measure, when and how, all create the foundation for successful benchmarking.

There are a number of generic types of benchmarking that can be used in the field of economic development:

Competitive - comparison with the economic performance of similar regions or localities, and the effectiveness of policies in such places.

Internal - Comparison of similar operations, process and impacts within an organisation such as a local authority to identify good practise and drive improvements in the delivery of economic development services.

Functional - This is a comparison of policies and methods to companies and organisations with similar processes in other fields.

Examples of the use of benchmarking include the vision and targets section of the regional economic strategy and ***International Insight,*** available at www.insighteeast.org.uk.

Involving partners: partners need to be involved from the earliest stage of strategy development, to ensure they support fully the purpose and vision of the strategy. It can be important to consider who is the most appropriate person to be involved from a particular organisation, and which is the best method to engage them, rather than assuming a one-size-fits-all approach to consultation.

Alongside open consultation events and exercises, in the case of EEDA, we had a standing Strategy Committee involving senior figures from businesses, local government, trade union and voluntary and community sector representatives. They played a central role in structuring the strategy, resolving contentious issues such as growth targets and encouraging dialogue between different sectors and interests. Building a strong consensus behind the strategy and its ambitions was critical to collective advocacy for investment or lobbying government for policy changes.

Considering delivery: there can be a tendency for strategies to be a 'wish list' of policy objectives. To avoid this, it is useful to bear in mind how activities will be delivered. Developing an action plan, assigning resources and responsibilities to activities, alongside the strategy can help bring realism into the strategy development process.

Prioritisation: One of the hardest aspects of strategy development is prioritisation. This was particularly challenging for a broad ranging economic development strategy such as the RES for a number of reasons. Firstly, the need for a consensual strategy with wide partner support, and the intention to influence a large number of public and private funding streams; secondly, the requirement to adhere to a range of different (and not necessarily aligned) government department requirements; and finally, the need to recognise the diversity of places, communities and businesses across a large region.

In order to effectively prioritise, you need:

- a transparent set of criteria for prioritisation – which ideally has been agreed with partners
- a strong evidence base which sets out the different options, ideally including evaluation evidence identifying what has worked in the past and what does not work
- an acceptance that you can't please everyone, but effective mechanisms to involve

people and organisations in the decision-making process
- a determination to resist 'scope creep'.

Project planning: be careful not to underestimate the amount of time consultation can take (minimum 12 weeks for formal consultation according to government guidance) and the time required to collate and analyse the responses. We found that giving ample time to analysing the consultation responses and writing a comprehensive report on how we would respond to the points raised was valuable, if time consuming. Not only did it mean that the process was transparent and stakeholders understood why points had been accepted or rejected, but it also meant that the final drafting of the strategy was relatively straightforward as important or contentious decisions had been fully worked through.

Tips for setting targets

A key part of the strategy development process is setting targets – where you want to get to if the strategy is successfully implemented. Setting targets is often one of the most challenging and contested elements of producing and agreeing a strategy. Where they are widely agreed, they provide a collective statement of ambition, a scale of change that helps define the policies and investment required, and a focus for action.

In an economic development context, there are several pitfalls to avoid in developing policy targets that are used to manage performance:

- ***Internal inconsistency:*** when two or more policy targets are either in direct conflict or poorly aligned. For example an employment target may be in conflict with a skills target if up-skilling workers from Level 3 (A-levels, NVQ3 and equivalent) to Level 4 (degree level or higher) involves prolonged absences from the workforce.
- ***External inconsistency:*** if a target is cast in terms of closing a gap with a national average. Assuming this is achieved, our expectations of the future national average must change to remain consistent. Also, achieving a regional target may imply a displacement effect on the rest of the UK. A target that can only be achieved by drawing in labour from a neighbouring region might be inconsistent with our expectations of employment growth in that region.
- ***Spatial inconsistency***: this is a version of the external consistency argument. For example if achieving a target implies unsustainable pressure on land usage and infrastructure (such as growth of the labour force and business population) the target is unlikely to be achieved.
- ***Historical inconsistency***: if a target is unrealistic given the historical performance of the economy. A suite of targets may be consistent in every other respect but if there is no historical precedent for such a change in the economy this may suggest it is unrealistic.
- ***Tinbergen's rule***: in fiscal policy the relationship described between policy instruments and targets by Tinbergen's rule states that achieving a multiple set of targets requires an equal number of policy levers. The corollary of this is that the fewer policy levers you have – the fewer targets you should have. A further refinement of this is Mundell's rule: the policy instrument assigned to each goal must be the one with the greatest relative effect.
- ***Dynamic inconsistency***: when the credibility of a target partly determines the likelihood of it being achieved. The best example is monetary policy: the Bank of England's ability to achieve its inflation target is contingent on economic actors believing that inflation will be on target (building it into contracts and wage-bargaining decisions). However, there are few (if any) examples of this that are relevant to the regional or local economic development strategies.

When setting targets, it is useful to take account of the following aspects:

- **Historical performance** – what levels of achievement have been recorded in the previous years – are there any useful trends that can be identified? For example, have there been any recurrent blockages to the achievement of targets or have these been significantly exceeded?
- **The scale of the organisation's ambition** – where are you trying to get to and when.
- **Benchmarking data** – how have your peers performed in similar areas and a similar time-frame. It is important to ensure, however, that like are being compared with like.
- **Definitions** of specific performance measures need to be understood by all – those who deliver projects and programmes and the funding organisation.
- **Targets are not set in stone** – these can be reviewed and changed, within a carefully managed and transparent process.
- **External factors** – anything significant likely to happen within the context your organisation operates that may have an impact on your organisation's performance and the targets you are setting? For example, an important piece of legislation, or organisational change? Major fluctuations in the economic cycle or an economic shock?

3.2 Research and intelligence

Economic intelligence and analysis is essential to help identify, prioritise and design appropriate economic development programmes and projects.

An example of using evidence to support policy making is the role economic intelligence played in responding to the economic downturn. Insight East, the regional intelligence centre, supported primary data collection through business surveys and discussions, collated policy-relevant information through regular briefings and meetings with partners; collected and shared information on redundancies; collaborated with local authorities to provide economic, demographic and housing demand forecasts and funded scenario analysis of paths to recovery; undertook theme-based economic studies and supported pan-regional economic intelligence efforts.

By establishing a clear understanding of the economic challenges, a coherent set of mutually supportive actions to mitigate the downturn and stimulate recovery were able to be put in place. The result was a shift in resource from a number of longer-term capital projects, to direct business support, response to redundancy and stimulus activities.

Learning points - using research and intelligence

Get the questions right: to design effective strategies or programmes, you need to answer key questions/challenges with the insights and explanation that help articulate an effective policy, strategy or operational response to these challenges.

Get beyond information: analysis skills and work is the key. It is easy to collect and tabulate information – but there is much more value added from interpreting and explaining what it means.

Anticipate what you will need in one to two years: To design an effective economic research programme – you need to look ahead and scope out the future challenges – eg when the recession began, it was known that trade would be one of the key ways of ensuring faster recovery – so a report was commissioned on it at the very early stages of the recession to identify current export trends, future opportunities and the support companies would need to operate in growth markets.

Make it easy to read: ensure any analysis is in plain English, easy to understand and engaging and interesting to read.

Manage a rolling work programme that can respond to new challenges: lead times on large reports and commissions are six months at the least. The Insight East research plans were for two years, and were revised every six months. This kept them both relevant to current challenges and issues, and forward looking to the future challenges too.

Address research questions and needs step by step: practically, it is far more effective to address research needs and questions in steps, and in small projects or pieces of work. They can be linked together into an overarching research programme. This means you can publish findings and insights more frequently. It also means that some of the more difficult or expensive research projects do not hold up some of the more straightforward ones.

Involve stakeholders in framing the questions: at Insight East we regularly consulted partners and other stakeholders to identify common questions they need answered. Research experts then designed and led the work. We tended not to run research projects by committee, but involve people in the design stage, and in appraising interim results and final reports.

See **Appendix A** for a list of useful research sources.

Case study: Using evidence to demonstrate the economic impact of the A11 Fiveways to Thetford improvement

The Fiveways to Thetford section of the A11 is the only remaining section of single carriageway on this key route between Norwich and Cambridge/London. Significant traffic delays occur on a daily basis which clearly impact upon the productivity of businesses, and residents, in the East of England.

What was lacking, however, was rigorous technical analysis of the actual economic consequences of this congestion. EEDA, working with Norfolk County Council and GO-East, therefore led a study that quantified the significant wider economic benefits that would result from improving the route.

The work was heavily used by regional partners in lobbying for acceleration of the scheme, and was widely adopted as evidence by key players including Norfolk and Suffolk County Councils, Shaping Norfolk's Future, and the business community in their submissions to the Public Inquiry into the scheme.

Following the 2010 General Election, the Coalition reviewed all proposed major transport investment proposals across the country. Although a number of schemes were either put back for further review, or were cancelled, the A11 improvement is now being taken forward as a result of the strong economic case for the investment.

Report is available at:
http://www.eeda.org.uk/files/A11_Wider_Econ_Benefits_Summary_Final_Report.pdf

3.3 Using economic forecasts to inform strategy development and economic development services

Any decision-maker needs a view of the future in order to guide decisions that need to be made now but which have longer term consequences. Economic forecasts help to inform that view. They extrapolate future trends from our knowledge of past trends and the current situation.

In the East of England, EEDA – with advice from local authority partners - commissioned the development of an East of England Forecasting Model (EEFM) from Oxford Economics. A key goal was to provide a transparent, shared evidence base to help regional partners ensure consistency between the various strategies being prepared for the region.

The Model applies Oxford Economics' widely-respected economic forecasting methodology to official data on employment, unemployment, migration, population and households, disaggregated by district authority and industrial sectors.

The East of England Forecasting model has been put to a number of uses:

- as a key part of developing a shared, transparent and robust evidence base to underpin spatial and economic strategies in the East of England
- to generate headline economic and employment targets in the RES
- to produce scenarios to explore the implications of a deeper or shallower recession, slower or faster recovery, and the potential impact on demand for key services
- to produce scenarios designed to test the economic effects of different future housebuilding totals or spatial distributions to inform options for the review of the regional spatial strategy
- to inform the preparation of local planning documents and Local Economic Assessments
- to provide baseline data and outputs for expanded modelling exercises to examine the impact of growth on resource use and carbon emissions, or as the basis for occupational and qualifications forecasts
- to examine the effects of possible investment, expansion and/or relocation decisions of major companies or organisations on local areas or the wider region.

Economic forecasting can also be used for other economic development activities such as testing the implications of policies, sizing markets or assessing risks.

While forecasts provide an insight into the direction of change based on known trends, *they are not facts waiting to happen*. By definition, they cannot take account of unforeseen events or reversals of trend, and no matter how sophisticated the forecast methodology, errors will occur because the future is never known exactly.

In the case of *baseline* forecasts, it is important to remember that they are policy-neutral: that is, they assume policies will not change. They therefore provide a benchmark to show what could happen if policy-makers do nothing. Forecasting is of course used to decide whether policy *should* change, and to generate scenarios that may result from policy changes.

So when using the EEFM or other forecasts, remember:

- they are not a statement of what the commissioning organisation wants or expects to happen
- they can only reflect events and trends we know to have happened in the past
- crucially they are less reliable at more detailed geographical and sectoral scales
- likewise, they are less reliable at more distant points in the future
- individual forecast numbers should not be taken literally – it is much better to focus on the broad direction and magnitude of forecast change.

Further information can be found on the *forecast model* section of the Insight East website, www.insighteast.org.uk

Ownership of the East of England Forecasting model will transfer to the East of England Local Government Association (EELGA) from April 2011, with the operations being managed on EELGA's behalf by Cambridgeshire County Council. Information and outputs of the model will continue to be available via www.insighteast.org.uk

3.4 Programme management

Context

For the first few years of its existence, EEDA managed activities on a project by project basis – in part because it inherited activities from pre-existing organisations. Over time, the Agency moved to a programmatic approach based on clear prioritisation and to increase impact.

Economic development **programmes** usually adhere to at least some, if not all, of the criteria below:

- contain a portfolio of projects, rather than a single project
- are not restricted to short-term funding cycles
- have long-term objectives or outcomes that are derived from high-level strategies
- are designed specifically to tackle market failure
- are underpinned by distinct and individual logic models.

The benefits of a programmatic approach include:

- an improved focus on what we are trying to achieve as set out in high-level corporate objectives
- an understanding of how impact of a programme can be measured through embedding a logic chain approach
- a less scattergun approach in terms of project delivery.

However, moving to a programmatic approach is not straightforward. It requires changes to the organisational vision, culture, associated systems, processes and tools – and not just within the organisation implementing the programme management approach, but also to an extent – within the delivery partners' approach. Specific challenges when implementing a programme approach include:

- a tendancy to 'retro-fit' projects into programmes, causing the programme scope to creep
- difficulties in defining the objectives for a particular programme
- confusion amongst all partners about what a programme approach entails

- a variance between programme components, with some including a large number of small projects and others with a smaller number of large programmes
- a problem with encouraging partners, including delivery partners, to shift from a short-term project approach to something involving a longer time-horizon (the problem may be to do with political cycles or lack of confidence in the availability of longer-term finance or commitment).

Like individual projects, a programme should ideally have a business case. EEDA's template for a programme business case is in **Appendix B**.

Learning points – delivering effective programmes

Definitions and objectives: keep programme parameters tight – whilst it is important to retain some flexibility in the programme configuration so that resources could be flexed to meet local need, it is crucial to have clearly defined objectives. Clarity is needed over the definition of programme activities to make it easier to manage and set expectations of delivery partners and stakeholders.

Timescales: accept that programmes may take a long time to set up and start delivering, especially those with a strong social dimension.

Project management: where the programme is delivered by a number of agencies, there is a risk that management information, including information on beneficiaries, may not be consistently collected or may be lost, which makes it difficult to evaluate programmes. As programme delivery may involve a number of organisations and span over a number of years, it is important that there is a clear framework for managing information and to ensure continuity and appropriate handover as programme leads move on.

Measuring success: where a programme comprises a large number of projects delivering their own specific outputs, it is often necessary (and sometimes difficult) to aggregate results to tell a story at the overall programme level. For this reason, the measurement of programme success objectively may be a challenge, and the lessons on effectiveness of individual projects remain important.

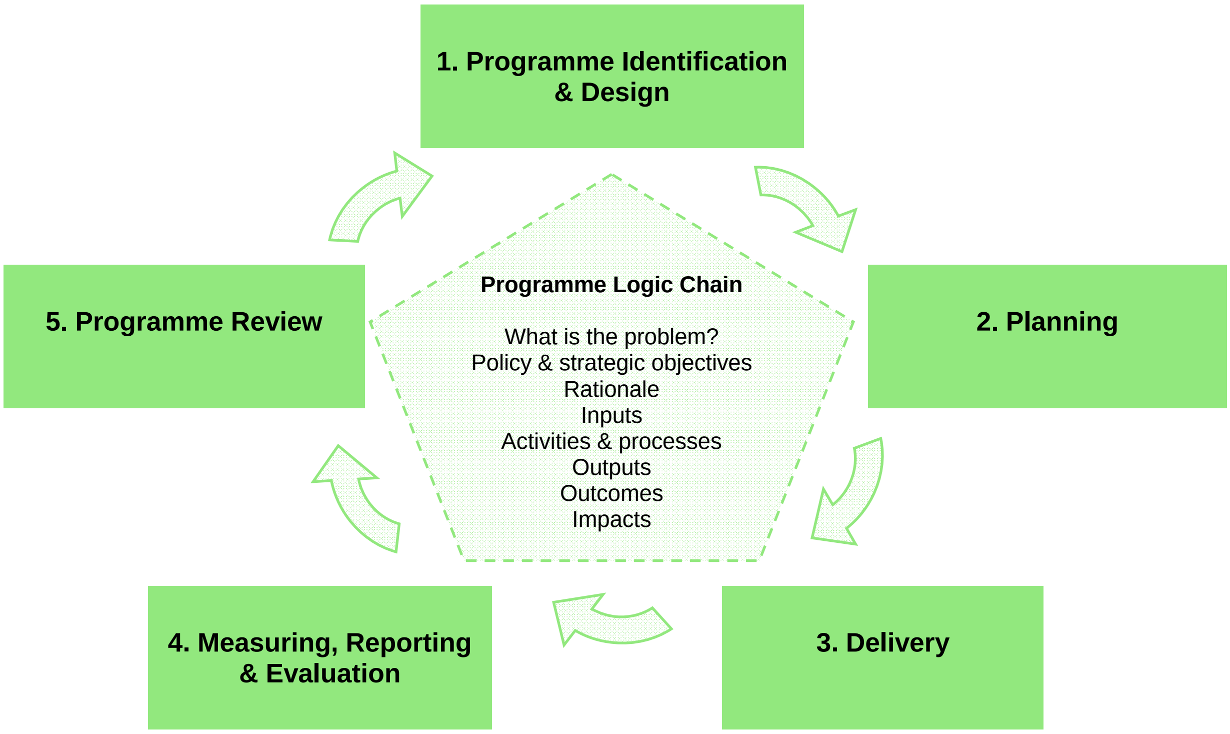
Delivery: when a programme is being delivered by a number of agencies that may not have been exposed to managing or delivering projects within a programme, it is important to work with them on building an effective partnership together and set up appropriate mechanisms, for example, around project governance, monitoring and reporting to enable coherent programme delivery.

The programme management standard developed and used by EEDA is underpinned by the BIS Guidance for RDAs in Appraisal, Delivery and Evaluation (http://www.bis.gov.uk/policies/economic-development/englands-regional-development-agencies/rda-finance-and-governance) and draws on the principles of best practice methodology, OGC's Managing Successful Programmes (http://www.ogc.gov.uk/delivery_lifecycle_overview_of_managing_successful_programmes_msp_.asp).

There are a number of other useful programme management techniques such as Prince2 which are recognised across a wide range of industries.

Programme lifecycle

It can be useful to use the concept of a programme lifecycle to help understand and manage programme delivery. Programmes can be seen to consist of five lifecycle stages, which are underpinned by core programme processes (governance and assurance, reporting, risk management, stakeholder engagement and communication). The five lifecycle stages are based on the conceptual approach captured in the programme logic chain (see page 13).



These key processes underpin the entire corporate programme lifecycle:

Governance and Assurance	**Reporting**	**Risk Management**	**Stakeholder Engagement & Communication**

<u>Case study: Integrated Development Programmes</u>

Integrated Development Programmes (IDPs) are a good example of a programme management approach.

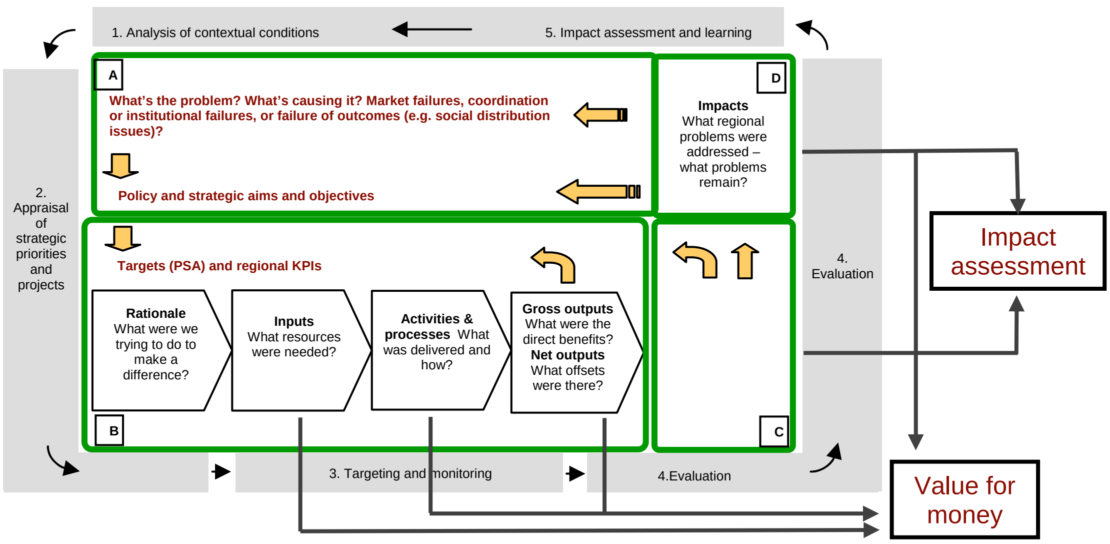
IDPs are single delivery plans for a ‘functional urban area’ – a city-region or sub-region with clearly identified economic geography. They set out a programme for capital investment required to deliver the infrastructure essential for sustainable economic growth and clearly identify which investment should be prioritised.

The strength of the IDP approach is that it captures growth requirements in their entirety. Transport, housing, employment and economic growth, community facilities, health, training and education and sustainable development are all considered in a single delivery programme.

An IDP Toolkit was developed to assist local partners develop their IDPs, and this is available at: http://www.eeda.org.uk/rural-proofing.asp

3.5 Using a Logic Model

A logic model describes the theory, assumptions and evidence underlying the rationale for the programme or project. It is a systematic and visual way to present and share the understanding of the relationships between the resources used to operate the programme, the activities within it, and the changes or results you hope to achieve.



For economic development programmes and projects, it is especially useful for explaining the link between long term outcomes and the intervention activities and inputs designed to address market failure.

