

**Enterprise M3 Programme Management Group**

**17<sup>th</sup> January 2019**

**DRAFT MONITORING & EVALUATION POLICY – Item 10**

**To NOTE** this updated policy for monitoring and evaluation activity

**1. Background**

- 1.1 The funds that Enterprise M3 LEP invests to support the delivery of projects are public funds. Therefore, it is essential that the LEP evidences the benefits a project or scheme has contributed to its programme both in terms of directly delivered outputs and the wider impacts and outcomes.
- 1.2 Investment of the Local Growth and Growing Enterprise Funds contribute to the achievement of the aims and objectives set out within the Strategic Economic Plan, as well as the Key Performance Indicators for the LEP's Growth Funds programme.
- 1.3 The LEP is required to account to the LEP Board and to HM Government for the impact that investments have made across the Enterprise M3 area
- 1.4 This policy replaces the Evaluation Strategy as agreed by the LEP Board in July 2015 and sets out how the LEP will undertake monitoring and evaluation and the expectations for scheme and project leaders to support these aspects of project delivery.
- 1.5 Evaluation will be built into the development of the Local Industrial Strategy (LIS) and the programmes/projects agreed to deliver the strategy. Evaluation will be used to inform the LEP about the effectiveness of policies being delivered at programme level.
- 1.6 At programme level, evaluation will have a logic model that allows us to:
- Identify the impacts that we are seeking to secure (mainly focused on improving productivity)
  - Set programme objectives (which reflect any market failures which are to be addressed)
  - Have a clear rationale
  - Identify the relevant inputs to these and activities as set out in project briefs developed for the LIS
  - Focus on some added value outputs
  - Measure the change in outcomes that reflect beneficial change in terms of the impacts being targeted

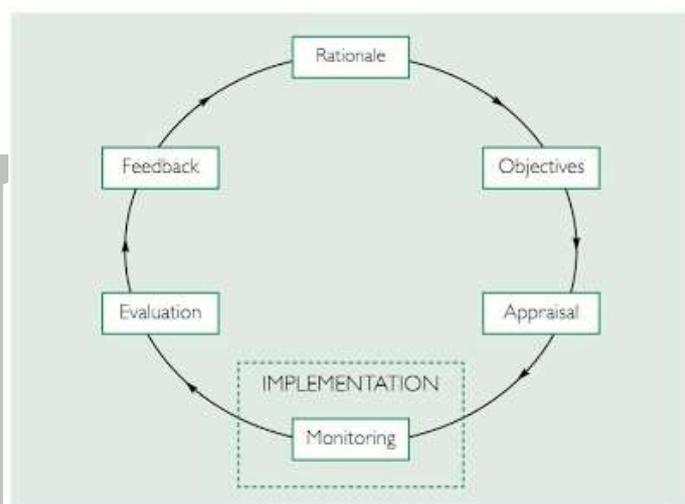
**2. What will be monitored and evaluated?**

- 2.1 At application stage, Scheme promoters should consider monitoring and evaluation needs for their project. All projects will be required to monitor delivery and provide evidence of their impact. Outputs and outcomes will initially be set out within Expressions of Interest and/or Business Cases submitted to the LEP and then incorporated within grant or loan agreements for approved projects. An outline of how the Scheme leaders will evaluate the success of their project will also be required. The **Policy Cycle Model**, as set out in the Green Book [HMT 2018], is a useful starting point as Scheme promoters develop their

business cases. The elements of the model are often described as Rationale, Objectives, Appraisal, Monitoring, Evaluation and Feedback, or **ROAMEF** for short. This can be seen in Figure 1 overleaf.

- 2.2 The Green Book sets out the best practice guide to both appraising and evaluating capital projects. It is essential that the business cases are developed within the terms of the Green Book, but the **appraisal of 'land based' projects** such as housing, development and regeneration schemes can also be guided by the new Appraisal Guide from the Ministry for Housing, Communities and Local Government [CLG 2016]. This guide recommends the use of **land value uplift (LVU)** as the preferred approach to valuing the benefits of development. In those cases where projects generate a significant value uplift business cases are expected to demonstrate the scale of expected uplift. The more usual approach to assessing economic impact is the creation of jobs and Gross Value Added (GVA). In addition, public transport interventions should be guided by Department for Transport's **WebTAG** resource.