The use of logic modelling helps to ensure the success of a programme:

Programme lifecycle stage	Programme success criteria	Benefits of programme logic models
Planning and design	Programme objectives, and important benefits are well defined ahead of time.	Finds "gaps" in the theory or logic of a programme and works to resolve them.
	Programme objectives are both plausible and possible.	Builds a shared understanding of what the programme is all about and how the components work together.
Delivery	Relevant, credible, and useful performance data can be obtained.	Focuses attention of management on the most important connections between actions and results.
Measuring, reporting and evaluation	The intended users of the evaluation results have agreed on how they will use the information.	Provides a way to involve and engage stakeholders in the design, processes, and use of evaluation.

An example of a logic chain, used for the economic participation programme is provided at **Appendix C**.

Benchmarking programmes

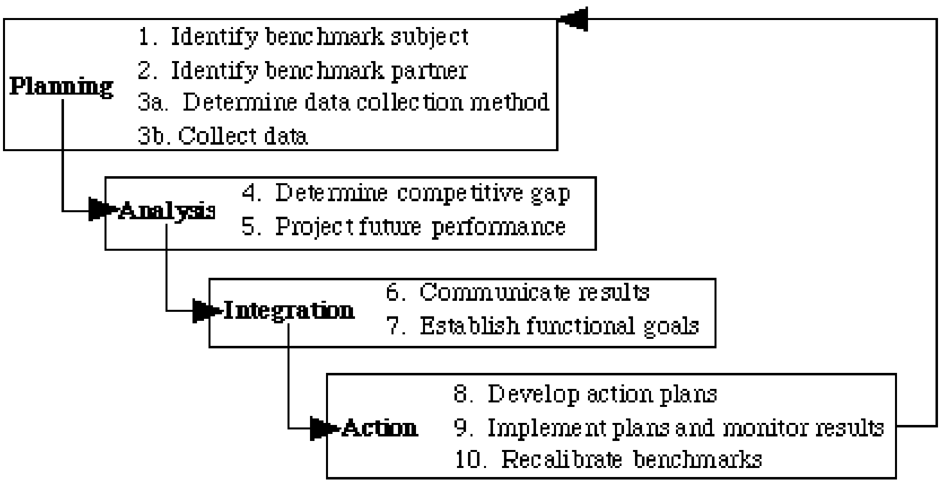
As described in section 3.1, benchmarking can be used to design and improve the performance of economic development policies and programmes.

The PWC National Impact Report and EEDA's evaluation reports offer sources of data on average cost-effectiveness and GVA/cost ratios across a range of economic development intervention categories. It is possible for this evidence to be used as a basis for benchmarking planned economic development activities against those undertaken by RDAs across England.

However, when using programme evaluation evidence as a source of benchmarking data it is important to note that extreme variations can occur around the average ratios. Without full understanding of the variations in the ratios and their causes, the benchmarks should be used with great caution. Moreover, their use as ready reckoners – i.e. when no evaluation evidence exists – can be viewed as methodological unsound.

Furthermore, it is important to test as to whether the benchmarks are close enough to the characteristics of a particular programme or project being considered to warrant their use in this way. This highlights one of the great issues in benchmarking – being sure not to 'compare apples with pears'. Nevertheless benchmarking remains a powerful tool in pursuing improvements in the impact and efficiency of programmes, services and projects.

A formal 10-step benchmarking process is given below. This can be used as a framework for use in planning and executing benchmarking exercises.



3.6 Mainstreaming – cross-cutting issues

One of the drawbacks of a programmatic approach can be a tendency to silo activities into neat thematic areas. There are a number of issues, however, that cut across programmes designed to encourage economic development. These include issues associated with sustainable development, climate change, rural communities, equality and diversity and health.

Mainstreaming these issues means that they are integral to the programme approach. However, they still need to be considered explicitly at different points in the project lifecycle, from strategy development through to project delivery and evaluation.

Learning points – mainstreaming

Strategy development: make sure cross cutting themes are addressed through strong stakeholder engagement such as representation on steering groups, the use of champions and appropriate assessments such as strategic environmental assessments/rural proofing/equality impact assessment, etc. It is important that strategies are consulted upon in a way that is open and accessible to all. This can mean producing draft documents in a variety of languages and/or formats.

Project delivery: it can be useful to use frameworks such as the Excellence Framework to consider the issues pertinent to sustainable communities, both at concept stage and as a project design tool. Frameworks can often work better if they are fully adopted as a corporate priority to make sure all the measures are implemented.

Procurement: to ensure that the most sustainable option can be selected during a procurement tender process, it is important to ensure that the scoring criteria includes sustainable development related criteria. This will help justify the selection of the preferred contractor.

Monitoring: it is important to monitor delivery to assess impact on different groups. In the case of sustainable development, this can be difficult without a standardised set of metrics used to measure and compare sustainable development outputs/outcomes. Variance in monitoring between projects also leads to difficulties in aggregating outputs and in aggregating cost/benefit ratios. For strategies and programmes there can sometimes be disconnect between sustainable development indicators and more narrow economic growth indicators.

In the case of the regional economic strategy, together with the Environment Agency and other RDAs we developed a modelling tool that allowed us to test the impact of different levels and patterns of economic growth on a range of indicators such as emissions and waste arising and water usage. This allowed us to determine a more sustainable growth trajectory and consistent and realistic targets. Details of the model can be found at http://www.scpnet.org.uk.

Evaluation: Mainstreaming sustainable development and rural activities can make it more difficult to account for the impacts from investment in those areas.

As part of the development of the RES and the Implementation Plan, an integrated sustainability appraisal tool was developed which pulled together a rural proofing, environment impact appraisal, sustainability appraisal, urban proofing, health impact assessment, habitats regulations assessment screening and an equality impact assessment under an integrated appraisal. Policy proposals were all then subject to robust testing against the appraisal framework.

Information on the integrated appraisal is available here - http://www.eeda.org.uk/res/60.asp

Information on the sustainability toolkit is available here - http://aggregain.wrap.org.uk/sustainability/examples_of_tools_and_approaches/ukceed/east_of_england.html

4. Project management

For many projects, business support and innovation services and the Economic Participation programme, responsibility for delivery has rested with specialist providers, or regional and sub-regional partners. Often therefore, EEDA's focus has been on designing appropriate processes to ensure these projects are selected, delivered and managed according to certain time, cost and quality criteria. Further guidance on commissioning and procurement can be found at http://www.ogc.gov.uk/procurement.

This section sets out some of the project management processes that EEDA put into place to manage the majority of its investments, and the associated learning points associated with them.

It should be noted that some projects came with their own specific control regimes, eligibility criteria and operating procedures, which are not necessarily covered by this section. Examples include Research and Development Grants, Funding under the Grants for Business Investment Scheme, European funds including ERDF and RDPE and others.

A list of useful reports and links on project management is available in **Appendix E**.

4.1 Building a business case

One of the most important steps in effective project management is the development of a business case. The business case captures concise and accurate information on the scope, costs, benefits and delivery of a project. It is a key project document essential to authorisation and securing of funding, as a benchmark to measure and control delivery, and is used as the basis for eventual project close or termination. The business case should be viewed as a live document and should effectively become the business plan for the project, reviewed at regular intervals.

A project's business case makes the case for investment for a preferred scope option set against the alternatives, and provides all information needed to understand what will be required to deliver against the overarching need/desired outcome or benefit from the project. A business case might reasonably be expected for any significant investment of an organisation.

There are five important elements to an effective business case:

- **Strategic case**: Why should public money fund this? What is the evidence to support the need? What is the problem the project is aiming to fix?
- **Economic case**: What will the economic benefit be if the project goes ahead? What wider benefits will the project bring?
- **Commercial case**: What is the agreed deal? What is the procurement route, the scope, the payment and the risks?
- **Financial case**: What are the Capital and Revenue requirements? How can those paying for this project afford it?
- **Management case**: Who are the interested parties, the team, anyone affected by the project? Who is in charge of what? Are the risks being managed appropriately? How will success be measured?

Any new EEDA projects required a business case compliant with HM Treasury Green Book 5 Case model (http://www.hm-treasury.gov.uk/data_greenbook_business.htm), and it seems that new proposals to the Regional Growth Fund will also need to be compliant with the Green Book.

Before building a complete business case, it can be useful to start with a more simplified project concept. EEDA's template for this is in **Appendix F**.

EEDA's Business case template is available in **Appendix G.**

Learning points: tips for building a good business case

Evidence the baseline – ideally using a logic chain approach, evidence the issue that needs addressing to show a good understanding of the baseline.

Don't reinvent the wheel – look at evaluations of what has worked and not worked in the past to evidence your proposed approach. Use this to set out realistic and through options with strong evidence for your preferred option for approach.

Consult with partners – Make sure you have discussed with those that will be affected by your project, so you can demonstrate that stakeholders and partners are on board.

Take risk into account – Set out effective governance and risk policies to show that you understand how the project will need to be adjusted if things don't go to plan.

Talk it through with a colleague – ideally a business case should have a strong narrative. Test the business case with someone – overall does it tell an effective story? Does it make sense?

Examples of market failure

Market failure is a key component of a business case. To justify public sector intervention there must be a clear rationale for it, expressed either as a market failure, or an equity objective.

"A 'market failure' is said to exist when the market, if left to its own devices, does not lead to an economically efficient outcome. It is in those circumstances that state intervention, including state aid, has the potential to improve the market outcome in terms of prices, output and use of resources." European Commission DG Competition.

Examples of market failures in economic development include:

- **Imperfect information and uncertainty:** where a lack of information or asymmetry of information (eg between a buyer and a seller) – can cause an inefficient allocation of resources
- **Public goods:** where goods or services are provided for one consumer, they are provided for all. In the jargon, these goods and services are non-excludable and non-rival in consumption and the market tends to under-provide them (eg street lighting)
- **Externalities**: often referred to as 'spillover' effects where the absence of property rights means that actions by a firm or individual create benefits (or costs) that are not captured (or are not borne) by that firm or individual
- **Market power**: firms that do not face significant rivalry from competition possess market power. They will find it profitable to charge prices in excess of cost and also to restrict output to below the level that would be desirable from society's perspective.

A good example of market failure is in the area of training. Evidence suggests that SMEs do not invest in the optimum type of training to improve business efficiency. This is in part due to information failure (i.e. not knowing what is available and what funding streams to access) and a fear that an employee may leave the company once they are trained.

4.2. Appraisal and monitoring

Appraisal

The purpose of the appraisal is to provide a rigorous and thorough assessment of a project before a decision is made over whether it should go ahead. It provides a cost-benefit based assessment of options on whether a proposal is feasible and worthwhile in terms of value for money (better than the alternatives), what its impact is likely to be and who will benefit as a result of the project. It should clearly communicate its conclusions and recommendations.

RDAs have used a five case model for appraisals (see *Guidance for RDAs in Appraisal, Delivery and Evaluation (March 2008)* http://bis.ecgroup.net/Publications/RegionalEconomicDevelopment/RegionalDevelopmentAgencies.aspx

The five cases are:

- the **strategic case**, to include the project description, strategic fit, rationale and objectives
- the **economic case**, to include options analysis, value for money considerations, sensitivity analysis and optimism bias
- the **financial case**, to include financial assessment of the preferred option, exit and legacy arrangements, sustainability considerations and the recommended option
- the **commercial case**, to include consideration of any legal issues (eg specific conditions to be attached to the project agreement, claw-back requirements), state aid considerations, and if the project requires notification, how will this be managed
- the **management case**, to include beneficiaries analysis, the conclusions of the equalities impact assessment, sustainable development considerations, risk management considerations, delivery arrangements (including project management process), key project milestones, monitoring plan and evaluation plan.

A plain English guide on how to appraise a small project is available in **Appendix H.** It is important to access appropriate legal advice if there are possible state aid issues for a project. **Appendix I** contains a flow chart on state aid.

Learning points - project appraisal

Clarity of market failure: the intervention must be designed to tackle a clear market failure. Essentially this is to begin with a problem, the evidence of the problem, then consider whether this represents a market failure and whether it is appropriate for the public sector to intervene (see logic chain). A good understanding of the rationale is vital to designing the right intervention to solve the problem. Economist resource could be used to help with this aspect of appraisal.

Evidence base: needs to be robust, up-to-date, relevant to the project and capable of independent verification if not based on independent evidence.

Options analysis: appraisals should record wherever possible the long-list of options and brief explanation of how this is narrowed down to the short-list. There should then be detailed quantified appraisal of the short-list. Although smaller projects do not require a detailed options analysis, basic consideration of alternatives is still advisable. It is important to understand what the net effects of an intervention are likely to be and this needs to be done across the short-list of options in order to inform the value for money analysis.

Project planning: it is advantageous to think more about delivery at the appraisal stage. Thinking in advance about project plans can help in the project design, costings and understanding deliverability. Project appraisals should always consider costs and benefits, not advantages and disadvantages.

Optimism Bias[1] and Sensitivity Analysis should always be incorporated into project appraisals. The degree of analytical work required for sensitivity analysis should be directly proportional to the size of the project.

Risks: risks should be identified, and clear mitigation strategies should be developed.

Outputs - leakage, displacement, and multiplier effects should be taken into account in the calculation of outputs[2].

[1] Supplementary Green Book guidance on optimism bias is available here: http://www.hm-treasury.gov.uk/d/5(3).pdf

Options appraisal

As outlined above it is important to ensure that a number of different options are considered prior to choosing the preferred one. A good practice example that contains a thorough options analysis is the Harlow Higher Education campus options analysis which can be viewed in **Appendix J.**

Monitoring

Monitoring can be defined as the formal reporting and evidencing that outputs, spend, outcomes and milestones are successfully delivered.

A formal visit to projects to document progress and test the validity of claims made should be undertaken. The accountable body should ensure that a sufficient number of projects should be subject to a monitoring visit, prioritised according to risk. Visits may cover systems, operations and closure. The sample should cover both volume of expenditure and numbers of projects, spread across all project types over an agreed time period.

A monitoring visit provides an opportunity to ensure that monies from the public purse are being spent correctly and the project is delivering in the agreed manner. The visits should be formal and appropriately documented.

Monitoring will include the examination and recording of evidence to support the progress of the project in all the key areas of project management (ie risks, issues, change, benefits). Actions and recommendations to address any shortfalls will be discussed and documented. It is also important to ensure that standards of evidence being collected are verified, both in relation to outputs but also in respect of evaluation requirements.

Learning points - monitoring

Defining expectations: a sound business case and a robust appraisal are vital for effective monitoring – these will specify the deliverables to be achieved, critical milestones, and spend profiles. In addition, the funding offer letter must be precise in terms of the grant awarded, expected outputs and the relevant time period for benefits to be realised. The post-project completion reporting requirements must be built into the contract, together with appropriate sanctions. It is advisable to conduct a pre-contract meeting with all relevant parties present, to ensure that all aspects of the project delivery and monitoring are understood and signed up to. It is important to ensure the applicant fully understands what is expected of them – information should be shared.

Setting and reviewing outputs: output targets set out by the project proponent may need to be challenged, as these can often be over-inflated due to optimism bias. However, it must be accepted that the targets will always be aspirational. When delivering capital projects, it is worth reviewing output targets when the build has completed as these may need to change.

Claiming outputs: where multiple public sector partners are involved in project delivery, there may be a danger of them claiming for the same outputs in which event outputs should be apportioned in relation to the funding ratio of the partners, or subject to upfront negotiation.

Project monitoring visits: be mindful that monitoring visits can be resource intensive

[2] The terminology will be explained in the section on evaluation.

both for the funding body and the project delivery body. Project monitoring visits have their advantages and disadvantages: it is a useful reality check and helps ensure the project delivers what it set out to deliver and important lessons can be captured for wider use. It is important for monitoring visits to be conducted in an objective and transparent manner.

Risks: risks around claims and contract management must be monitored and managed. A risk-based approach to project monitoring works best, as the value of the project isn't always the key factor in determining the scale and depth of monitoring – a smaller project can sometimes be as time-consuming to monitor as a complex one.

Focus of monitoring: monitoring activity can tend to focus on expenditure and how it is progressing, at the expense of deliverables and milestones – these are as, if not, more important to demonstrating the effectiveness and value for money of a project!

Maintaining continuity: it is important to maintain continuity of ownership – if the project sponsor who has been involved in a project leaves, there must be appropriate handover. The project has to be monitored, visited and evaluated throughout its delivery and relevant changes agreed. It is important to ensure that monitoring/ visit reports are maintained as these are an important part of a formative evaluation.

Project completion reports: these are important as they capture information on what the project spent, what outputs have been delivered and any lessons that need to be learnt. It is important to ensure that the project completion reports are taken seriously and used. This will be difficult if the organisational culture does not encourage learning or where overall performance management culture is not embedded.

4.3. Contracting

All projects should have a legal agreement to reflect the investment decision and as a minimum have schedules that cover what is to be delivered, when and the funding that is to be provided and on what basis. The form of contracting will depend on the nature, size and complexity of the project.

There are principally two types of agreement:
- an offer letter, which comprises standard provisions with additional project specific conditions where appropriate
- a formal funding agreement prepared by solicitors being under seal, which captures the terms upon which the grant is offered and accepted by the recipient. The agreement under seal is enforceable 12 years after expiry (if the contract is signed only, this period is reduced to six years) and is useful where there is likely to be clawback or an overage payment.

Legal negotiations are likely to be undertaken in parallel with the development of the business case and appraisal resulting in a draft funding agreement which forms part of the commercial case referenced in the 5 case business model.

By way of example, EEDA's funding agreements with partners contain the following:

- **The agreement** which outlines the total level of funding to be received by the beneficiary, the capital and revenue split and how and when this is going to be paid (eg instalments)
- **Documents** – a list of documents relevant to the funding agreement
- **Funds** – conditions underlying the release of funds

- **Claiming and monitoring reporting** process – the dates for the claims submission and what these should contain
- **Audits** – requirements on the systems of internal control that the beneficiary is expected to maintain and provide evidence of
- **Review** – outline of how the beneficiary's performance will be reviewed
- **Project appraisals and authority** – the requirements for the application of an accepted project management approach (eg Prince2), any other guidance (GRADE), quality standards, any changes to the project and routes for approval
- **State Aid** – requirements for compliance with State Aid rules and the impact of non-compliance
- **Communications** – the funding agency's guidelines for communications, both printed and electronic, the beneficiary is required to adhere to
- **Capital assets** – the conditions for the maintenance of the asset register, including asset disposals and transfers
- **Conflicts of interest** – the course of action should these arise
- **Freedom of Information** – the requirements of the FOI legislation
- **Partners/ Sub-contractors** – the extent of the contractual links between the funding agency and the beneficiary
- **Termination and consequences of termination** – the conditions of contract termination
- **Ownership of the results.**

A template of EEDA's funding agreement (sometimes termed 'Heads of Terms') is attached in **Appendix K.**

It is important to note that the project delivery body will be required to retain auditable evidence on the project after the contract ends. The funding body will need to specify the requirements for this in the legal agreement and ensure that this information can be accessed for audit purposes.

There should be a record of:

- practical completion confirming whether the project is completed within the terms of the (original or modified) Legal Agreement or whether any enforcement action is needed
- the extent to which the project objectives have been achieved
- completion of the forward/exit strategy arrangements, ensuring that the funding body does not have any on-going liabilities
- financial completion - record and reconcile actual expenditure to approved expenditure, including any funds recovered, overage, final claim and audit report(s)
- reconciliation of actual to planned outputs and any outcomes/impact realised at closure, and any continued monitoring required
- any early lessons that can be determined, particularly around the management of the project both by project staff and the funding body
- the existence of claw-back or aftercare provisions to review usage of capital assets, and arrangements for future management at key dates
- retention of key audit documentation
- arrangements for the evaluation stage, including agreed timescales.

Learning points - legal agreements

Overall, it is important to agree as much detail as possible on the heads of terms between principals so the respective solicitors are documenting the agreement rather than negotiating the terms – this saves a considerable amount of time and expense.

Template: provide the recipient with the “template“ offer letter/funding agreement before the business case is signed off in order to ensure there are no surprises.

Travelling draft: have a travelling draft of the document in “delta view“ format with version control.

Contentious issues: if there are problem areas try to tackle them early on in the negotiating process as this can avoid much abortive work.

Property purchase: if there is a related property acquisition request regular updates on the purchase and due diligence process and any related planning application. There should be a report on title of any purchase.

Clear reporting lines: ideally one person in each organisation should have the responsibility of negotiating the heads of terms and funding agreement and escalating issues if necessary.

Management and monitoring: ensure copy agreements and exec summary payments /outputs are sent to those who will be managing the project and monitoring the grant

4.4 Risk management

Effective risk management is a cornerstone of good corporate governance for any organisation. Organisations should therefore have a strategy in place setting out how they will manage any risks to the achievement of their objectives.

Risks to economic development projects should as a minimum, be managed in line with the risk management arrangements of the organisation leading the project.

There are a number of risks that are particularly common in economic development projects, such as:

- project capital costs exceeding budget
- ongoing operational costs exceeding budget
- underestimation of time taken on project planning
- underestimation of resource required to take project from idea to realisation
- inadequate brief at outset so quality standard challenged
- property delivery constraints - eg planning consent not granted, adverse ground conditions found
- overestimate of outputs achievable
- overestimate of demand - eg visitors to attraction , accommodation at business centre
- terms and conditions of contracts/grants do not hold contractors/grant recipients to account
- inadequate monitoring of performance
- engagement and ongoing commitment of partners and key stakeholders?
- public versus private sector rules, regulations and procedures.

Learning points - risk management

Think about risk early – risks should be considered from the earliest possible stage of the development of the project. For example, when analysing options as part of the business case it is useful to consider the risks associated with each option.

Be aware of dependencies – economic development projects often have multiple partners and funding streams. Risk assessments need to consider dependencies in the project life cycle and the risks associated with these. It may be that the partner managing the delivery of the project has a detailed risk register setting out how risks to the delivery of the project are being managed, but other partners involved in the project should also detail how they are managing any risks that may impact upon their organisation.

Be aware of reputational risks - even where risks are attributed to other partners, it is likely that if projects run into problems, there will be reputational issues to the main funding body. The impact of reputational risks can outweigh the initial risk that has triggered them.

Escalation of risks – ensure that there are processes in place to ensure that risks are managed at an appropriate level. If risks are not escalated appropriately, they may not be managed effectively which could lead to further issues developing. Be clear of the risk appetite, whether that be set at a global level or specific to individual risks. This should be set by the sponsoring organisation, project management board or equivalent. Ensure that this is communicated to all those involved in managing the risks, and that they have responsibility to flag those risks where actions taken do not mitigate in line with the risk appetite.

Documentation of risks – ensure that a Risk Register is maintained for the project setting out how the risks that have been identified are being managed. Make this accessible to key parties involved in the process, and ask for comments, additions and updates regularly.

4.5 Key performance indicators

An important component of effective project management is to ensure appropriate targets are in place that can then be effectively monitored. There are a number of tools that can be used to capture and measure performance. EEDA has used a balanced scorecard system to capture the different elements that needed to be monitored.

This captures performance in four perspectives - the regional economy and how it is changing (*Regional Economic Outcomes perspective*), direct delivery of interventions through EEDA's corporate programmes (*Programme Delivery and Performance perspective)*, corporate support functions *(Organisational Development perspective)* and learning *(Learning and Improvement perspective)*.

This approach recognises the fact that measuring an organisation's impact on economic performance is not straightforward. This is in part because of the difference between **outcomes** and **outputs** which it is important to understand:

Outcomes – monitor progress of the vision and goals of a strategy
- represent high-level indicators that demonstrate progress towards the vision and goals
- generally viewed on a long-term basis due to a time-lag in impact on outcomes and reliability of data
- heavily influenced by external factors outside the control of regional partners, particularly macro-economic circumstances.

Outputs/milestones – measure progress of actions
- explicitly measure the performance of stated activities
- can be directly related to inputs of the relevant organisation.

<u>Examples of economic development outputs and outcomes</u>

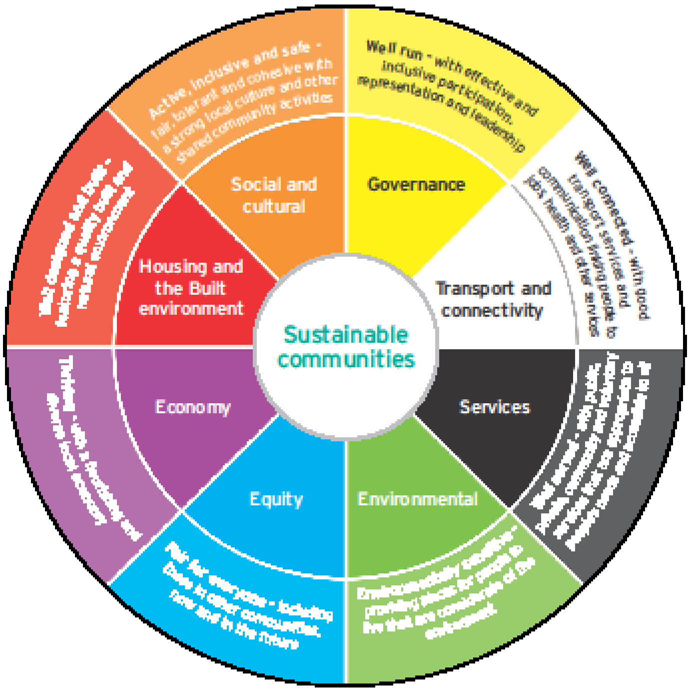
Outputs	Outcomes
• No of jobs created (through a particular project/programme) • Employment supported • No of businesses created or support • No of Skills assisted • Amount of private sector leverage • Amount of public sector leverage • Amount of brownfield land remediated.	**Productivity** - GVA per hour; using a five year moving average **Employment** – Employment rates, showing proportion of working age population in work, increasing employment opportunities for all, with the focus on progression in the labour market. **Skills** – Percentage of people with basic, intermediate and higher level skills attainments **Enterprise**- Number of VAT start-ups per 10,000 **Innovation** – increase in business R&D expenditure, percentage of businesses that are innovation active, and number of students studying STEM subjects **Transport** – reliable and efficient transport network to support sustainable economic growth **Climate change** – investment in low carbon economy; reduction in greenhouse gas emissions.

4.6 Quality Standards

During its operation, EEDA introduced a number of comprehensive tools for project life cycle use, with the aim of encouraging high quality standards applicable to all of its investments. These have built upon national and international good practise. One of these quality standards was the Excellence Framework, developed by Inspire East – the regional centre of excellence for sustainable communities. With the closure of EEDA and Inspire East the Excellence Framework will be transferred to, and managed by the Building Research Establishment (BRE). The Excellence Framework will fit into the suite of standards delivered by BRE and as a result will be promoted to a wider national and even international audience.

The Excellence Framework is an interactive tool that is used to improve the quality and value of projects. The Excellence Framework is made up of standards. Each standard is achieved by using a toolkit, set of principles, a checklist, a process or a quality mark. Follow the link to the list of standards. The framework can be used:

- as a signposting tool, for advice and information
- to look for standards, case studies and best practice
- to assess the quality of projects
- to evaluate the success of projects.



Some other useful links to quality standards include:

- BREEAM: Pre-Assessment Estimators
- CEEQUAL - the assessment and awards scheme for improving sustainability in civil engineering and the public realm
- Waste and Resources Action Programme
- Building Regulations
- The Code for Sustainable Homes.

4.7 Managing European projects

Projects that draw on European funding often have particular requirements that need to be adhered to. This section identifies some of the lessons that are pertinent to European-funded projects.

European Regional Development Fund (ERDF)

The ERDF programme aims to strengthen the competitiveness and attractiveness of all regions in the UK, promote employment and economic growth through promotion of the knowledge economy and investment in human resources. The ERDF programme for the East of England will support low carbon economic growth until 2013.

The ERDF Programme is unable to offer direct financial support to single SME beneficiaries to further their business goals and aspirations. The expectation under the Programme is that all projects must be able to demonstrate multiple SME beneficiaries, and as such, the usual model is for an intermediary organisation to apply for ERDF funds to provide assistance and support to a number of SME beneficiaries.

The management of an ERDF project carries with it certain conditions and requirements that must be satisfied. The requirements as stipulated by the European Commission are embedded in various EC regulations. These regulations cover most aspects for the delivery of an ERDF project and the means which the project must have to demonstrate and evidence this delivery. Other requirements are established by the UK Government, and in the case of ERDF funding the responsible government department is the Department for Communities and Local Government.

Learning points – what you need to know about ERDF projects

- the applicant organisation is responsible for everything that happens during the lifetime of the project
- no profit must be made from ERDF funds
- ERDF activity must always be additional – ERDF money cannot be claimed to do something that would have been done anyway. Can this additionality be demonstrated?
- ERDF grant is paid IN ARREARS and only on DEFRAYED expenditure (i.e. money that has been paid for goods and services). Therefore, payments to suppliers can only be included in grant claims if bank statements for the relevant period show that the funds have left the relevant bank account
- all project costs claimed against ERDF must be incurred between the start and end dates of the project, as stated in the Offer Letter, and must be **eligible**. If the project is revenue only, no major capital items should be included
- whatever is being used as match funding must be eligible, and must also be part of the project costs. Evidence must be provided demonstrating that the match funding has been received
- it is essential that projects can prove that they have achieved what they set out to achieve – this means it is essential to be able to **measure** how things have changed since the project started, what are the outcomes (outputs and results) of the project? In order to measure change, you have to know what the situation was at the start of the project – this is what is known as the "**baseline**"
- administration for projects can be time-consuming. Management and administrative costs should be built into the project
- where a project has shared costs with an organisation as a whole, costs must be

apportioned using a fair and equitable method. Apportionment must be based on activity, not on turnover
- all staff must be informed about what they can and cannot do within the approved project. They may need training in record keeping requirements. This is particularly important where there are limitations on who is eligible to receive ERDF support.

Detailed guidance on all key aspects of managing ERDF projects can be accessed here (link to **Introductory Guide to Managing an ERDF Project**).

For documents to do with applying for ERDF funding, including a project concept form, bidding round dates, guidance notes and forms, please click here.

Rural Development Programme for England (RDPE)

RDPE is funded by the European Commission and the Department for Environment, Food and Rural Affairs (Defra). The majority of programme funds are allocated to improving the environment through Environmental Stewardship - administered by Natural England and the English Woodland Grant Scheme - administered by the Forestry Commission.

The RDPE funding totalling in excess of £21 million has been allocated between now and the end of 2013 to seven Local Action Groups (LAG) across the East of England through the Leader approach. **The Leader** approach to the delivery of the RDPE funding is where a local partnership, called a **Local Action Group** (LAG) plays a key role in identifying and funding projects which meet local priorities and needs.

The funding goes towards projects that focus on one or more of the following seven themes:

- business efficiency
- new markets and products
- new businesses and enterprises in the rural economy
- resource protection
- conservation of the natural built and historic environment
- access and recreation
- rural community capacity.

New projects, especially if they are large and complex, start from the idea and then concept stage and if approved, progress to the development of a full business case.

Learning points – what you need to know about RDPE projects

- **measure** dependent - RDPE grants are dictated by a series of measures which means that only certain project activities and beneficiaries can receive funding depending on the nature of the project and its contribution to addressing the measure
- **appraisals** - the application or business case will be both independently appraised and financially appraised. This means that the applicant will need to be open and honest about their existing business finance arrangements, turnover, asset management etc in order for an independent assessment (need for an RDPE grant) to be completed and the eligibility of the project. In some circumstances (and depending on the complexity of the project) this can be lengthy
- **claims** - claiming the grant funding can be a complicated and lengthy process as the claim forms require a lot of detailed supporting information The applicant should ensure that their business cashflow can accommodate significant delays for reimbursement.

For guidance on all key areas of RDPE project management, application process, including the regional RDPE prospectus, regional implementation plan and other useful documents, follow the link http://www.eeda.org.uk/rdpe.asp.

European Social Fund (ESF)

The European Social Fund (ESF) provides the employment element of the Competitiveness and Employment objective of the European Structural Funds programme. It was set up to improve employment opportunities in the European Union and so help raise standards of living. The ESF aims to reduce differences in living standards between the regions of the European Union (EU) by:

- reducing unemployment
- improving and developing the skills of employed people
- investing in industrial or rural areas which are in decline.

At national level, the 2007-13 England ESF programme is investing £5 billion over seven years, of which £2.5 billion is from the ESF and £2.5 billion is national funding. The East of England has been awarded an allocation of £174 million for the period 2007-13 as part of the England and Gibraltar ESF programme, the vast majority of which will be delivered through Co-financing Organisations (CFOs) that will provide the required £174 million of domestic match funding to lever in the ESF

The role of CFOs is to bring together ESF and domestic funding for employment and skills activities so that ESF complements domestic programmes. The CFOs contract with the organisations or 'providers' that deliver ESF projects on the ground. The priorities in the 2007-13 ESF programme are designed to focus ESF spending on specific activities and to ensure that it reaches people in most need of support.

There are six CFOs operating in the East of England at present, which are:

- the Department of Work and Pensions (through JobCentre Plus)
- the Skills Funding Agency (SFA)
- the East of England Development Agency (EEDA)
- the National Offender Management Service (NOMS)
- Central Bedfordshire Council and
- Luton Borough Council.

In addition, Technical Assistance (TA) funds are available to finance the preparatory, management, monitoring, evaluation, information and control activities of the ESF Operational Programme, together with activities to reinforce the administrative capacity for implementing the funds at national and regional levels.

Furthermore, ESF Community Grants are small grants of up to £12,000 for voluntary and community organisations to help them reach disadvantaged people who are not working.

And, finally, ESF acknowledges that learning from other countries is an important dimension of innovation and ESF projects will therefore include an element of transnational or inter-regional co-operation with at least one other EU member state. This may involve joint development of new approaches, as well as sharing or transferring good practice between member states.

The East of England is currently supporting two innovative and transnational ESF projects. The first is funded under the Active Inclusion theme within Priority 1 and assists mental health users to reintegrate into the labour market and the second under the Engaging with Employers theme within Priority 2, which aims to address the decrease in the number of apprenticeships within the engineering sector in Essex.

5. Project delivery

5.1 Context

This section covers some lessons learnt from delivery of projects. EEDA funded and project managed two main types of intervention:

- **Direct intervention -** this was particularly the case for land and property interventions which were delivered through direct development with EEDA acquiring land, contracting for decontamination and redevelopment and project managing the works
- **Grant funded** – by far the majority of projects where EEDA grant funded third parties to deliver projects with multi funded projects being the norm delivered under funding agreements. In some cases a suite of projects were delivered under a programme eg the Enterprise Hub programme.

Most of the lessons set out in this section relate to the delivery of grant funded projects. The section outlines some generic lessons that are applicable to all types of projects, followed by some specific lessons for particular types of interventions.

5.2 Generic lessons

There are a number of lessons that are pertinent to all types of projects. As set out above, key to successful delivery of any project is the production of a robust business case where work streams on the various sections should be undertaken in parallel.

Other success factors in project delivery include:

- **Trust:** when building a project team try to choose partners who you can relate to and share the project vision/objectives. Everyone will come to the project team with their own agenda so it is important to understand what these are early on
- **Buy in**: essential that there is buy-in to project success by those at the highest level in stakeholder organisations represented – difficult issues and decisions are then more easily resolved
- **Advice:** ask advice from people you network with who are likely to have developed projects like yours and find out how they did it and lessons learnt; look through evaluation reports of similar projects
- **Relationships**: set a non adversarial culture and allow all team members to be involved in the decision making process in a way that can add value to the project
- **Project objectives**: be very clear about the vision and objectives and ensure that everyone agrees them from the start so that they can align themselves to the ultimate purpose
- **Project definition**: list the main deliverables and when they will be achieved
- **Project delivery board**: usually the financial stakeholders with lead coming from the party making the greatest contribution. Each team member should fully understand their role and responsibility with deputies put in place with delegated authority. It is important that the wider stakeholder group, including community leaders and press are kept fully informed.
- **Project manager**: important to appoint a project manager who is solely responsible for the delivery of the project who will report on a regular basis to the project delivery board to include an updated cash flow, gantt chart programme and risk register
- **Project management**: ensure there is a project risk register which is regularly reviewed with close management of those areas of greatest risk. Ensure there is

representation from the project delivery board at the meetings to understand the problems that arise and rationale to solving them

- **Time**: ensure there is a critical path analysis for the project so that everyone is aware of key dates for decisions and actions. Don't underestimate the amount of time the project delivery board will have to give to a project and the length of time it takes to get to "start delivering"
- **Costs**: projects have failed because of gross underestimates of costs at concept and even full business case. Every effort should be made to obtain as accurate costs as possible by undertaking the necessary feasibility work and due diligence as early as possible and preferably before completion of the business case
- **Financial risks**: establish who will be bearing the risk of any overspend/funding shortfall to complete the project works. Establish who will be meeting the on going running costs - projections should be made showing income and expenditure annual forecasts until the project reaches financial sustainability with due allowance for cost sensitivities
- **Governance**: a robust governance structure is crucial to provide the necessary checks and balances. An advisory steering group is a favoured vehicle to comprise the stakeholders and other parties that can add value - eg representation from industry or a business angel. The terms of reference for the steering group should be agreed in advance with the purpose defined and roles and responsibilities set out. Reports will be received from the project manager/operator who will be set key performance indicators
- **Project operating surplus**: usually this is ring fenced and uses agreed in advance eg for entrepreneurship events
- **Evaluation**: make use of existing evaluations at the design stage and consider how evaluation of the particular project will be undertaken at the start. An independent evaluation can be costly but is worthwhile if the results are to be credible.

5.3 Lessons for property-related interventions

This section sets out some particular lessons relevant to land and property-related interventions: Success factors include:

- **Project definition**: find out what information you need to convey to the architect to define a good brief. This will be informed by the demand and need study. The brief should be sufficiently detailed to enable the architect to work up some design options and proceed to RIBA stage C to enable budget costings to be incorporated into the business case. For later design stages it is important to obtain input from the end user regarding module sizes and fit out
- **Quality Standards**: the "Excellence Framework" is a useful tool to use to develop the project – see section 4 . Completion of the "tier 1" section early in the project development will help to benchmark the various aspects of the project and highlight those requiring more attention. BREEAM assessments are required for those projects levering in public grants with minimum standards required as grant conditions. The appointment of a BREEAM assessor to the project consultancy team is recommended at an early stage
- **Contractors**: select your contractor on best value, how they can add value to the project, past experience of similar projects, professional competence and ask for the proposed site manager to attend selection panel. Ask previous clients about their experience and undertake a financial check of company selected and probe key supply chain sub contractors.
- **Costs**: projects have failed because of gross underestimates at concept and even full business case. Every effort should be made to obtain as accurate costs as possible by undertaking the necessary feasibility work and due diligence as early as possible and preferably before completion of the business case. During design, take opportunities to

value engineer your project to reduce non essential features. Ensure there is a project contingency which can reduce as more detail and cost certainty is known. Keep variations to a minimum as they invariably add time and costs to a project

- **Building to budget and time frame**: early advice from a quantity surveyor is crucial during design and tender stage, also advice regarding the nature of the contract eg traditional where client employs full professional team or design and build where architect and other professionals employed by contractor, although prudent to retain some cost control and quality functions client side. Remember Design and Build transfers risk to the contractor and can be dealt with by way of a two stage process but thereafter it is essential to keep changes to absolute minimum to avoid cost and time over run. Not all projects lend themselves to D and B contract eg refurbishments where unforeseen issues and variations often arise
- **Property purchase**: try to ensure there are no surprises by carrying out necessary due diligence at an early stage eg building survey, valuation, in the case of a site - geotechnical survey. Request solicitors to produce a report on title. Try to agree heads of terms for purchase as soon as possible even if the vendor is a member of the stakeholder group (often property divisions are quite separate to business development and research areas of companies /organisations)
- **Management operation**: establish whether this is to be dealt with "in house" or via a third party operator and draft brief for requirements and key performance indicators. Establish a letting and marketing framework with agreed tenant selection criteria. You will want to ensure the accommodation is used for the intended purpose of the grant - various mechanisms can be used eg keeping in touch with grant recipient through steering group meetings and ensuring monitoring and an annual report are produced and more formal independent evaluation and audit. Legal mechanisms through use conditions in a funding agreement or lease and having a framework lettings and marketing policy with tenant selection criteria. Funding agreements often contain a prohibited transfer period of say 3-5 years when the grant recipient has to give the project the best opportunity of success whilst recognising that economic conditions can change and sale or change of use may be appropriate to consider after that subject to some clawback of funding. A legal charge can be registered in certain circumstances to ensure conditions of grant are complied with which may also entail a deed of priority with other funders
- **Focus on outcomes**: in the case of business infrastructure, it needs to be recognised that the building itself is usually a means to an end, the overall outcome being the creation of jobs and businesses and creating an environment in which entrepreneurship and innovation activities can take place. There is a danger that the project delivery board becomes so consumed in the development of a building, it becomes an end in itself (the fund, build and forget trap).

5.4 Lessons in masterplanning

Masterplanning is a comprehensive, coherent, clear and long term development strategy. A master plan provides the guiding principles and objectives of a project or strategy upon which proposals can be based or judged against.

CABE offer a comprehensive online guide to masterplanning for people commissioning and managing development projects above the scale of single buildings. This provides comprehensive coverage of the masterplanning process from preparation (eg assembling a team; consulting the community; developing a vision); through project definition (specifying requirements based on a thorough understanding of the social, economic, environmental, and physical context); managing the process of exploring options, finalising the plan and adopting or approving it; and implementation, to ensure quality and deliver the vision. The site also provides numerous examples and case studies, and can be found at: http://www.cabe.org.uk/masterplans

Some key lessons in masterplanning include:

- **Aim** - don't lose track of the fact that the aim of the masterplanning is usually to enable stakeholders to make an informed judgement on the viability of bringing land forward for development and holding a developer competition
- **Costs** - need to quantify all costs of physically creating serviced developable land be they highways, utilities , relieving constraints etc throughout the build programme
- **Cost/Value** - all the above will help stakeholders make an informed decision on the value of serviced developable land and the cost of creating it
- **Phasing** - phased development will take place to reflect demand for space therefore costs will be triggered in a phased way as development proceeds
- **Developer competition** – developer selection should have regard to the following:
    - knowledge and experience of the market eg demonstration of sound knowledge of the sector, land value, planning constraints and with examples of previous developments undertaken
    - rapport with ethos of client and the vision / mission statement
    - financial scrutiny of strength of developer is required, as a masterplan usually takes years to translate to a return on investment and the appetite of the developer to stay with the project long term is crucial
    - thorough knowledge of the masterplanning process and expertise of the design and development team to be innovative and overcome obstacles
    - the client needs to be clear about the criteria upon which a decision is going to be made eg on the basis of a design competition, sector experience, tender price, empathy with client's vision etc.
    - once selected, the client needs to be in a position to move at a timely pace to contract by the preparation of a suite of documents in advance to form the joint venture partnership
- **Using design review** – Insight East's design review is a tested tool that is useful to use at an early stage; it is more cost-effective to address issues at a design stage than later.