**Fig 1 – ROAMEF Cycle**



- 2.3 Scheme promoters should also take into consideration the main evaluation guide - the **'Magenta Book'** [HMT 2011] when developing their business cases and where appropriate other relevant departmental guides such as the Ministry for Housing, Communities and Local Government's **'Appraisal Guide'** [CLG 2016] and Department for Transport's **'WebTAG'** (Web-based Transport Analysis Guidance) guides.<sup>1</sup>
- 2.4 Further guidance on evaluation processes and techniques can be found in the references provided in Appendix 1.
- 2.5 After a project has been approved by Enterprise M3 LEP, the outputs, outcomes and evaluation plan will be incorporated into the contract for funding agreed with the Scheme leader.

### **Outputs**

- 2.6 Outputs will be monitored throughout the lifetime of the project, from delivery stage through to completion and up to 2021. Enterprise M3 LEP is required to report back to Government on a quarterly basis. Scheme leaders will be required to report progress on outputs to the LEP on a quarterly basis. This will be on the basis of self-certified information relating to expenditure, match funding and outputs achieved as a result of the delivered project or scheme. A list of these can be seen in Appendix 2.

<sup>1</sup> HM Treasury (2018) The Green Book: Central Government Guidance on Appraisal and Evaluation.  
HM Treasury (2011) The Magenta Book.  
Department for Communities and Local Government (2016) The Appraisal Guide.  
Department for Transport (2018) WebTAG Guidance.

- 2.7 While Scheme Leaders may report output delivery on a self-certification basis, the Enterprise M3 LEP will select a sample of projects each year for audit and seek additional supporting evidence from those projects identified as part of the sample. Therefore, it is important that Scheme leaders and delivery organisations understand the outputs to be delivered, how they are measured, and ensure they collate and retain information and evidence that relates to the outputs relevant to their project.

### **Outcomes**

- 2.8 These are wider benefits that a project may contribute towards, either in relation to the Enterprise M3 LEP aims within its Strategic Economic Plan, or those at a local level/Scheme lead organisation. Scheme leaders should identify what these are and how they will evidence the contribution and/or outcomes that have been achieved.

### **Impact Evaluation**

#### **3. Post completion evaluation**

- 3.1 An evaluation of the project as set out in the proposal and within the award agreement will be required to be submitted within three months of completion of the project delivery phase. This will be proportionate to the value of the project. As a minimum, Scheme Leaders would be expected to assess and report back on the following aspects of the project delivered:

- Achievements against aims and objectives
- Stakeholder engagement
- Benefits
- Outcomes and impact (additional and net)
- Lessons learned and any good practice to be shared
- Effectiveness of the programme/project/investment – exit/continuation/linkages with other interventions.

#### **4. Higher value projects**

- 4.1 Where a project seeks and is awarded a grant or loan with a value greater than £1 million a more detailed independent evaluation should be undertaken and a clear evaluation framework should be set out within the proposal. Where scheme is a transport project valued at £5 million or more, a detailed evaluation complying with Department for Transport guidelines will be required. Scheme Leaders and delivery organisations should identify an amount set aside for evaluation work within their project cost breakdown. Scheme promoters and leaders should consider including the costs for evaluation at a minimum of 1% of the total project costs within the project budget. Projects will be required to pass evaluation information through to Enterprise M3 LEP in a timely manner to be agreed with the relevant Enterprise M3 LEP Project Manager and in a form which enables the Enterprise M3 LEP to collate this with information provided by other scheme leaders and to regularly report on overall progress and achievements.
- 4.2 Enterprise M3 LEP reserves the right to identify projects that are of **particular strategic importance** where a more extensive, and independent, evaluation will be undertaken. The LEP will liaise with Scheme leaders to highlight that this is to be addressed as part of the project and how best this will be achieved.
- 4.3 Broadly, strategic importance will be assessed on the basis of the following criteria:
- Significant contribution of the project towards overall Enterprise M3 strategic/economic objectives;
  - Complexity or novelty of the project, or ability for it to be used as a pilot for future schemes;

- Level of LGF funding contributed;
- Reputational impact of the project.

## 5. Management and governance arrangements for Enterprise M3 LEP evaluation activities

5.1 The Enterprise M3 LEP team will provide regular updates to its Programme Management Group and Board on the progress made against economic and other targets and may request additional information to support this. In addition, government may require the collection of further evaluation information from time to time and applicants will be expected to provide further information to Enterprise M3 for these purposes in a reasonable and timely fashion.

- 1) The role of overseeing the activities undertaken as part of the Evaluation Framework rests with the Enterprise M3 LEP Programme Management Group (PMG).