A guide to masterplanning, drawing on regional lessons, is available at http://www.inspire-east.org.uk/masterplanningintheeastofengland.aspx?NavPageId=758

CABE also holds information on design review.
http://webarchive.nationalarchives.gov.uk/20110118095356/http:/www.cabe.org.uk/design-review

5.5 Lessons in planning and delivering major science and technology parks

Science parks and technology-based incubation facilities are a critical ingredient for a successful, knowledge-based economy. Their planning and operations bring a specific set of opportunities and challenges though covering not only the physical development but also issues of financing, marketing, and crucially knowledge exchange and commercialisation strategies. In particular, thriving science parks are often based on partnerships between global corporates, high growth SMEs, universities, research institutes and research councils, business support providers and the public sector bringing with it different organisational cultures, and a mix of commercial, scientific and public policy objectives.

Some important factors that are critical to the success of science parks include:

- **recognise the needs of the corporate –** the more successful science parks are generally built around a major corporate. It is important to align the benefits of the science park to the needs of the corporate. Corporates will not get on board unless the outcomes of the science park directly address their business targets
- **get senior level buy in –** science park developments need buy-in at the most senior level from the corporate, ideally the Chief Executive, in order to push the development along and cut through red tape. Furthermore, a champion is needed within the corporate to deal with issues on a daily basis
- **project manager –** the most successful science parks and enterprise hubs are those with an effective project manager. In the case of science parks, it is ideal if the first project manager is from the corporate itself to set the groundwork for collaborative working
- **lack of corporate –** science parks can be built without corporate buy-in, but it is harder to do and the likely outcome is a more research-driven park with little commercialisation
- **national significance –** recognise that the most successful science parks are those which are ambitious and are of national significance working in a global marketplace.
- **local issues –** working through local issues such as planning, transport and utilities are important to the success of any infrastructure project, but local politics can sometimes delay the build of science parks so care needs to be taken how this is handled
- **long-term sustainability** – science parks and enterprise hubs should not be reliant on public money in the longer term. Public sector funding should be used to kick-start the project, but if it can not be sustained by private sector funding in the longer term, the project is not viable
- **enterprise hubs** – enterprise hubs focus on helping start-ups to become self-sustaining enterprises. They do not necessarily need corporate buy-in but as they can often be isolated, depend on an effective project manager for their success
- **university involvement –** the level of university involvement in a science park or enterprise hub may vary, depending on the particular sector. For example, university involvement is likely to be higher in life sciences due to its heavy research base. Ideally, university presence should be brought into the science park, rather than collaborating at the university site.

Detailed further guidance can be found at:

Parry, M (2006) *The Planning, Development and Operation of Science Parks*, UKSPA
Watson, C (2009) *Masterplanning Science and Technology Parks*, BRE

5.6 Lessons for delivery of skills support

EEDA has supported a range of skills interventions. These have tended to focus on workforce training, such as Train to Gain and the Beyond 2010 programme (and its predecessors). Support has also be given to individuals facing risk of redundancy.

Key lessons that have been learnt include:

- **recognise differing goals –** educational establishments have their own targets, agendas and policy framework that do not necessarily prioritise economic development

aims. It is not possible to impose changes on other establishments. Instead, the best approach is to determine skills priorities in a strategic framework and use that to influence others. An example of this is in the area of careers advice. Educational establishments may not have access to market oriented information on the future jobs market. Intelligence on the likely shape of the local jobs market can be used to help shape and inform the provision of careers advice
- **alignment –** skills support can not be viewed separately from business development and innovation solutions. It is important to develop integrated solutions that align skills with other relevant initiatives
- **focus on employer needs** – the skills agenda is broad and there are multiple providers. It is important to understand the market segmentation and the space in the market that a new initiative is addressing. Any new initiative needs to have a particular focus, and it is advised to look at those areas that address the needs of employers. These needs are often overlooked as they do not necessarily come under targets set for educational providers. Employers often want flexible learning that meets their particular needs, rather than qualifications. When designing a project, consider that it may not be the public skills sector that supplies but the private sector
- **make use of business expertise appropriately –** as the focus of adult skills programmes should be on business needs, it is important to engage with businesses. However, be mindful that businesses are short of time and they should not be exposed to the more bureaucratic elements of establishing a programme. It is useful to have a facilitator to sit between the business and the skills supply side. Such a facilitator should be neutral, persuasive and empowered to be a conduit between the two sides. It is important that they are able to maintain a focus on the overall objectives, rather than the possible target-driven focus of suppliers
- **be clear but flexible** – as with other projects, it is essential to have a clear specification at the outset when commissioning services. However, it is important to build in flexibility so that the delivery can change according to market needs. This may mean, for example, setting out in the contract that you reserve the right to change the sectors that the initiative is focussed on
- **European funding** – European funding can be an option for this agenda. Projects that are specified by employers are those which tend to be most successful in accessing European funding. Intermediary bodies such as sector organisations and chambers of commerce are useful to help shape the project
- **keep project infrastructure to a minimum** – it is advisable not to set up expensive project infrastructure at the outset but to grow this as the programme develops and is seen to be successful
- **retraining for the new economy** – there is a skills gap around the needs of the new economy, for example the use of low carbon technologies in new and existing sectors. There may not be the knowledge or incentive for skills providers to focus on this area.

5.7 Lessons in enterprise support schemes

EEDA in partnership with local and regional partners has provided a number of services that directly support business. These have included the management of the Business Link service together with a number of specialist support services, such as the Manufacturing Advisory Service, a number of projects supporting women in business and resource efficiency service. Key lessons include:

- **designing the project** – all publically funded business support schemes need to align to the national Solutions for Business portfolio (available on the BIS website). The portfolio ensures there is no duplication between national business support schemes and local activity and ensures that public money is targeted at areas where there is a clear private sector market failure. Opportunities should be explored to reduce back

office functions of new business support schemes by building on existing capacity and sharing support functions. Sufficient time should also be built in for data management of the service and ensuring client data is appropriately captured and stored
- **understanding the business perspective** – it is crucial to test any new initiative with businesses at the design stage. As with other projects, there is a need to determine the market failure the intervention is addressing. With business support, it is even more pertinent to ensure there is a demand amongst businesses and the service doesn't duplicate private sector offerings. Businesses complain about being inundated with differing schemes from different parts of the public sector so any new initiative must be aligned with existing offerings
- **get feedback** – ensure you get appropriate feedback from businesses on the service. Any customer satisfaction survey should ideally having a standard set of comparators to enable benchmarking
- **commissioning** – commissioning of services needs to be client-focussed. While the contract will need to specify targets, there can be a danger in setting targets that distort what businesses are actually after. Standard targets don't necessarily give a good measure of what the support offering is aiming to achieve and the value added of it. The commissioning brief needs to be comprehensive, flexible and should consider how the service will be aligned with other support offerings
- **an agile and response approach** - Businesses value expert and credible support. They expect business advisors to have some knowledge of their business and sector. Businesses value their time and don't want to feel it is being wasted or that they are being pushed a standard product that doesn't fit their particular needs or by being asked the same question by different people. They require a service that is accessible and clear – but also needs to be up-to-date. A business directory with out of date programmes undermines credibility
- **relationship management** – to set up an effective support programme for business, need to work with partners to align the services so that from a business point of view it is seen as seamless
- **impartiality** – it is essential to be impartial in recommending support offerings. The benefit of the Information, Diagnostics and Brokerage service was that there were no conflicts of interest between the organisation recommending a product and the organisation delivering the product. This was not always the case when a one-stop shop approach was used.

5.8 Lessons in delivering access to finance schemes

EEDA has managed a number of business finance schemes designed to help businesses in the region start up and grow. These included grants to help businesses prove their market, invest in research and development and a range of loans to support business growth.

- **designing the programme –** it is essential to make sure any new grant/loan fund is not duplicating others that are being run nationally or locally. It is likely that any new scheme will need to fit with the Solutions for Business portfolio so early advice from BIS is advisable. There have been numerous evaluations on pilots and funding schemes so these should be assessed at the design stage
- **state aid** – state aid can be a particular issue with access to finance products. It needs to be carefully assessed whether it will be necessary to notify the EU of the establishment of a grant programme, or whether it can be carried out under De Minimis
- **clear and transparent –** it is essential to have clear and transparent appraisal and guidance notes, preferably web-based. A chart to show businesses the process and the expected length of time that applications will take is ideal. The criteria and weighting that will be applied to the assessment of grants should also be published

- **conflict of interest -** conflict of interest issues can be pertinent in the awarding of grants. If using due diligence, for example, it is advisable to have a panel of advisors so that an appropriate consultancy can be chosen that is both credible in terms of understanding the particular business and has no conflict of interest
- **offer letters –** make sure the offer letter is tight and sets out clearly how the grants will be dispersed whether in stages or upfront. An independent accounts report is recommended. The offer letter should specify how and why monies would be clawed back if necessary
- **economies of scale –** in order to keep overheads as a proportion of the service to a minimum, it is important to think of economies of scale in delivering the service

5.9 Lessons in responding to economic shocks

These key lessons draw upon EEDA's experience, alongside evaluations of The RDA response to the 2007 floods in the South West and Yorkshire, Foot and Mouth Disease in the North West and the Pitt Review. The headline lessons are:

- the **direct and indirect costs** of disaster recovery should not be under-estimated, and the impacts on supply chains, health and well-being can have long-term implications for the economy
- responses should be coordinated across local and regional areas as far as possible to provide **coherent and consistent support** to businesses and those affected
- programmes of support need to be **promoted** effectively, and accessed via a **single point of contact**
- programmes of support have greatest impact when they are highly targeted on greatest need
- businesses can benefit from both **grants** and **interest-free loan** facilities to help with business recovery (eg clean-up; repair of equipment; replacement of stock; covering insurance excesses)
- Local Authorities and/or Local Enterprise Partnerships should get clear advice from DEFRA on the options surrounding **State Aid *de minimis*** payments to businesses as it may be possible in certain circumstances to apply for European Commission permission to pay higher levels of compensation in the wake of substantial and uninsurable business losses (eg crop failure)
- businesses **immediate priority is primarily finance** to help clean-up and a rapid return to trading to prevent loss of turnover
- however, some businesses may require longer-term and **ongoing support**, to generate new markets, improve productivity and increase resilience – in particular, the response to foot and mouth in the North West helped companies to diversify into other activities or to reduce low value activities and move up the value chain
- recovery initiatives benefit from a programme or advisory board/group **involving key companies, business representative organisations** and support providers
- local economies benefitted from **promotional and events campaigns** in the aftermath of major floods, to boost tourism and retail spend and indicate that places were still 'open for business'

In the case of supporting individuals faced with **losing their job** as a result of a company closure or economic shock, interventions are more likely to be successful if:

- intervention is early in the redundancy cycle, preferably in the workplace and prior to being made redundant
- support involves a blend of group and one-to-one sessions
- is supported by Union Learning representatives

- there is strong co-ordination and information sharing with other programmes providing support (eg those of JobCentre Plus and training support funded by the Skills Funding Agency)
- providers and people looking for work have access to good quality information on the local labour market and opportunities that are available (eg skills shortages).

6. *Evaluation*

6.1 Context

This chapter is intended to provide an overview of the approach to and key findings from evaluations undertaken by EEDA. It is designed to complement the practical lessons outlined in section 5, Project delivery.

The basic premise of any evaluation is that the result will help both the funding bodies and delivery partners learn what interventions or aspects of interventions worked well and less well.

Impact evaluations are designed to help practitioners:
- understand the economic impact of interventions in a particular area
- make informed decisions on future investments
- consider a number of lessons around how a number of particular interventions are planned, delivered and monitored.

In some cases it may be appropriate to undertake a **formative** evaluation. Formative evaluations tend to be undertaken during the lifetime of a programme. They tend to examine, amongst other things, the delivery of the programme, the quality of its implementation and the organisational context, personnel, structures and procedures. Having a third party evaluation undertaken during the programme's lifetime can be particularly useful in collaborative working where the programme has multiple objectives and in providing evidence for making appropriate adjustments.

Why evaluate projects or programmes?

Evaluation of *impact* is a critical element of the project lifecycle. Evaluation provides evidence of a particular impact within a specific geographical area; it facilitates scrutiny of its value for money and enables learning, better decision-making, performance improvement and innovation. Impact evaluation is about assessing the wider and longer term consequences of interventions and goes much further than monitoring, counting or observing policy effects. For example, it is about admitting the possibility that assisting one business may have adverse effects on other, non-assisted businesses and finding out the net benefit or cost.

Using the Impact Evaluation Framework (IEF)

EEDA has based its most recent evaluations on the IEF, an evaluation methodology published by BIS and designed for application to economic development projects and programmes. The IEF provides useful and practical guidance for agencies undertaking evaluations that supports a consistent approach.

The IEF considers the following key elements of an evaluation:

- **Context and rationale** – the significant problems and missed opportunities likely to persist if no action had been taken and were caused by market and other failures that could be addressed effectively and efficiently by the intervening agency (imperfect information; market failure and equity)
- **Theories of change and logic models** - the ways in which action by the intervening agency was expected to tackle the market and other failures, and the anticipated and targeted links between its actions and their outputs and outcomes

- **Inputs, activities and processes** – the resources that were committed to take action, the activities that were funded and the processes by which they were delivered (including the Strategic Added Value (SAV) provided by the intervening agency)
- **Gross outputs** – the achieved and measurable consequences of the intervention and the effects on, or consequences for, its beneficiaries
- **Additionality** - the adjustments to the gross outputs/outcomes for deadweight, leakage, substitution, displacement, multiplier, and wider expected and unexpected effects to derive net outputs/outcomes
- **Outcomes and impacts** – the translation of net outputs into gross value added (GVA) or other quantified outcomes and assessment of the scale and nature of the outcomes relative to the contextual conditions that gave rise to the intervention in the first place
- **Value for money** – the overall assessment of the economy, effectiveness and efficiency by the intervening agency.

Useful links to guidance on the IEF are:

Evaluating the Impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework - www.berr.gov.uk/files/file21900.pdf

BIS: RDA Evaluation: Practical Guidance on Implementing the Impact Evaluation Framework, December 2009 - http://www.bis.gov.uk/files/file54095.pdf

RDA evaluation: Practical Guidance on Implementing the Impact Evaluation Framework: Appendix 1 – Beneficiary survey methodology and questionnaires: December 2009 www.berr.gov.uk/files/file54096.pdf

A list of evaluations undertaken by EEDA is available in **Appendix L.**

Understanding additionality

Crucial to an effective impact evaluation is the concept of **additionality.** Additionality is the extent to which something happens as a result of an intervention that would not have occurred in the absence of the intervention. The additionality adjustment is the sequence by which the gross outputs from an intervention are converted to net outputs.

By calculating additionality, the evaluation recognises that gross outputs may not accurately reflect the impact of that intervention. For example, gross outputs may show that a company has grown in size since moving into new premises, but if they had plans to expand anyway, regardless of moving to new premises, then an adjustment needs to be made to show the *net impact.* This adjustment is the additionality ratio which differs according to the particular intervention. To determine an additionality ratio for a particular intervention, data needs to be gathered from beneficiaries.

The definitions of the different additionality ratios are included in **Appendix M**.

Key questions for an informed additionality judgment	
Additionality element	**Key question**
Deadweight	What level of outputs and outcomes would have happened anyway without the project, and in what time period?
Leakage	Who were targeted beneficiaries? Have the outputs/outcomes benefited non-target group(s) and/or area(s) at the expense of the target group and/or area? If yes, by how much?

Displacement	Has the project reduced existing activity from within the target group or area? If yes, where and by how much?
Substitution	Has the project resulted in organisations/firms substituting an activity or input for a similar one to take advantage of public funding? If yes, where and by how much?
Multiplier effects	How much additional economic activity is generated through purchases along the supply chain, employee spending rounds and longer term effects?

How to calculate gross-net

Calculation - Adjusting gross to net outputs
- Gross to net calculation
- N = G(A*L*D*S*M)
- Where N = net outputs; G = gross outputs; A = proportion of non-deadweight; L = proportion of non-leakage; D = proportion of non-displacement; S = proportion of non-substitution; and M = multiplier coefficient

Using evaluations – an example of a Strategic Investment model

Evaluation evidence should ideally be used to inform future decisions about what investments to make. Working collaboratively with London Development Agency, OneNorthEast, and SQW, EEDA designed a Strategic Investment Model to make use of the appraisal, monitoring and evaluation evidence from economic development projects. The model enables decision makers to make evidence-based decisions about which investments to make based on their future likely returns in terms of GVA and other specified net outputs.

The model incorporates this information in a spreadsheet model to take account of outputs and outcomes. The tool enables users of the model to shift resources between programmes and to reduce or increase the scale of spend, and to instantly see the likely implications in relation to net outputs and GVA impacts **(see screenshot at Appendix D)**.

The model works in the following way:

1. Specific outputs are used: jobs, skills, employment support, business support and business creation
2. These are converted into net outputs and outcomes (in the form of GVA) using evaluation evidence
3. Benefit-cost ratios are obtained, comparing with EEDA spend over relevant period of time
4. GVA from budget allocations is estimated
5. This is then used to explore impact of budget allocations and performance both across and within programmes.

The model was a recent introduction at EEDA as it was only developed just before the announcement of EEDA's closure. Nonetheless, it is a useful tool to aid the resource allocation process and improve value for money.

Although confined to GVA impact, which is a narrow definition of economic success, it has the potential to be extended to other measures of impact. Other developments that could be examined would be to extend it from the current focus on direct and the most immediate indirect effects, for example to allow for clustering effects, and to move beyond average returns to consider increasing or diminishing returns to the scale of spend.

Learning points - implementing effective evaluations

Forward plan evaluations – ensure plans to undertake evaluations are built in to the project life cycle at the beginning. Without an evaluation plan there is a risk that monitoring will not be in place and without output and beneficiary data an evaluation cannot take place. Also, it ensures that those project managing the intervention are aware of the financial resource that will need to be ring-fenced for an evaluation to take place in the future. Evaluation activity can be costly – a rule of thumb is that between 1-3 per cent of total project/programme spend should be ring-fenced for evaluation activity.

Choose the right projects to evaluate - resist the use of arbitrary targets to decide which evaluations to undertake. Targets based on evaluating a set proportion of spend tend to encourage the evaluation of large spend projects which may not generate the most interesting lessons or be at an appropriate point in time to evaluate. Plan which projects to evaluate in advance so efficiencies can be made by evaluating certain projects together. Evaluate interventions at the appropriate time in the project life cycle when there is some valuable output data (eg business premises shouldn't be evaluated until they have been open for business for at least six months or until there is a reasonable occupancy rate).

Ensure common standards in evaluation - where appropriate, have a central resource to coordinate evaluations between teams so that common criteria can be used. When EEDA first began evaluating its activities, this was done on an ad-hoc basis and there was no central co-ordination. This led to a number of difficulties including huge variations in the contracts that were being tendered for evaluations[3] and evaluations were carried out according to different criteria with no means of comparing interventions effectively. It also meant that evaluations and importantly any recommendations were kept within the team, rather than spread around the organisation.

Embed lessons learnt - the point of evaluating activity is to inform future investment decision-making and ensure that similar projects or programmes learn the lessons from previous interventions. If this concept is not understood and embraced by the organisation at all levels then evaluation will be little more than 'something that needs to be done'. Evaluation evidence gives public sector organisations a much better understanding of the types of interventions that were going to give the greater returns over the longer term, those that would give quick results and those that gave 'greatest bang for buck'. When making investment decisions, being armed with this level of knowledge that enables decision-makers to distinguish between interventions on the basis of performance is invaluable.

[3] A standard 'Invitation to tender' document was developed for all evaluation activity

6.2 Evaluation results – generic points

The following sections summarise some of the lessons that have emerged from the evaluations that EEDA has commissioned. This section sets out the generic points that apply to all projects and programmes.

The following factors are important in understanding differences in the extent of impact and value for money that evaluations assess at a particular point in time:

- time lags in production of benefits – this is particularly true for long-term physical regeneration projects and those requiring significant capital investment
- programmes or projects which are not focused on producing tangible outputs (such as creating commercial floorspace, carbon savings, leveraging funds etc) which cannot be easily translated into measures of impact such as gross value added (GVA)
- investments which provide national or cross-regional benefits that 'leak' outside a specific geographical boundary.

These factors need to be taken into account when understanding and using evaluation evidence.

In order to improve the cost-effectiveness of any intervention it is important to:

1. **Understand the market** – there is a need to understand and adjust to the market and macro-economic conditions during the project life cycle, particularly in relation to how these factors impact on demand (eg for advice, skills and/or new facilities); and revising interventions as conditions change. This means retaining flexibility across the investment portfolio within a programme whilst maintaining a consistent commitment to the desired outcomes and impact.

2. **Be clear about market failures** - understand the market and other failures that a programme/project is designed to address, the strategic objectives and those of any partners (separate logic models may be needed to reflect these differences).

3. Ensure that the **spatial nature of market** and other failures is taken into account – eg the rationale for focusing on 'cold spots' to benefit the wider spatial area as a whole (this is particularly applicable to regeneration or HE infrastructure projects and must be designed into the project – 'spill-over' may not happen on its own).

4. **Consider the most appropriate delivery model**, taking into account:
   - the ability of customers to 'control' or 'co-produce' their intervention – eg in the case of skills interventions, developing the learning package to meet individual learning needs (working very closely with the suppliers to ensure that the intervention matches exactly the strategic objectives and demand from the intervention).
   - balancing the need for accessibility with designing an intervention which is too 'lightweight' – if the intervention is very light touch (an example might be mailshots/emails to potential businesses as part of a business support offer), beneficiaries may not recognise the benefit intended by the intervention
   - the ability to use funding to fill gaps in less flexible national programmes (particularly around skills interventions that do not necessarily lead to qualifications) - promoting funding flexibility within a framework of accountability
   - ensuring that the right connections are made with partners and with other initiatives to deliver a more integrated programme around the same location, communities,

businesses, people and/or technologies – eg the approach taken by the Integrated Development Programmes.

5. Identifying, allocating and managing **risks** appropriately
- particularly in long-term regeneration projects – ensure sufficient time is allocated for slippage
- agreeing with partners those risks they will own throughout the life of the project.

Sections 6.3, 6.4 and 6.5 assess the evaluation evidence under the themes – physical regeneration, business development and competitiveness, and people and skills.

The analysis refers to the interventions that were evaluated as part of the evidence base for the National Impact Evaluation Report that was commissioned by BERR and undertaken by PwC in March 2009.

The analysis was based on consideration of the extent to which EEDA's funding and/or influence generated additional outcomes and the associated efficiency with which this was accomplished. The key measure of outcomes used was gross value added (GVA) which was assessed across the evaluations and the measure of efficiency that was adopted as the ratio of GVA outcome attributable to EEDA relative to the associated EEDA expenditure.

It was recognised at the time that although there are other components of value for money – economy (spend per activity or output) and effectiveness (extent to which an intervention met objectives) it is the efficiency or cost-effectiveness measure which enabled the comparison between EEDA's projects/programmes and lessons to be learned from the analysis.

6.3 Evaluation evidence – physical regeneration

Overview

Physical regeneration interventions generate a wide range of GVA impacts and benefit/cost ratios. The benefits often take longer to achieve but they can, over time, produce a higher benefit: cost ratios than other types of interventions. The difference in outcomes between physical regeneration projects is mainly determined by deadweight and displacement.

Minimising the extent of deadweight and displacement in regeneration investments is a strategic issue and is a matter of considering *where* under-utilised, vacant or derelict land and buildings are located within a specific geographical boundary/area (eg a local authority boundary) and can be brought back into use:
- with benefits to people and businesses in the local area
- with minimal adverse displacement effects elsewhere in the are
- at costs and risks that are acceptable and manageable (bearing in mind other priorities)
- with costs that are outweighed by the benefits to the geographical area as a whole.

Key points to consider - increasing impact

The evaluation evidence suggested that land reclamation, site development and building/facilities investment/refurbishment would be more likely to offer value for money if the following factors are taken into account:

- resolving the trade-off between committing to high value-added uses of the sites/premises it funds and ensuring that there are secure plans for occupancy/use as soon as possible. The aspiration towards high-value use seeks to improve the image of a local area, provide the foundations for higher sustained growth and create opportunities for high quality and higher income employment opportunities. However, it can also stall development (especially where market agents have different views about appropriate end-uses) and reduce private sector confidence in the area and increase the perceived risks of investments
- following up strategic intentions by reinforcing the potential knock-on effects of its direct investments on developments in adjacent or nearby sites which needs to be designed into the programme. Investments in areas which have not experienced major capital investment for many years can have significant indirect impacts on business confidence and investment decisions
- making connections, where appropriate, with other regeneration activities that are being delivered or planned in or around the same location, communities, businesses, people and/or technologies
- ensuring that effective partnership and delivery structures are developed early on, lessons are learned from best practice elsewhere and continuity of staffing is maintained throughout the project life-cycle
- identify and manage the risks that the agency is prepared to own - and agree with partners those that they will own. Large physical regeneration schemes take many years to implement and require dedicated teams and robust governance if they are to be successful
- ensuring the project goes through a rigorous appraisal process, monitoring and risk analysis, in partnership with other involved public and private sector agents, in order to mitigate and manage risks to the delivery of regeneration projects, particularly in relation to their costs and timescales, and most importantly, their longer term, regeneration purpose and potential. Delivery of the outputs identifies needs to be managed throughout the duration of the relevant contract(s). Due to the extended timescales of such projects and the significant sums involved, this issue is particularly pertinent here
- minimising deadweight and displacement by considering the strategic location of new buildings or investing in under-utilised, vacant or derelict land – ensure ‘cold-spots’ warrant regeneration. Ensure that the location of the investment will directly benefit the ‘cold spot’ that it is intended to target (eg ensure that the business space being created doesn’t just cause businesses to move from one space to the new space).

6.4 Evaluation results - business development and competitiveness interventions

Overview

EEDA’s evaluation of business development and competitiveness evaluations demonstrated that there was a reasonably narrow range of GVA impacts and GVA benefit/EEDA cost ratios, and on average performed well. Business development and competitiveness projects are usually well geared to producing and registering outputs which can be translated into GVA figures and are generally designed to impact more immediately on a larger number of businesses than a physical regeneration project.

Such interventions are driven by their effect on skills and employment, and those that have alternative justifications will appear on paper to compare unfavourably with those projects that are set up to generate large numbers of quantifiable outputs. If broader outcomes such as leveraging funds and development of commercial floorspace are to be measured, then investment in a wider range of research tools (eg a longitudinal study) will be required.

On additionality, there was a reasonable range of gross-net ratios above and below the average of 35 per cent for jobs created/secured and 34 per cent of skills assisted. The key drivers of the differences in the gross to net ratio are the extent of deadweight and, to a lesser extent, displacement and leakage. Other additionality factors (substitution, multipliers and optimism bias) were either modest or similar across the evaluated interventions.

The high propensity for deadweight is in part due to the fact that there are a number of public and private providers in the business support landscape. In addition, interventions can be a lot 'lighter' than capital investment programmes in particular – this means that the outputs can be a limited contact between an advisor and a business where outputs are less tangible. This leads to two challenges for business support programmes in terms of deadweight – the difficultly of establishing market failure to provide rationale for intervention and the ability of beneficiaries to register an impact of that intervention.

This is particularly relevant for early stage business support projects, which are designed as gateways into more intensive support and therefore can appear to deliver limited additionality. This does raise the issue of how early stage business support interventions are followed up through some sort of 'after-care'.

Innovation revenue projects and inward investment registered some of the highest deadweight. In the projects that were included in these two bundles, many of the activities were relatively 'light' (eg seminars; advice and guidance; mass mail shots), leading to a perception among some beneficiaries that the intervention had delivered little additional value. However, by contrast, it acted in a positive way in relation to interventions that specifically targeted rural areas. Many of these had high take-up, reflecting a dearth of alternative support mechanisms for the target businesses in the target areas.

Key points to consider - increasing impact

There are a number of actions that can be taken to minimise the extent of deadweight in business development and competitiveness interventions:

- ensure that there is clear demand for the intervention and that the grounds for the market failure are solid. In both of these cases the intervention would otherwise risk duplicating something which already exists, raising deadweight. Specifically target areas that are not currently well covered by business support services
- attempt to predict the size and nature of demand for the intervention. Overestimating demand and then 'pushing' a free or subsidised service to businesses which would have not otherwise have considered or needed, will again raise the deadweight. Additionally, if training is mandatory such as health and safety training, this should not be offered free at point of use as this damages the market. Conversely, overly restricting demand so that one company benefits while a neighbouring company cannot will lead to an increase in displacement
- ensure that marketing for the intervention is well targeted, which also means understanding the audience and demand. 'Scatter-gun' approaches to marketing which draw in businesses who are unlikely to benefit fully from the intervention raises deadweight
- being too 'light' in terms of the degree of support offered will raise deadweight, as recipients will find it difficult to distinguish the benefit received in this way, so immediate feedback from participants is vital to inform future activity (if this level of intervention is pursued). Interventions that target early stage business can appear to offer little additionality unless followed up with further 'after-care'
- continuity of the support offered – if support contracts are to be awarded, ensure that there is no gap in the service offered.

The evaluations also highlighted a series of lessons relating to the design of business support projects.

- **Maintain flexibility in the delivery model** - this ensures that the customers (eg employers) get what they want, not necessarily what the provider think they need. It is also important to design-in flexibility in terms of service and marketing design where the target groups are not necessarily part of the mainstream business community. Having said this, it is important to also draw limits around that flexibility to ensure that interventions address projects with high levels of additionality. An important lesson would be to use the connection made through delivering what businesses want to influence them to consider the long-term needs of their staff
- **Funding processes** - where match funding from the private sector is required, speed and flexibility of decision-making is key and responsibility for committing funds and negotiating outcomes should occur at the most appropriate level to make decisions, consistent with the need to ensure accountability for expenditure of public funds
- **Project designers** should recognise the importance of on-line diagnostics to assess need and suitability, but be sure not to neglect the value of face-to-face diagnosis
- **Project and relationship management** – depending of levels of staff turnover in the organisation, it is important to appoint senior project champions who can provide visible support and consistency for partners in times of changeover.

6.5 Evaluation results - people and skills interventions

Overview

The performance of the people and skills intervention activity varied greatly in the evaluations undertaken for EEDA. The evidence suggests that projects supporting workforce development and economic inclusion appear to provide the greatest return on EEDA's investment. Interventions supporting construction skills and interventions linked to regional higher education establishments appear to have had smaller GVA returns.

One of the reasons for the difference in returns was because of varying levels of deadweight. For example, very high levels of deadweight were recorded against a construction skills project – designed to encourage undergraduate engineers to consider a career in the construction industry. The reason for the high levels of deadweight was that there was little evidence that could prove that the project affected career choices. However, this assessment does not judge the employability of those people which would have value in itself.

Relatively high levels of deadweight, in comparison to the other People and Skills projects, were also recorded for business beneficiaries linked to interventions associated with an HE project. Here the focus was on businesses moving into premises linked to the new facility and, potentially, receiving business support. Survey work completed as part of the evaluation study found that a good proportion of businesses considered that the benefits that they derived – mainly as a result of accommodation in a business incubator facility – were non-additional (ie they would have happened anyway).

However, some of the People and Skills interventions had low levels of deadweight, including the provision of an HE campus in an area that was previously a regional 'cold spot' in terms of HE provision means higher levels of additionality and there was no evidence to suggest that the investment would have taken place in the absence of EEDA's intervention.

The workforce development interventions – all of which were concerned with providing employers with demand-led training – generated relatively low levels of deadweight.

Generally this was because the approach was innovative and flexible, and it was designed so that employers had a great deal of influence on the process.

Leakage levels also varied across the People and Skills interventions. This refers to the extent that the outputs and outcomes generated as a result of a project were contained within the geographic area that the intervention is designed to address. Leakage was particularly high for interventions linked to HE in the region and construction skills. For the HE intervention, the University attracted relatively high levels of international students who came to the University to study and were then 'lost' from the region on graduation. One of the construction skills projects was concerned with a national training facility. The facility was located in the region, but attracted students from all over the UK, sourced through participating institutions, hence few of the participants remained in the region having completed the course and the level of leakage was high.

It should be noted that the high level of leakage recorded for both of the interventions listed above does not, in itself, render the interventions 'bad', but that this needs to be taken into account when making comparison with the impact data.

Evidence for displacement also varied across the People and Skills evaluations. Relatively, it was higher in terms of workforce development and elements of the interventions linked to the HE intervention and was lower for interventions supporting people back into work and construction skills.

Part of the reason why the interventions linked to construction skills generated low levels of displacement was that – at the time – there were significant skills and labour shortages in the construction sector. Equally, relatively strong levels of demand for labour provided a core part of the explanation as to why skills interventions via initiatives to support people back into work were considered to perform well in terms of displacement.

Key points to consider - increasing impact

A number of factors can contribute to increasing the value for money of people and skills interventions:

- making sure interventions are properly specified in the first place, and that they really are addressing the right problem – that the market failure or the equity argument is clear
- a number of findings relating to the additionality of People and Skills interventions appear to be a function of the particular macro-economic circumstances in which they were delivered. In an environment where the economic circumstances are less favourable than when the interventions were evaluated, some of the underlying assumptions would be to be re-appraised as the difference in context will feed through into assessments of additionality. This means that:
  - interventions, even successful ones in the past, should not simply be rolled out without reconsidering critical issues relating to the underlying rationale and its precise specification
  - on-going interventions ought to be regularly re-appraised, and re-engineered as appropriate, as external conditions change, checking regularly the market failure and objectives of the intervention. This argues for a higher level programme-based approach to interventions rather than one locked into very tightly engineered projects in which the scope for amendments in response to changing conditions is negligible
- the GVA contribution return seems to be higher where (under relatively buoyant economic conditions) economic participation rates and/or skills levels are increased in a manner that persists over time; and in the context of an economic downturn, it would

be feasible to add the creation/safeguarding of jobs as a third key priority. These projects don't tend to be quick fixes but focus on long-term transformation.

- effective intervention depends critically on utilising project spend to 'lubricate' the process of accessing mainstream provision in a way that can subsequently sustained. EEDA wasn't a major funder of People and Skills projects, but it was flexible. The workforce development interventions demonstrated what could be achieved in responding flexibly to the self-diagnosed needs of businesses and using well established sector bodies as the principal intermediaries. The impacts, relative to spend, appeared to be substantial in themselves but, more importantly for the medium-long term, a clear link into the major national products (such as Train to Gain before abolition) where significant resources were established. In terms of providing a financially sustainable basis for continuing investment in workforce development, this aspect is significant.

List of Appendices

Appendix A: Useful data and resource sources

QUESTION	What this will tell us	Potential indicators/research
1. What is the historic and current economic performance of the local economy?	+ Headline economic performance	+ GVA per job (ONS) + Gross Disposable Household Income (GDHI) (ONS) + Annual Survey of Hours and Earnings (ASHE) (ONS) + Monthly Purchasing Managers Index (regional level only) (Markit Economics) + Quarterly ICAEW Business Confidence Monitor (regional level only) + Quarterly Engineering Employers Federation Manufacturing Outlook Survey (regional level only) + British Chambers of Commerce Quarterly Economic Survey + Regional Trade in Goods (regional level only) (HMRC)
		+ RES Evidence Base, particularly Part 1, Chapter 2 on economic performance + Regional Intelligence Snapshot/Monthly Economic Outlook + Local Economic Profiles + Quarterly briefings from sub-regional partnerships (available from EEDA) + Recession Impact Report + International Insight + Trade Insight + East of England Forecasting Model – see spreadsheets with data grouped by area (including GVA, GVA per head, productivity (GVA per job), employment, unemployment)

		+ Regional Economic Atlas
2. What is the economic structure of the local economy, and what is unique or different about the local economy from an industry point of view?	+ What are the areas of industry specialism? + Does the locality have a diverse economy or is it dominated by a small number of sectors? + How well has the locality taken advantage of national and regional growth sectors?	+ Total employment by SIC section + Employment growth by SIC section (2001-08) + Location quotients (GB-based and East of England based) (2001-08) Annual Business Inquiry workplace analysis SIC 2003 Local authority and region 2008 by 15 SIC sections. Include percentages for comparative reasons and select employees as the variable. Source: NOMIS (For 2009 data onwards the ABI will be replaced by the new Business Register and Employment Survey SIC 2007)
		+ Local Economic Profiles + Skills Insight + GHK Growth Sector Research (available for Carbon Capture and Storage; Civil Nuclear Power; Marine Energy; Life Sciences and Medical Technology; Offshore Wind; Low Carbon Vehicles; Low Carbon Buildings; Plastic Electronics; Advanced Manufacturing; Digital Technology; and Composites) + East of England Forecasting Model (GVA and Employment by Sector)
3. What is the entrepreneurial profile of the region, and the business structure?	+ What is the rate of business ownership and formation? + Is the economy reliant on large or small employers?	+ Registered enterprises/10,000 population (Business Demography, ONS) + Registrations/10,000 population (Business Demography, ONS) + Self-Employment Rates (Annual Population Survey, NOMIS) + Global Entrepreneurship Monitor (regional level only)

		+ Enterprising East of England (Insight East) + RES Evidence Base (Part 2, Chapter 3 on Enterprise)
4. How innovative are the localities' businesses?	+ What proportion of businesses actively innovate?	+ Community Innovation Survey + Business Enterprise Research and Development (BERD, regional level only) (ONS) + Patent applications (UK Intellectual Property Office)
		+ Innovation Insight + Regional Economic Atlas
5. What are the most significant challenges facing businesses	+ What are the most significant challenges facing businesses? + Of these challenges, which ones can the public sector play a role?	+ Local business surveys
		+ Regional Intelligence Snapshot/Monthly Economic Outlook + Quarterly briefings from sub-regional partnerships (available from EEDA) + East of England Implementation Plan (Places Chapter)
6. How do residents participate in the economy?	+ Share of working age population that works or wants to work (economically active)? + Share of working age population in employment? + Share of working age population who are workless?	+ NOMIS (for the Annual Population Survey (Employment rate, unemployment rate, economic inactivity rate – and by age/gender/ethnicity), Benefit Claimants, including the Claimant Count) + Monthly Regional Labour Market Statistics (ONS) + Monthly Economic and Labour Market Review (ONS) + Wider worklessness definition (ILO unemployed + economically inactive who 'want to work) (APS) + Employment deprivation (Indices of Deprivation, CLG/Neighbourhood Statistics) + Young people not in employment, education or training (NEET) (Department for Education) + Redundancy figures from JobCentre Plus + Research and Statistics Gateway (Department for Education)

		+ Economic Participation Study and Datasets + Economic Participation Study Local Profiles and Datasets + Skills Insight + Local Economic Profiles + East of England Forecasting Model (employment and unemployment forecasts) + Regional Intelligence Snapshot/Monthly Economic Outlook + EEDA's Structural Weaknesses Report + Regional Economic Atlas
7. What kinds of jobs are undertaken in the local economy?	+ What are the levels of skills and competencies of jobs in the economy	+ Occupational structure (APS) + Annual Business Inquiry/BRES (NOMIS) + Civilian Workforce Jobs (ONS) + Annual Survey of Hours and Earnings (ASHE) (ONS) + Local business surveys (skills gaps and shortages)
		+ Skills Insight + East of England Forecasting Model (Employment by Sector) + Insight East Occupation Demand and Qualification Demand Forecasts (see EEFM-based forecasts for upper tier local authorities) + Insight East Sectors and Skills Briefing + Local Economic Profiles + National Employers Skills Survey Report and Data
8. What are the qualifications and educational participation of the local economy	+ What are the levels of qualification attainments of the population? + What compulsory school qualifications do the workers of the future attain?	+ Qualification level attained (APS) + Proportion of school leavers attaining 5 or more GCSEs at grades A to C (DCSF) + Participation of 17-year olds in post-compulsory

	+ What are participation rates in post-compulsory education?	education + Research and Statistics Gateway (Department for Education) + Higher Education Statistics Agency
		+ As no's. 6 and 7 plus: + Analysis of Skills Outcomes (East of England Strategic Authority Leaders)
9. What are the levels and distribution of deprivation in the locality	+ What are the patterns of deprivation? + How many children are in poverty?	+ Proportion of Lower Super Output Areas (LSOAs) within the most deprived 25% per cent LSOAs nationally (Indices of Deprivation, CLG) + Households Below Average Income (HBAI) + Lots of data and indicators at local level at the following websites: + www.poverty.org.uk + www.childpovertytoolkit.org.uk + www.neighbourhood.statistics.gov.uk
		+ Economic Participation Study and Datasets + Economic Participation Study Local Profiles and Datasets + RES Evidence Base + RES Evidence Base - Indices of Deprivation Analysis (available from EEDA) + EEDA's Structural Weaknesses Report
10. How economically sustainable is the local area?	+ What are the comparative greenhouse gas emissions? + What are energy consumption levels?	The best available measures in terms of local, regional and national data availability seem to be: Emissions (DEFRA): + End user CO2 emissions of industry/commercial sector per denominator (eg GVA or employees) link

		Energy use (BIS): + Total final energy consumption of industry/commercial sector per denominator (eg GVA or employees) link Congestion – NI167
		Insight East will be publishing a report on the sustainability of the East of England's economy in early 2011. This will include a 'sustainable economy atlas' with key economic-related sustainability measures (the atlas could be released prior to the report if required). + Integrated Sustainability Framework (ISF) Atlas + Transport Economic Evidence Study (TEES) + Transport and Carbon Study (TRaCS) + East of England Implementation Plan Evidence – forecasts for water consumption (source: Environment Agency) + Regional Economic Atlas
+ What are the extent and dynamics of population change?	+ Population growth + In-migration	+ Mid-year population estimates (NOMIS) + Sub-national population projections (ONS) + Population by ethnic group (ONS, experimental statistics) + A lot of local level population data can be found on the Neighbourhood Statistics website. + Historic in-migration (ONS) + National insurance number (NINO) registrations by world area of origin (DWP)
		+ RES Evidence Base (Part 1, Chapter 2 on Labour Supply and Use) + Population Insight

		+ East of England Forecasting Model (data available on population and migration) + Migrant Worker Availability in the East of England + Migrant Workers Longitudinal Study
+ What demand pressures are there for business premises and infrastructure?	+ Rental rates + Occupancy rates	+ RICS Commercial Property Market Survey (regional-level only) + Annual Monitoring Report + Commercial and Industrial Floor-space and rateable Value - ONS: Neighbourhood Statistics 1.1 (Commercial sources may provide additional data but these are often based on city/town centres or do not provide for local authority areas) + Regional and Local Transport Statistics (Department for Transport)
		+ Regional Intelligence Snapshot/Monthly Economic Outlook (see sections on commercial property) + Transport Economic Evidence Study (TEES)
+ What demand pressures are there for housing?	+ Average house prices + Housing starts	+ Average house price (Land Registry) + Number of housing starts (DCLG) + RICS Housing Market Survey (regional-level only)
		+ Regional Intelligence Snapshot/Monthly Economic Outlook (see sections on housing market) + Annual Monitoring Report + Quarterly briefings from sub-regional partnerships (available from EEDA) + East of England Forecasting Model (housing demand)
+ What is the demand for business support	+ Business support inquiries + Business support penetration	+ Business Link data + Business survey data – awareness, and use of

		business support
		+ Regional Intelligence Snapshot/Monthly Economic Outlook

Appendix B Programme business case

Programme Business Case template

Section *The programme business case headings*	**Section Description** *A description of what is required consistent with EEDA's lifecycle approach to managing programmes and what is required under each heading*	**Mandatory**	**Best Practice**
1) Programme Description	At the start of the programme lifecycle, it is essential to develop a programme brief to provide a basic definition of the programme. This programme description should set out the following information: • the name of the programme • the programme location • the programme board – roles and responsibilities including the lead organisation responsible for programme delivery • key delivery model (regional, sub-regional, direct EEDA) • the overall programme objectives and a broad description of the proposed interventions and activities to deliver these, including key dependencies and constraints • key stakeholders (regional, sub-regional and national).	M M M M M	
2) Strategic Fit	This initial programme lifecycle phase requires alignment of the programme with the overall strategic vision, as set out in key (local) strategies. This should include the following information: At the LEP level, it is important to consider how the programme contributes to the objectives of: • economic development strategies covering the area • at the local level it is important to consider how the programme contributes to: • sustainable economic growth in the sub-region • integration with broader IDP/LAA/MAA plans, including reference to the associated spatial boundaries • achievement of specific LAA/MAA targets.	M M	

Section *The programme business case headings*	**Section Description** *A description of what is required consistent with EEDA's lifecycle approach to managing programmes and what is required under each heading*	**Mandatory**	**Best Practice**
3) Programme Rationale	The delivery organisation is required to assess the current market failures, set out clearly how the programme focuses on the appropriate spatial level, why the private sector is unable to deliver the programme and how this links to broader regional market failures. The following should be included: • a clear explanation of and evidence for the market failure(s) • the baseline conditions the programme aims to address • the beneficiaries of the programme, both short-term and medium/long-term.	M M M	
4) Programme Objectives	Essential to the success of any programme is to have a clear understanding of what the programme aims to deliver, in light of the identified market failure(s). It would be useful to set out how this programme builds on any previous interventions in the area. The following information should be included: • the programme's vision • the programme's SMART (Specific Measurable Achievable Realistic and Timed) objectives (covering economic, social, environmental objectives) and how they align with the LAA/MAA targets • the expected impact of the proposed interventions on the baseline conditions outlined in section 3 • an outline of how programme success will be measured (referring to baseline conditions).	M M M	
5) Programme Design Options	To develop the most effective and efficient programme to achieve strategic objectives, it is important to consider a number of different ways a programme could be designed, i.e. selecting the constituent projects/interventions in the way that maximises the delivery of economic outcomes and has the desired impact on the baseline conditions. <u>Programme design option appraisal</u> This section should provide a description of the process undertaken to design the proposed programme and link closely to the programme's strategic fit, analysis of the baseline conditions and rationale that drive the programme		

[4] The Excellence Framework developed by Inspire East provides a set of standards to help raise aspirations to improve the quality of development and regeneration in the region and encourage sustainable communities' practitioners to raise standards within the whole programme and project life cycle. EEDA has set in place minimum standards for all its investment, based on the excellence framework, to support its commitment to reducing the region's carbon footprint.

Section *The programme business case headings*	**Section Description** *A description of what is required consistent with EEDA's lifecycle approach to managing programmes and what is required under each heading*	**Mandatory**	**Best Practice**
	design, as set out in Sections 1, 2 and 3 above. The section should set out broadly what programme design options were considered to achieve the optimum balance of key interventions. For strategically important, large scale, high risk or contentious programmes with associated significant expenditure, it would be useful to describe in greater detail the alternative options that were considered for the design of the programme. Three broad criteria could be used for assessing the alternative programme design options: • does the option help deliver the programme's vision and objectives? • is the context for the option well-evidenced and understood (demographic, economic conditions that exist in the locality) to understand what drives the particular intervention)? • is the intervention justified and likely to be efficient (VfM), effective (this will be evidenced by a clearly identified market failure) and takes into account key sustainability principles?[4] – consideration of other funders/stakeholders and their preferred option. <u>Preferred option</u> The preferred option should be described with clear reasoning. The following information should be provided: • the strategic added value that will be gained (eg strategic leadership & catalyst, strategic influence, leverage, synergy and engagement – consistent with BERR's Impact Evaluation Framework) • any consultation with stakeholders (programme partners and community) during development • where applicable, any state aid issues (note: Information on State Aid issues should be referred to State Aid Guidance).	M M M M	
6) Programme Summary (including Outputs and Outcomes)	Processes and activities enable a series of outputs to be delivered. These will have positive net outputs that translate into outcomes for the people and communities, businesses and other organisations directly and indirectly affected by the interventions. These outcomes will have beneficial impacts on the conditions that gave rise to the interventions in the first place. It is therefore essential to define all the expected outputs and associated outcomes during the programme design stage to ensure that they contribute towards the same shared objectives and to enable programme impact to be measured. This section should outline the following:		

Section *The programme business case headings*	**Section Description** *A description of what is required consistent with EEDA's lifecycle approach to managing programmes and what is required under each heading*	**Mandatory**	**Best Practice**
	• indicative projects and timings within the proposed programme • short and long term economic outputs and outcomes (eg improvement in employment rates, raising the expertise level to match the skills gap, jobs created, etc) • the direct and indirect beneficiaries (eg job seekers, businesses etc) (Note: Beneficiaries can be identified only if there are sufficient project details) • the parties responsible for delivery of the outputs and outcomes. Further consideration can be given to the following: • the financial, tangible non-financial and intangible non-financial benefits (Note: It is recognised that specific longer term outputs and outcomes may be more difficult to identify) • an outline of the Benefits Realisation Plan (see section 7)	M M M M	B B
7) Programme Management	*Having identified the preferred programme design option, the next stages of the programme life cycle are: i) Planning, ii) Delivery, iii) Measuring, Reporting and Interim Evaluation.*		
	Planning		
	Planning involves careful consideration of Governance & Assurance and Risk Management, two core programme management processes in the programme lifecycle framework.		
	Governance & Assurance		
	Programme governance arrangements should be defined and cover: i) Governance & Assurance strategy, ii) the Financial Plan, iii) the Exit/Sustainability strategy (where applicable). *i) Where a programme is outsourced it is important to obtain assurance from the delivery partner(s) that they have appropriate governance structures and programme and project management systems in place that are fit for purpose. An outline of Governance & Assurance arrangements (in line with BERR requirements/GRADE) should include:*		

Section *The programme business case headings*	**Section Description** *A description of what is required consistent with EEDA's lifecycle approach to managing programmes and what is required under each heading*	**Mandatory**	**Best Practice**
	• the governance and assurance mechanisms which are in place to ensure effective programme management and delivery • the organisational structure (eg roles and responsibilities of the programme management team) • the procurement process and any specific requirements/conditions to be attached to the funding agreement • management of the interdependencies between projects within the sub-regional programme (eg identification of the critical path). ii) As part of the process of governing a programme, it is important to determine whether the programme is financially viable by assessing the credibility of the programme financial plan. The plan should incorporate the following: • the indicative funding profile (costs and timings) of each proposed activity within the programme • the identified programme funding bodies, their funding contributions (inclusive of the secured funding) and any funding constraints • the responsible parties for any liabilities, eg cost overruns or shortfalls in receipts. iii) The aim of the exit strategy is to ensure sustainability of impacts and interventions following programme closure. Where applicable, the exit/sustainability strategy should include the following: • long-term funding arrangement • arrangement for the disposal of assets post (body) investment and if they are not to be sold, how will they be maintained?	M M M M M M M M M	
	Risk Management		
	Successful risk management will ensure the programme's exposure to risk is maintained at an acceptable level. The risk management strategy should broadly set out how programme level risks will be managed and will include the following: • the responsible parties for programme risk management • methods of identifying, mitigating and tracking of risk (inclusive of any residual risk) • headline risk assessment including:	M M M	

Section *The programme business case headings*	**Section Description** *A description of what is required consistent with EEDA's lifecycle approach to managing programmes and what is required under each heading*	**Mandatory**	**Best Practice**
	– financial risk – project delivery risk – ongoing operational risk – outcome/benefits realisation risk.		
	Delivery		
	Monitoring Plan		
	It is important to closely plan and monitor the programme's delivery, including its constituent projects and activities that together will deliver programme benefits. At the programme level the monitoring plan should include the following: • how programme progress will be monitored and measured • the reporting mechanisms for reporting programme progress, management of risks and ongoing assurance • how actual expenditure will be recorded and reconciled against budgeted expenditure • resource management • a plan to accommodate programme changes (eg outputs, key dates, project costs and variation to the contract).	M M M M M	
	Measuring, Reporting & Interim Evaluation		
	Benefits Management		
	Benefits are defined as a collection of outputs, outcomes and impacts. The focus of benefits management is on the realisation of benefits from implementation of the programme. This can be done by having a benefit realisation plan in place. The plan should consist of the following: • a process to ensure short and medium-long term benefits are captured, through interim evaluation of programme delivery and design. This will help to ensure progress is being tracked in relation to agreed outputs and outcomes, will enable any corrective action to be taken, and will help determine whether the original programme design is still effective. • the methods for and frequency of tracking the programme beneficiaries (consistent with the Impact Evaluation	M M	

Section *The programme business case headings*	**Section Description** *A description of what is required consistent with EEDA's lifecycle approach to managing programmes and what is required under each heading*	**Mandatory**	**Best Practice**
	Framework). Further consideration can be given to: • identifying and dealing with any potential dis-benefits • the cost associated with benefits measurement and realisation • communication of the benefits to the key stakeholders.		B B B
8) Programme Review	*The final stage of the programme lifecycle, Programme Review, should involve full programme evaluation to assess the impact of the programme and includes the identification, capture and dissemination of lessons learnt. The programme review stage requires an evaluation plan which can provide a formal review of the benefits achieved during the life of the programme to date. This plan should consist of the following:* • arrangements for conducting a full evaluation of programme's impact at the post-programme stage (refer to the Impact Evaluation Framework) • the identification and dissemination of lessons learnt • the incorporation of the lessons learnt into future programmes • a confirmation that adequate resources are allocated to evaluation activities. This will need to be proportionate to the type and scale of the programme and investment. *Further consideration can be given to address:* • integration with other programmes to form part of the evaluation process. *Note, it is recommended that at least one per cent of total programme costs are dedicated to programme evaluation*	M M M M	B

Appendix C Logic Chain for the Economic Participation programme

1. Analysis of contextual conditions

A. Context and strategic aim

Ensure all communities across the region have the opportunity to contribute fully and benefit from prosperity. This programme is EEDA's primary mechanism for delivering the RES economic participation goal.

Economic participation from all sectors of the population is essential for sustainable growth & development of the region's economy. Individuals who are currently unable to participate represent significant potential for economy in terms of time, skills & creativity.

RES goals: Economic Participation – opportunity for all in the sustainable economy, **Skills for productivity –** developing skills for the changing economy.

EEDA's strategic contribution is particularly around intelligence and expertise; ability to mobilise complementary regional services and investment; dissemination of learning and best practice; innovation; integration across geographical and institutional boundaries and joining up of policy agendas.

For all investment there needs to be a clear direct link between barriers/market failures, activities and economic outcomes as described in this document. For example, while social capital and community capacity building may be relevant we want a clear focus on the top economic barriers and drivers. However, we acknowledge that barriers to economic participation are complex and that there are inter-linkages between economic and social policy agendas – it is important to integrate and deliver holistic and tailored responses.

B: EEDA objectives, interventions and outputs

Rationale: Address employability issues (basic skills, attitudes, aspirations, soft skills) to boost labour & regional employment rates, boost enterprise activity in specific communities to increase prosperity & labour market opportunities, tackle market failure in provision of public services, such as addressing inequality in service provision.

Corporate objective: to improve employability and increase economic opportunities for individuals to participate in the region's economy.
Inputs: EEDA funding, SAV resources & partner funding.
Indicative activities: Business support simplification compliant pre-start-up support; capital investment in local skills provision; third sector procurement support
Indicative gross outputs (to be disaggregated across equality categories): unemployed or inactive people assisted to improve their skills; unemployed or inactive people moved towards economic activity; people assisted to achieve Level 2 or above qualifications; jobs created, people supported into employment, voluntary sector organisations or social enterprises supported . Sub-regional economic participation programme will make significant contribution to delivery of LAA targets (NI 7, 152, 117, 79, 151, 153, 161, 162, 163, 166, 171, 81, 174).

D. Impact of EEDA programmes

Overall ambition:
Annual growth in real GVA, employment rate, share of working age population with qualifications, earnings, end-user attributed CO_2.

Regional outcome indicators:

- young people from low income backgrounds progressing to higher education and average earnings of employees
- sustained reduction in benefit claimant rates
- self-employment, business start-up and business survival rates in deprived areas
- proportion of working age adults without qualifications/with Level 3 qualifications
- participation rates in employment, education or training among 16-19 year olds
- reduction in health inequalities in the region.

C. EEDA programme outcomes

- reduce working age people on out of work benefits
- increase working age population qualified to Level 2 or higher
- improve migrants' English language skills & knowledge
- support VAT businesses showing growth
- support adults with learning disability or mental health in employment.

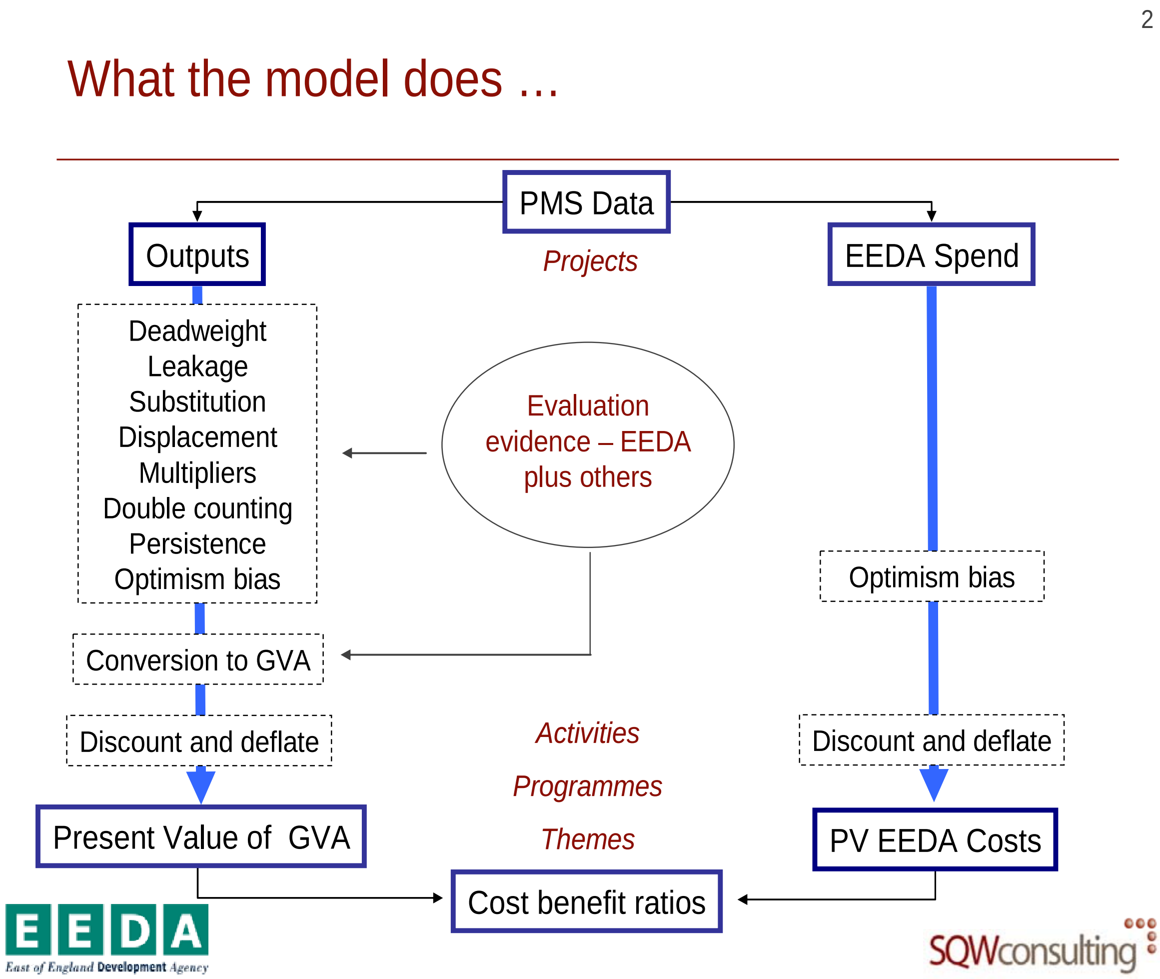
SAV Outcomes:

- high impact research/analysis identifying regional priorities for promoting economic participation /influencing the design/delivery of local mainstream services
- improved sharing of knowledge on effective economic participation interventions
- significant economic participation contribution to LAA outcomes
- greater contribution/joint working between 3rd sector network
- create environment for a thriving third sector.
- improved targeting/refocusing of mainstream services
- improved joining up of policy agendas or across institutional and geographical boundaries.

2. Appraisal of strategic priorities and projects

4. Evaluation

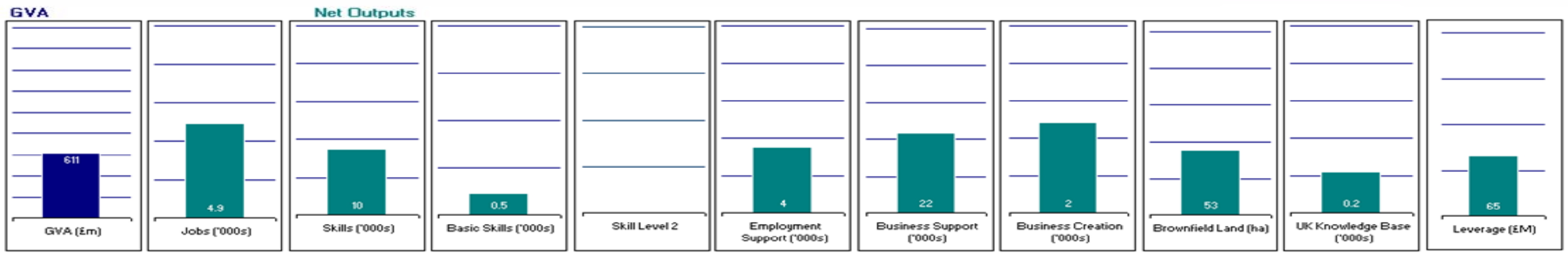
Appendix D Strategic Investment Model



4

The “shop window” of the model

EEDA Investment Strategy Option Modeller



Programmes	% spend on projects with no	% spend on projects with only	Corporate plan (current prices as published)	Corporate plan total (programmes vary)	Actual & Forecast (2009 PV, based on PMS)	PMS total (programmes vary)	Reduce Corporate Plan budget total by 40%
Business Support	27%	0%	£98m 31.2%	£307m 97.1%	£85m 20.9%	£405m 100.0%	£76m 40.0%
Corporate Services	91%				£5m 1.1%		
Economic Participation	17%	0%	£55m 17.5%		£70m 17.4%		£20m 10.8%
Organisational Development	82%				£33m 8.2%		
Partnerships Advocacy and Communicat	79%	14%	£4m 1.3%	£3m 1.0%	£5m 1.3%		£3m 1.5%
Regional Infrastructure	32%	9%	£60m 19.1%		£68m 16.7%		£29m 15.4%
Science Innovation and High Level Skills	39%	1%	£59m 18.8%		£101m 24.9%		£29m 15.4%
Strategy and Intelligence	94%		£4m 1.1%	£6m 1.9%	£5m 1.3%		£3m 1.5%
Sustainable Economy	48%	3%	£35m 11.0%		£33m 8.2%		£29m 15.4%
Total budget			£316m	£316m	£405m	£405m	£189m

Select Time (takes a few seconds to adju

- 2008/9 - 2010/11
- 2008/9
- 2009/10
- 2010/11

EEDA East of England Development Agency

SQWconsulting

Appendix E Project management guidance and links

DOCUMENT	ISSUE DATE	ISSUING DEPARTMENT	DESCRIPTION
Guidance for RDAs in Appraisal, Delivery and Evaluation (GRADE)	Dec 2007	BIS (former BERR)	Guidance on the principles and key stages for project development, appraisal, delivery, monitoring and evaluation.
Appraisal			
The Green Book Appraisal and Evaluation in Central Government and Supplements	2003	HM Treasury	High-level appraisal guidance for all public sector-funded programmes and projects.
Public Sector Business Case Resources	2007	HM Treasury	Template for the tool kit for developing business cases.
Additionality Guide - A Standard Approach to Assessing Additional Impacts of Projects	2004	EP on behalf of DCLG	Guidance on using additionality techniques and reference cases.
Assessing the Impacts of Spatial Interventions – Regeneration, Renewal and Regional Development – the 3Rs	2003	DCLG	Best practice guidance on design, appraisal, delivery or evaluation of 3R interventions across a spectrum of activities.
Risk Management			
The Orange Book: Management of risk - Principles and Concepts	2004	HMT	Source of guidance on identification, assessment and management of risks.
Management of Risk Guidance for Practitioners	2007	OGC/TSO	A generic framework for the management of risk across all parts of an organisation - strategic, programme, project and operational
Managing Risks with Delivery Partners	2005	OGC	The guide draws on the experience of the OGC, HMT and the NAO.
Procurement			
Transforming Government Procurement	2007	HMT	A range of public procurement reforms to equip the UK with the capability to deliver world class public services.
Gateway Reviews		OGC	
Programme and Project Management			
Introduction to Projects		OGC	Sets out roles and responsibilities for delivery (governance) of individual projects, milestones and resources; identifies stakeholders; interdependencies; manages delivery; manages project budgets
Introduction to Programmes		OGC	As above for programmes
Financial Budgeting, Reporting and Expenditure			
Improving Financial Relationships With The Third Sector: Guidance To Funders And Purchasers	2006	HMT	The guidance sets out the wider context for providing funding to bodies delivering services on behalf of the Government and the stability of relationships.
Audit of Grants to Local Authorities and NHS Bodies	2004	HMT	DAO (GEN 12/04) sets annual audit assurance required in respect of grant payments.
Evaluation			
Evaluating the impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework	2006	DTI	Explains the purpose and methods for the evaluation of the impact of the Agency.
Built Environment			
Common Minimum Standards (CMS)	2006	OGC	Standards for the procurement and grant funding of built environments in the public sector

Appendix F Project Concept Form

Application to develop a business case for EEDA funding

To be completed by the project sponsor

This form should be used to present project proposals for an executive director to agree, before developing a business case with the applicant. The first two sides should provide a brief snapshot.

The Project Concept Form should contain enough information to allow the executive director to decide whether to agree the time, resources and potential costs to develop the project's business case.

Project sponsors should use their discretion to make the form appropriate for the amount of funding required or risk involved.

Please delete these instructions if you need the space.

Section A: Please fill in the boxes

1: Project name

2: PMS number		Version number	

3: Date	29/06/11

4: Applicant	
Name: Address: Postcode:	Organisation type:
Contact name and position:	Email: Telephone:

5: Project sponsor	Directorate

6: Why EEDA (rather than other funders/loans)?

7: EEDA funding requested (£000)		Whole project costs (£000)	
Capital	Revenue	Capital	Revenue
Other funders and amounts			
Capital		Revenue	

9: What are the project's aims?	Bullet point list of what will EEDA's investment buy? What are the longer term outcomes/added value?

10: Who will deliver and how?	List roles and lead contacts
Other stakeholders, role and lead contacts	

Section B: Please complete with free text under the boxes

11: Current position/ market failure/baseline position	What is the existing problem? What has been done about it in the past? What lessons have been learned?

12: Strategic context	What are the links to any programme, the RES goals, Corporate Plan and East of England Implementation Plan?

13: Project area/location	Also set out links with IDPs, Local Area Agreements or Local Delivery Programmes where relevant.

14: What will success look like? Planned outcomes and objectives	What are the anticipated (SMART) outcomes and contributing objectives that the project aims to achieve? How do you plan to measure or evaluate success?

15: Benefits • who will benefit? • how have the beneficiaries been involved in defining/developing the project? • what are the planned qualitative and quantitative benefits? • will any quality standards be difficult to achieve? • will there be any detrimental effects? how will they be managed? • what are the planned outcomes and outputs for each area?	Divide the benefits into • economic • environmental • socio-cultural. Describe how the Excellence Framework informs the planning. Include generic benefits such as: • leadership/catalyst • influence • leverage • synergy • engagement.

15a: Initial Equality Impact screening All EEDA projects should show best practice in integrating its equality and diversity duties • eliminate unlawful discrimination • promote equality of opportunity • promote positive attitudes.	• what up-to-date, reliable information do you have on the groups relevant to the area/s affected by the initiative • who will benefit? • could this initiative adversely affect one or more groups of people? • do the positive or negative effects warrant a more detailed Equality Impact Assessment? • what monitoring will be in place?

16: Project Option Analysis and Assessment	List the broad options considered, include 'do nothing/do minimum' with reasons for accepting/rejecting. List the criteria you used to assess the options. Describe the preferred option. If appropriate, you can include the ratings and calculations in an appendix.

17: How will the project be procured?	Who will lead?

Procurement of contract for services (VAT implications)	Yes/ No
Invitation to tender for a grant arrangement	Yes/ No
Grant based on individual circumstances	Yes/ No
Procurement of capital works	Yes/ No

<table>
<tr>
<td rowspan="11">18: Initial State Aid consideration

Does this project meet all 4 tests for State Aid?

1. (All EEDA projects meet the first of the tests for State Aid, as EEDA is a State Resource.)
2. Does a specific undertaking benefit? (Includes public sector and not-for-profit organisations.)
YES/NO
3. Could competition be distorted: that is, could the organisation's activity be charged for by another organisation?
YES/NO
4. Could trade between EU States possibly be affected?
YES/NO

If you have answered YES to all four questions state aid will be present</td>
<td colspan="2">1. If state aid is present, what is the market failure the project is seeking to address? Give details.

2. Do any exemptions apply:

i. De Minimis
ii. Temporary Framework
iii. General Block Exemption: please tick relevant sections:</td>
</tr>
<tr><td></td><td>Newly formed SME</td></tr>
<tr><td></td><td>SME investment</td></tr>
<tr><td></td><td>Female entrepreneurship</td></tr>
<tr><td></td><td>Environmental</td></tr>
<tr><td></td><td>SME consultancy aid/trade fairs</td></tr>
<tr><td></td><td>Risk capital</td></tr>
<tr><td></td><td>Research, Development and Innovation (R&D&I)</td></tr>
<tr><td></td><td>Training</td></tr>
<tr><td></td><td>Disadvantaged & disabled workers</td></tr>
<tr><td colspan="2">iv. Notified scheme eg MAS (provide details)

v. R&D&I Framework

3. Highlight State Aid issues that will need close attention while developing a business case.

Legal advice required: YES/NO</td></tr>
</table>

19: Initial Solution for Business Consideration (only applies if project proposes to deliver business support)	Please state: • which product(s) from the Solutions for Business (SfB) portfolio the offer will fit under • how SfB branding will be used • initial mapping of existing provision to avoid duplication • how you plan to work with Business Link and if it is the main access channel.

20: Best estimate of project outputs

(add or remove rows as required)

Output description	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**Later years**	**Total**
Jobs created/ safeguarded						
Employment support						
Business created						
Business support						
No. of businesses engaged in new collaborations with knowledge base						
Private regeneration infrastructure investment levered						
Public regeneration infrastructure investment levered						
Brownfield land reclaimed and/or redeveloped (ha)						
Number of people assisted with their skills development						
Number of adults gaining basic skills						
Number of adults gaining basic skills qualifications						
Number of adults in the workforce supported to achieve at least level 2 qualifications						

21: Project delivery and development milestones	Set out the project development and intended/likely project delivery milestones

Milestone	Date
Concept agreed	
Business case complete and ready for appraisal including draft procurement invitation to tender	
Approval	
Completion of procurement or other legal agreement	
Project start date	
Estimated end date	

22: Project costs

(Double click in these tables to load Microsoft Excel sections. If you need a different format, you can create the table in MS Excel, copy the area you want to display and on the concept form select Edit - 'paste special' – as a Microsoft Excel worksheet object in this form.)

Please complete where you have the information. Otherwise, please give estimated totals.

Cost type	2009	2010	2011	2012	2013	2014	2015	**Total**
Revenue (£000)								
Salaries								**£ -**
Overheads								**£ -**
Premises								**£ -**
Other								**£ -**
Total	£ -	£ -	£ -	£ -	£ -	£ -	£ -	**£ -**
Capital (£000)								
Land acquisition								**£ -**
Building acquisition								**£ -**
Site investigation								**£ -**
Site preparation								**£ -**
Building construction								**£ -**
Plant & Machinery								**£ -**
fees								**£ -**
Other								**£ -**
Total	£ -	£ -	£ -	£ -	£ -	£ -	£ -	**£ -**
Revenue & Capital Total (£000)	**£ -**	**£ -**	**£ -**	**£ -**	**£ -**	**£ -**	**£ -**	**£ -**

23: Potential development costs Examples: Feasibility work, demand and need studies, concept design work, business case development, initial legal advice	If funds are needed to develop this proposal, please describe and justify below. Note: EEDA will pay a maximum of 50 per cent of costs or £250,000, whichever is smaller.

Development (£00)	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
EEDA								**£ -**
Other								**£ -**
Total	£ -	£ -	£ -	£ -	£ -	£ -	£ -	**£ -**

Agreement
Please return the completed, signed form to PMMT

Paper completed by ______________________________

Date ______________________________

Project Ssponsor ______________________________

Please confirm below that the following issues have been addressed and (if necessary) teams consulted.

Head of Service circulation			Yes/No
Major Projects team:	Yes/ No	Confirmed major project?	Yes/ No
International team :	Yes/No	ESF match project?	Yes/No
State Aid considered	Yes/No		
Solutions for Business	Yes/No	Concept form for CET?	Yes/No

Project sponsor
I confirm that all the required issues have been considered and addressed at this stage.

Signed ________________________ Dated ____________

Director
I confirm that I am content that all the required issues have been considered and addressed at this stage. I agree that the project’s business case be developed.

Signed Dated

I also approve funds of £_______ to develop this project

Signed Dated

Appendix G Business case template

EEDA's business case template comprises:

1) **Executive summary** – to include a brief overview of the project background, selection of the preferred option, components, costs, funding, State Aid implications, governance arrangements, outcomes, benefits and risks
2) **Strategic fit** – a brief overview of the business justification for the project and the key outputs and outcomes
3) **Rationale** – the market failure (this is defined on page 19) the project aims to address, and need for and method of intervention, links with other activities
4) **Options** – an overview of the options considered, options appraised (cost, funding, benefits), the preferred option
5) **Project scope** – to include all the scope elements required to achieve the desired project outcome, including equality and diversity considerations
6) **Schedule** - the timing of project activities and their interdependencies, both internal and external to the project, to help understand the critical path that will be followed to deliver the project on time and budget
7) **Cost** - to cover both the direct programme costs and the ongoing (business as usual) costs for the lifetime over which the benefits are to be considered. Costs should be shown over the life of the project, on a month-by-month and/or year-by-year basis. This section should also include sensitivity analysis and value for money considerations
8) **Funding** - to illustrate the list of funders, funding amounts promised over time (split by capital and revenue), and any conditions attached to the funding. This should include a field identifying the status of funding for the project
9) **State Aid** – to consider the rules to be followed for the allocation of Government funding, as this may materially affect the funding available to undertake the project (State Aid flow diagramme is provided in Appendix H)
10) **Governance and project management** – to cover roles and responsibilities, project management processes, exit strategy, quality planning, contracting
11) **Benefits realisation** – outline of how all the benefits resulting from the project will be identified and realised. This should also include all the dis-benefits
12) **Risk and issue management** – to include an overview of the process that will be used to identify, manage and mitigate the issues and risks within the project
13) **Evaluation** – to include an evaluation plan for the project, proportionate to the project (i.e. size, cost, risk), including the cost, timing and method of evaluation.

Appendix H: How to appraise a small project

This guidance was developed for EEDA staff. While it includes some particular points that are only applicable to EEDA, there are some general points that are more widely applicable.

How to appraise a small project

East of England Development Agency
A Plain English Guide

Why appraise a small project?

The requirements

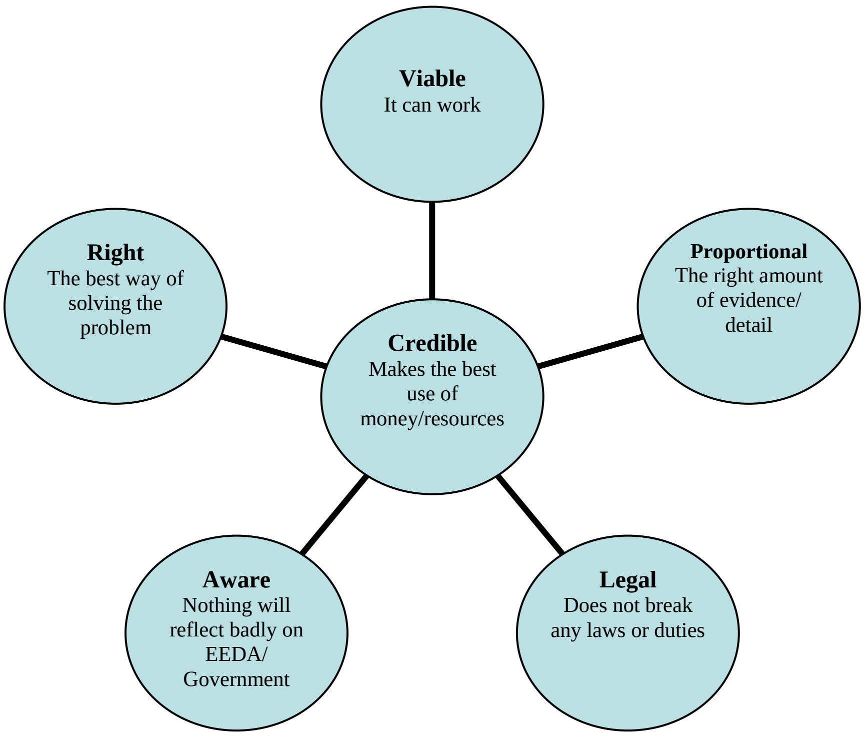
- the Treasury requires 'all new policies, programmes and projects' [to be] 'subject to comprehensive but proportionate assessment'
- public sector organisations need to show that money we are investing will benefit the economy
- we need to show that we are not biased, or showing favouritism and Government Auditors will check.

The benefits

- a good appraisal will often improve a project.

What is an appraisal?

A project appraisal asks if the project is:



Proportion

The effort you put in to appraising a project must be in proportion to:

- the size of project
- the funding it asks for
- novelty
- contentiousness.

The principles are the same for big and small projects.

How to appraise

1. Are we the right funder?

The first thing you need to know is whether or not EEDA is the right funder. There are a large number of bodies offering funding in the UK, so we need to be sure that this project fits with our priorities. The business case should show how the problems it will solve fit with EEDA’s priorities, through the

- regional economic strategy
- Corporate Plan
- any regional Government policy
- any relevant national Government policies.

If the project seeks funding from a European funding stream, such as RDPE, it will need to show the link. You will need to check that the project fits with these rules.

You need to be clear about what the problem is that the project is trying to solve.

2. Is this the right project?

The project’s business case should describe a problem it aims to solve. The problem must be appropriate for public money. There should be a ‘market failure’ or a failure of equity. You need to make sure that the business case clearly describes the market failure using the same terms as the ‘Green Book’, or that you can describe it in these terms. BIS has criticised RDAs for describing market failures without using the technical terms.

Green Book market failure terms.

- public goods (non-rival or non-excludable)
- externalities (positive and negative)
- imperfect Information
- market power.

The business case should give you:

- the evidence for the problem
- what people tried before to solve the problem
- what people are currently trying to do to solve the problem, and why this solution is different
- what worked and what didn't.

You need to assess the project's evidence.

- is there enough evidence?
- does the evidence make sense?
- does the evidence come from more than one source?
- you will need to check other sources (start with the internet). Do the different sources agree?

Are you convinced?

If you are not, you need to contact the project manager\facilitator and ask for more evidence. They often have a lot more information than they present and may be able to help easily.

3. The solution's design

When you are convinced that there is a problem to solve, you need to see how the proposal will help. The business case should describe how the project will help the problem in the future. The project may call this the 'outcome' or 'vision'.

The outcome should show what the world will look like:

- at the end of the project
- in three years
- in five years

What is the exit strategy?

How will we know if the project succeeds?

Is there a logical link between the project's outputs and the behavioural change that will improve or solve the problem?

What are the project's objectives?

Are the objectives:

- specific
- measurable
- achievable
- realistic/relevant
- time-related

You should also ask yourself

- is the project legal?
- does it comply with State Aid rules?
- what are the procurement policies?

There may be laws about the kind of project involved. You should check any laws and, if necessary, get advice. For programmes such as RDPE, there are clear eligibility rules with which you need to be familiar. Any RDPE project must be aligned to the right Axis and Measure(s).

4. Options

The business case should show that its solution to the problem is the best. The best way is to show how other solutions do not work as well. If the Business Case does not include different solutions, the applicant will often have the information. Usually they will have thought about different ways of solving the problem and rejected them for various reasons. This is what we are looking for.

We are looking for answers to:

- what are the other possibilities or solutions and subtle variations?
- what are the things that are important to the project?
- how well does this solution fit the things that are important to the project?

For really small projects (under £10,000) (assisting a business, for example), this could look like:

- what will really happen if the project does not go ahead?
- have you thought of other ways to get the same result from the project?
- can you justify the preferred way of carrying out the project?

  The business case\application should answer these convincingly.

Check that the options analysis is actually about the solution the project is proposing, rather than whether to do the project itself. The question about whether to do the project or not should have been answered at concept stage.

5. Value for money

Does it add up?

The first thing you should check is whether or not the figures actually add up to the totals given. The EEDA appraisal team has many examples of business cases where the numbers did not add up to the totals given. Check that where numbers are given in 100s or 1000s they make sense.

- check the figures given. Use the internet to search for similar costs or experiences
- ask to see different quotations if they are not there.

Will it work?

Look at the whole business, if this project is just one part. You should decide if you think the project is sustainable. If the project is not successful, will the rest of the business suffer?

- are there any logical costs missing?
- is VAT relevant? If so, has it been considered?
- can any VAT be clawed back with a change of structure?

Think about whether the project is sustainable.

- What will happen when the funding streams run out?

Does it give enough back for the investment?

The business case should be really clear about what we will get out of this investment. The business case may explain this in terms of measurable outputs. These are important.

- are the outputs correct? You may need to check the definitions in the core outputs technical note
- are the forecasted outputs realistic? How did other, similar projects perform? Remember the bias towards optimism.
- how will the project manager count the outputs?
- who will pay to count them?

But it is more important that it is clear how the outputs relate to real outcomes. For example, a project to improve employment through training might count training courses attended or qualifications gained, but the real problem it is trying to solve is unemployment. So we need to know:

- how has the unemployment level changed?
- who has managed to gain employment after attending the course?
- what kind of employment have they achieved?
- who is still in the new job after one year, two years, five years, and so on?

There needs to be an ‘evaluation plan’ for capturing this data after the project has finished. Is there:

- someone who will do it?
- a plan showing how often/ when it will happen?
- money put aside to pay for this work?
- ideas about what they will do (survey, questionnaire, feedback sheet)

6. Property: Is it safe?

If the project affects land in any way, you need to think about the legal and management problems that might occur.

Ownership:

Is it a freehold or are there contractual arrangements involved?
Has the landlord given permission for any changes in a legally approved format?

Location and condition

Is there an old building with preservation orders/ asbestos issues etc.?
Are there any rights of way?
Are there any issues that might prevent changes (eg site of special scientific interest)?

Current and future value

Who will benefit as a result of the changes?
Are there any State Aid issues here?

Stakeholders

Who are the stakeholders and how have they been involved?

Planning

Will there be any issues over a change of use?

Sustainability

Are maintenance and management costs included?

Quality standards

What, if any quality standards have to be met?

- CEEQUAL (relating to civil engineering projects)
- BREEAM (relating to all types of building)
- EQUIA (An equality impact assessment is a legal requirement before funding is approved).

If the required quality standards cannot be met, or it is inappropriate for them to be met (for example, if the cost of BREEAM accreditation is disproportionate to the project's size), you may want to think about other things the project manager could do to promote these goals.

The Excellence Framework is a quick tool that helps a project locate the relevant standards. Most projects should use the Excellence Framework to work out the standards important for it. The projects should provide a report. The report will help you ask questions about weaknesses and what the project is doing about them.

7. How will it run?

You need to be convinced that the right people are delivering this project and that they have the skills and understanding to run it properly. You also need to be sure that in running the project, the managers will promote equality and diversity and treat staff in a way that would not reflect poorly on the public sector funders.

Check what the project will pay any staff. Salaries should not be too high or too low. Make sure that the salaries are above the minimum wage.

There should be a clear diagram of roles and responsibilities. Check back with the applicant if it is not clear who will do what and who will be responsible for what.

Risk management

The business case should clearly identify risks. You should use your judgment to decide if you think there are any missed out. Each risk should be rated in terms of likelihood (what is the chance of this risk happening) and impact (how bad will this be for the project if it occurs). Likelihood and impact might be scored from 1-5. The risks need to be specific enough for it to be clear how they can be managed, tolerated, mitigated or transferred.

It should be clear who owns risks and who has responsibility for managing them, etc, and permitting contingency funds to be used.

Exit strategy

There should be a clear exit strategy, which is more than a ‘continuation strategy’. It should show who will wind down the project, how and when.

Equality and diversity

You need to think about whether there is equality of

Opportunity: Outcome: Process

Who – is the project affecting?
How – are people involved?
Who – are the project’s employees?
How – are the employees treated?
Who – are the companies whose services are being procured?
How – are the services being procured?
What – are the procured companies’ policies?

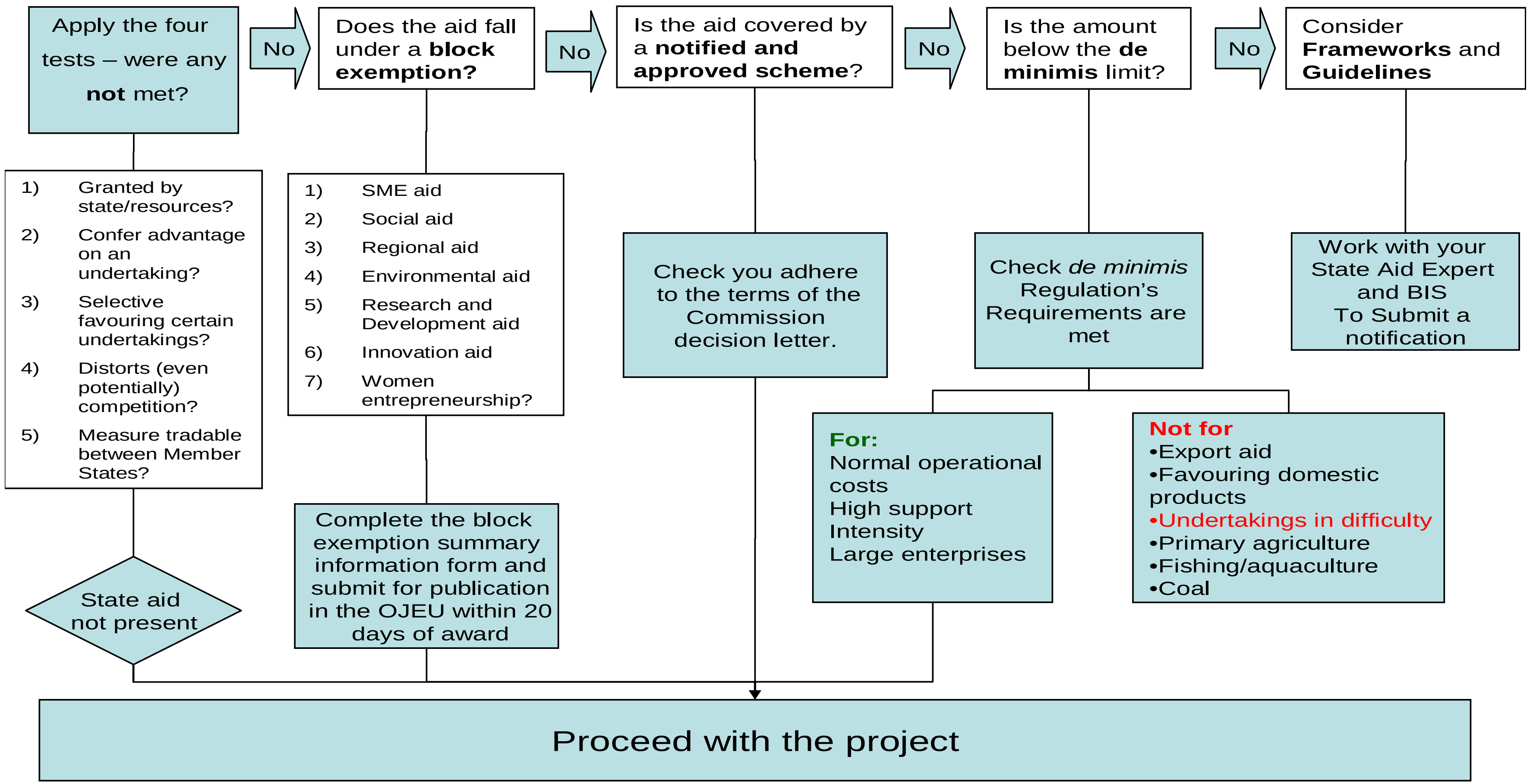
With each of the above, apply it to

People	Social exclusion on the grounds of: • gender • disability • race/ cult • religious belief • sexual orientation • age.
Place	Deprived Communities
Income Inequality	Disadvantage by low income/ skills etc
Environmental Sustainability	Future generations should not have a problem because of decision we make

Checklist

	Strategic Case	
1	Fit with RES/Corporate Plan/ regional plans/ initiatives	
2	Description of problem	
3	Market Failure description terms	
4	State Aid issues	
5	Evidence of problem	
6	Planned vision	
7	SMART objectives?	
	Economic case	
8	Three options or more	
9	Value for money?	
	Financial case	
10	Finances: will it work?	
11	Does it add up	
12	Who responsible for liabilities?	
13	Any more costs?	
14	Exit strategy	
15	Legacy	
	Management case	
16	Who will benefit?	
17	Equality & diversity?	
18	Sustainability? How manage/ mitigate	
19	Risks	
20	Right delivery agent?	
21	Monitoring plan?	
22	Evaluation plan?	

Appendix I State Aid diagramme



Appendix J Case study of options analysis: Harlow College

EEDA has invested £3.8 million in a £9.3 million Higher Education campus in Harlow. Anglia Ruskin University, in partnership with Harlow College, will manage the new campus which was completed during the summer of 2010. The investment will stimulate greater educational attainment levels and offer wider and fairer access to Higher Education for local people in an area of significant projected population growth. The facility will also be a focal point for existing and new business interaction, provide a venue for local community meetings, and will be the new home for Harlow College's nationally-renowned Centre of Journalism, whose former alumnae include Piers Morgan, Kate Adie, Sue Lawley and Andrew Morton.

Options considered

a) Do nothing

The option to do nothing was considered and rejected. The college has little expertise to develop HE provision, therefore a partner HEI is require to work with alongside college staff to develop the required expertise over time as well as provide specialist provision directly. To nothing would maintain Harlow's low skills base and deprive local resiidents and businesses of the benefits of local HE provision, expertise and faclities/resources.

b) Build and site location options

Various options were considered in respect to providing a suitable and appropriate space for the delivery of HE programmes (as follows)

	option	Benefit/disbenefit	cost	time	conclusion
1	Find space within the existing college building	The college has no space for this	N/A	n/a	Not viable
2	Build on to the college building	This may have been an option had LSC capital funding not been withdrawn	N/A	No LSC capital funding considered forthcoming for atleast next 5 years and therefore falls outside the timescales of this project	Not viable

3	Stand alone HE centre on college grounds				Viable
4	Build HE centre on other ground in the town	The HE centre needs to be close to the college to benefit from the use of shared facilities and staff resources The only land available for this was either derelict adjacent to the college or the neighbouring primary school's playing field. The schools was minded to give up their playing field for access to the derelect land that sits before their front entrance. Essex County Council (ECC) owned both the derelict land and the school grounds – talks were had with ECC and costs/viability of this option were investigated – costs were found to be prohibitive and timescales too long Other sites were considered in the town but all were to costly, too far away from the college or too expensive	Plus £1.5 million more than funding	Minimum one year beyond timescale of the project	Not viable

5	Build smaller centre	Any smaller floor space than approx 2500 sq mtrs would not deliver a viable centre. The nature of degree taught in modules requires a large number of rooms of various size plus specialist IT rooms and study spaces.	Might save some money but not very much due to the fact that most of the costs of build is the pre-works, design and foundations.	No effect on delivery time – either way	Not viable
6	Build University Campus	No funding for this option available. Not required at this stage – number of students too small	£20-30 mil additional funding required	Add 2/3 years	Not viable

4.2 Options appraised – cost, funding, benefits

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Total cost	low	med	High	high	med	high
deliverability	low	low	high	low	high	low
Value of benefits	med	med	high	med	low	high
Dependancy of external factors	high	high	low	high	low	high
Scale of resource required	med	med	high	high	med	high
Affordability/ease of securing funding	high	high	low	high	low	high
Level of risk to achievement	high	high	low	high	low	high
Project supports strategic priority area	high	med	high	high	low	high
Time taken to deliver benefits	low	low	low	high	low	high
Level of difficulty to satisfy state aid requirements	low	low	low	high	low	high

Criteria	**Option 1**	**Option 2**	**Option 3**	**Option 4**	**Option 5**	**Option 6**
BENEFITS	**(rating 1-5)**	**(rating 1-5)**	**(rating 1-5)**	**(rating 1-5)**	**(rating 1-5)**	**(rating 1-5)**

Value of total benefits	**2**	**3**	**5**	**4**	**3**	**4**
Time taken to deliver benefits	**5**	**3**	**4**	**2**	**4**	**1**
Benefits fit strategy	**2**	**3**	**5**	**4**	**4**	**4**
Increased revenue	**3**	**4**	**5**	**4**	**3**	**4**
Reduced expenditure	**4**	**3**	**3**	**5**	**3**	**5**
Improved efficiency	**3**	**3**	**4**	**2**	**3**	**1**
other						
COSTS						
Total project costs	**4**	**4**	**3**	**5**	**3**	**5**
Physical	**2**	**3**	**3**	**5**	**3**	**5**
Marketing	**1**	**2**	**5**	**5**	**4**	**5**
People	**2**	**2**	**3**	**5**	**3**	**5**
Organisational	**4**	**4**	**4**	**2**	**4**	**1**
other						
FEASIBILITY						
Teachnology components	**3**	**3**	**4**	**4**	**4**	**4**
People componenents	**4**	**4**	**4**	**1**	**4**	**1**
Process componenents	**4**	**4**	**4**	**2**	**4**	**2**
Asset components	**1**	**2**	**5**	**5**	**4**	**5**
other						
RISKS						
Overall project deliverability	**1**	**1**	**5**	**1**	**5**	**1**
Project dependencies	**1**	**1**	**4**	**1**	**3**	**1**
Scale of resources	**3**	**3**	**4**	**5**	**4**	**5**
technology	**3**	**3**	**3**	**4**	**3**	**5**
Reputaional	**1**	**2**	**5**	**5**	**5**	**5**
other						
TOTAL	**53**	**58**	**85**	**73**		

1 = low
5 = high

4.3 Preferred option

The only viable option is to build the new University Centre on the College grounds. There are possible two locations for this, both sites lie directly alongside the main road (therefore highly visible) with the town centre is opposite directly across this road.

The building will be owned by the University (Bishop Hall Properties Ltd). The University will pay a 'peppercorn' ground rent to the college (125 year lease). There will be formal legal agreement that ownership of the building will transfer to the College in the event that the either 1) the University ceases to deliver HE in Harlow 2) it out grows the Centre and re-locates. The College will pay the full costs to purchase the building – subject to valuation at the time.

The building will be managed and operated by the College in partnership with the University. Both College and University staff will occupy the building. The building will be a dedicated HE facility with a variety of different sized teaching, study areas and iLab. The core resources of library, catering and other specialised spaces will provided by the College.

The University has rejected a formal Joint venture agreement, similar to the Peterborough one on the grounds that it increased costs and bureaucracy, outweighing the benefits. In terms of academic collaboration there is a formal agreement between the two institutions that will satisfy the QAA and other quality/student criteria.

Appendix K: EEDA Head of terms contract

East of England Development Agency – heads of terms for approved funding – subject to contract

This document sets out the heads of terms for the approved project identified below. These heads of terms form the basis for the project. They are not a guarantee of funding – the formal funding agreement, which will contain the full standard conditions for funding, will be issued in due course, and only when accepted by the grant recipient will the Agency be bound to fund the project.

Notes to users*: Any text in italics is for guidance only – following the instructions as to how to fill in each box. If a line in the table is not applicable to your project, put "N/A" in the right hand column.*

Before introducing any terms that change the standard EEDA approach, make sure you have consulted Legal Services as to whether this is appropriate. Where you do make changes to standard terms, make sure you advise PMMT and the project sponsor of these changes so they can be incorporated in the formal funding agreement.

Once you have inserted your project specific details, ***make sure you delete all italicised text before issuing the document to the applicant****.*

Project name	*Insert here the formal name of the project*
EEDA PMS reference	*Insert the PMS number*
EEDA officer	*Insert the name of the officer within EEDA responsible for managing the application*
Grant recipient	*Insert here the full legal name of the body that is applying for funding. This has to be a legal "person", i.e. an individual, a company, a partnership, or some other legally-existing entity*
Objective	*Insert a description of the objectives to which the funding will be applied*
Term of the project	*Unless project-specific arrangements are to be made, use the following words:* The obligations set out in the funding agreement shall bind the grant recipient from the date of acceptance of the funding agreement until [*insert date*]
EEDA funding	*Insert the level of funding applied for or, if appropriate, the amount that EEDA is prepared to approve, for both capital and revenue*
Match funding	*Insert the details of any other sources of funding that will be used in the project*
Costs	*Identify here or in a separate schedule the eligible costs towards which funding can be provided*
Capital overspend	*Unless project-specific arrangements are to be made, use the following words:* The grant recipient shall be entirely responsible for all capital costs in excess of the amount awarded by EEDA

Revenue overspend	*Unless project-specific arrangements are to be made, use the following words:* The grant recipient shall be entirely responsible for all revenue costs in excess of the amount awarded by EEDA
Approvals and validation of costs	*Insert details of any costs incurred before the application/approval can be claimed by the applicant, and any specific requirements about evidence and validation needed on particular items (eg land purchases, major assets)*
Retention	*Insert the detail of any retention of funding and the conditions that apply to its release*
Conditions and precedent	*Insert any conditions that the applicant must fulfil before funding (or any part of the funding) can be released*
Security and clawback	*Unless project-specific arrangements are to be made, use the following words:* The standard EEDA condition will apply
Outputs	*Insert here the outputs and other deliverables that will be required*
Implementation	*insert details on* • *project management, including any specific process/quality standards that need to be adhered to* • *design, implementation and management standards* • *format and method of submitting claims and other reports* • *to be agreed with EEDA and submitting monthly reports during the construction works reporting on performance in relation to programme, budget and quality* • *any other points about implementation and management of the project which EEDA requires*
Governance	*Insert here the requirements place on the grant recipient on how the project will be governed. Reference agreement of terms of reference for a steering group.*
Management operations	*Insert here details of all post-build operations that will be required, eg. marketing, site management, record keeping*
Operating surplus	*Insert here any requirements about what a grant recipient should do with any surpluses it generates from operating the project, eg reinvestment in the project or a similar activity*
Risk register	*Unless project-specific arrangements are to be made, use the following words:* The grant recipient shall maintain a risk register throughout the term of the
Monitoring and reporting requirements	*Unless project-specific arrangements are to be made, use the following words:* The standard EEDA condition will apply

Sustainability	*Unless project-specific arrangements are to be made, use the following words:* The standard EEDA condition will apply
Equality and diversity	*Unless project-specific arrangements are to be made, use the following words:* The standard EEDA condition will apply
Project change	*Include here any specific areas where minor changes can be tolerated without requiring any formal agreement from EEDA, eg. maximum deviation from spending profile, extensions of time*
VAT	*Unless there are project-specific reasons, always use the following text:* It is the grant recipient's responsibility to assess liability for VAT. The agency is not responsible for unpaid or unrecoverable VAT.
State Aid	*Unless there are project-specific reasons, always use the following text:* It is the responsibility of the grant recipient to ensure that the project funding is applied in a manner which is compliant with the applicable state aid rules and public procurement regulations in place from time to time, and providing EEDA with the necessary evidence demonstrating such compliance.
Publicity	*Unless there are project-specific reasons, always use the following text:* EEDA funding is to be acknowledged in any publications and marketing material and a plaque (which EEDA will provide) is to be displayed
Third party rights	*Always use this text:* Nothing in these heads of terms, nor any subsequent funding agreement, is intended to create rights or obligations for any party other than the agency and the grant recipient
Project specific requirements	*Insert here any project specific provisions which are not covered by other parts of this table*
Signature of authorised EEDA officer approving these heads of terms	*This document has to be signed by an EEDA officer with sufficient delegated authority to do so.*
Signature of grant recipients' authorised representative approving these heads of terms	*The applicant's representative must also sign the document. As part of the application process, it would be prudent to obtain evidence from the applicant demonstrating that their signatory is properly authorised to sign this document*
Date	

Appendix L: List of evaluation reports

Bundle evaluations

In preparation for the National Impact Evaluation report 2008. EEDA commissioned a number of evaluations in 'bundles' as below, under the business, people and places themes.

Business

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

Early Stage Business Support (Bundle K)
- Enterprising Women
- New Routes to Enterprise
- Proof of Concept
- Running the Gauntlet.

Innovation Capital (Bundle L – eight projects in five project families)
- Bedford Innovation Centre (Bedford i-lab)
- Norwich Innovation Centre
- Regional Wet Lab Incubation Centre (Biopark)
- three projects at Hethel Engineering Centre
- two projects at the Babraham Institute.

Innovation Revenue (Bundle V)
- two projects at Hertfordshire Enterprise Hub
- two projects at Health Enterprise East
- Cambridgeshire Enterprise Hub.

Attraction of Inward Investment (Bundle U)
- East of England international's inward investment activities

Sustainable Consumption and Production (SCP) (Bundle Y)
- Business Resource Efficiency and Waste (BREW) programme including BioREGen, Eastex, Remade East, Resource Saver, BETI+, and CoRE
- Carbon Reduction Programme (CRed)
- Renewables East (including renewables East core funding and three smaller research/feasibility projects focussed on biofuels, biomass and low carbon).

People and Skills

Workforce development (Bundle A)
- Business Excellence East (BEE)
- BUILD
- BUILD2 (+supplementary)
- Towards 2010.

University of Essex in Southend (Bundle B)
- Essex University Southend campus
- Princess Caroline House
- Cultural Hub.

Investing in Communities (Bundle C)
- Regional IiC programme
- Sub-regional IiC programme
- Rural programme.

Construction skills (Bundle E)
- Constructionarium
- SmartLIFE
- Bedfordshire Partnership.

Place
Capital projects (Bundle M)
- Integreat Yarmouth
- Nene Waterfront
- Nar Ouse Regeneration Area (NORA)
- Lowestoft Town Centre.

Firstsite:newsite (Bundle Q1 Confidential and not available – the report contains commercially sensitive information)

EPIC – East of England production innovation Centre (Bundle Q2)

Business premises (Bundle Z)
- South Fens Business Centre
- Riverside Business Centre
- Luton Business and Innovation Centre
- Apsley Paper Trail.

Trinity House

Other evaluations undertaken

- Beyond 2010 Interim Evaluation: Employer Survey
- Beyond 2010 2nd Interim Evaluation: December 2009
- Building Communities Fund; Programme Evaluation (April 2007 – May 2009)
- Evaluation of the Cut Your Carbon Programme: A Report to EEDA: May 2010
- Evaluation of Office for Civil Society Funding for Business Support for Social Enterprises in the East of England: Interim Evaluation Report: September 2010
- Evaluation of Third Sector Networks: Overview Report Final Report: March 2010
- Destination Marketing and Promotion: Economic Impact Methodology Study:
- Final Report: March 2010
- Evaluation of EEDA Expenditure on Enterprise Hubs: Final Report: September 2010
- Interim evaluation of shared prospectus capital investments in cultural projects: Report for Arts Council and EEDA: October 2010 (plus annexe)
- Evaluation of Grant for Research and Development & Smart: Final Report: March 2009
- Evaluation of Proof of Concept: Final report: May 2010.

All publicly available evaluations are available on EEDA's website and OFFPat.

Appendix M: Additionality definitions

Source IEF, figure 2.2

Key elements in the additionality logic chain for evaluative study (taken from the IEF)	
The reference case	What would have happened in the absence of the intervention? The level of target outputs and outcomes that would have been secured if the project or programme had not gone ahead.
Deadweight	The proportion of total outputs/outcomes that would have been secured anyway (sometimes referred to as non-additionality).
Gross attributable outputs/outcomes	The proportion of total outputs/outcomes that would not otherwise have been secured.
Leakage	The number or proportion of outputs/outcomes under both the reference case and the intervention that benefit those outside the target area of the intervention. Such effects should be deducted from the gross additional outputs.
Displacement	The number or proportion of outputs/outcomes under both the reference case and the intervention that reduce outputs/outcomes elsewhere in the target area for the intervention. These effects can occur in product markets (eg amongst non-assisted business competing in the same market) or in factor markets (eg in the labour market) and should be deducted from the gross additional outputs.
Substitution	This effect arises where, say, a firm substitutes one activity for a similar one (such as recruiting a jobless person to replace an existing worker) to take advantage of the public sector assistance. These effects should be deducted from the gross additional outputs.
Multipliers	Further economic activity (eg jobs, expenditure or income) associated with additional income to those employed by the project (income multipliers), with local supplier purchases (supplier multipliers) and with longer term development effects (dynamic effects eg induced inward migration).
Unintended effects	Consequences that were not anticipated for the targeted outputs and outcomes – eg property market interventions in an area may prompt private sector developers to go elsewhere. The unintended effects may be on non-targeted outputs and outcomes but may still have adverse effects on sustainable economic development – eg adverse environmental effects.

Crowding out/crowding in	This effect occurs where increases in public expenditure associated with the intervention cause other variables in the economy to adjust resulting in either a decline (crowding out) or increase (crowding in) in private expenditure.
Wider effects on sustainable development	The effect an intervention has on sustainable development through its consequences for economic, social and environmental development – the 'triple bottom line'

Programme Outcomes - What changes were brought about in the behaviour, capacity and performance of participants in the programmes?

Note: Adapted from the English Partnerships' Additionality Guide; Second Edition (September 2004)
http://www.englishpartnerships.co.uk/images/C799363E2FFF45B789F70168169EBEE8.pdf
The factors in the additionality logic chain will also need to be taken into account, as far as possible, in the development and appraisal of intervention programmes and projects[5].

[5] DTI *Single Programme Appraisal Guidance* (July 2003) at the Office of Project Appraisal Training web site – http://www.offpat.info/content-download/SPAG%20July%2003.doc