The Enterprise M3 LEP team will report progress against economic and other targets to PMG and Board, based on information submitted by Scheme Leaders and projects.

- 2) Given that the role of the Programme Management Group is to oversee Enterprise M3's domestic funding programme, encompassing both the Local Growth Fund and the Growing Enterprise Fund, overseeing the evaluation activities and providing strategic steer to the process is a natural fit. The PMG will agree the sample of projects to be audited for checks on outputs during the year.

- 3) Progress on delivery of outputs and evaluation outcomes will be reported regularly by the PMG Chair and Assistant Director to the Enterprise M3 Board at board meetings, along with programme monitoring information to keep them informed of delivery against strategic goals.

5.2 The evaluation structures and processes will be further strengthened by specialist input from Enterprise M3 LEP's Action Groups, as part of their role in the consideration of developing projects.

5.3 Key actions and responsibilities for the PMG include:

- **Effective evaluation management** – to provide input and guidance to ensure quality and consistency of approach, so that evaluation activity acts as an objective verification of progress and impact. The support of the PMG will ensure the programme of evaluation activity is appropriately managed, making sure evaluation findings are legitimate and credible.
- **Targeting and prioritisation of evaluation activity** – to maximise the value of evaluation activity, and in recognition of the need to operate effectively with a specified level of resource, the PMG will steer the decision-making around priorities for evaluation. Providing expertise to determine the level at which evaluation should take place (programme, project, strand) and will determine when a full independent evaluation should be conducted for a particular project. The Enterprise M3 LEP Executive team will provide guidance to the PMG as part of project submissions, and will liaise with applicants around both self-evaluation and independent evaluation requirements.

5.4 The PMG will be supported by the Enterprise M3 LEP team, who will take on a number of responsibilities around evaluation. These include:

- **Provide guidance to the PMG on proposed evaluation approaches** as part of project assessment papers, and will liaise with applicants around both self-evaluation and independent evaluation requirements.
- **Liaise with applicants around evaluation proposals**, and provide support on the application of the evaluation framework in the context of an individual project.

- **Co-ordinate evaluation activity as part of the Enterprise M3 LEP team** – supporting cost control mechanisms to optimise cost/benefits to the LEP and partners, making sure that allocation of resources is proportionate and generates value for money.
- **Undertake continuous learning and engagement** – use the intelligence gathered through evaluation, and experience of applicants of the evaluation process, to inform future activity, including future evaluation activity.

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## Appendix 1: Monitoring and Evaluation Guides and Sources

HM Treasury (2018) The Green Book: Central Government Guidance on Appraisal and Evaluation. Available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/685903/The\\_Green\\_Book.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf)

HM Treasury (2018) Guidance to Developing the Project Business Case. Available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/749086/Project\\_Business\\_Case\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749086/Project_Business_Case_2018.pdf)

HM Treasury (2018) Guidance to Developing the Programme Business Case. Available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/749085/Programme\\_Business\\_Case\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749085/Programme_Business_Case_2018.pdf)

HM Treasury (2018) Checklist for assessing business cases. Available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/190603/Green\\_Book\\_guidance\\_checklist\\_for\\_assessing\\_business\\_cases.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/190603/Green_Book_guidance_checklist_for_assessing_business_cases.pdf)

HM Treasury (2018) A short 'plain English' guide to assessing business cases. Available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/190609/Green\\_Book\\_guidance\\_short\\_plain\\_English\\_guide\\_to\\_assessing\\_business\\_cases.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/190609/Green_Book_guidance_short_plain_English_guide_to_assessing_business_cases.pdf)

HM Treasury (2011) The Magenta Book. Available at:

<https://www.gov.uk/government/publications/the-magenta-book>

Tavistock Institute (2010) Logic Mapping: Hints and Tips. Available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/3817/logicmapping.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/3817/logicmapping.pdf)

Department for Communities and Local Government (2016) The DCLG Appraisal Guide. Available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/576427/161129\\_Appraisal\\_Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/576427/161129_Appraisal_Guidance.pdf)

## Appendix 2: LEP outputs

As part of our monitoring approach, we have agreed a list of operational output metrics with government. These operational metrics vary significantly by scheme and are intended to give an ongoing sense of activity underway on an individual project at a given point. These metrics are agreed with applicants as projects are taken forward and included in the schedules of the legal agreement put in place. These are set out in the table below.

Key Performance Indicators
Jobs connected to the intervention with collection method (1)
Apprenticeships created
Housing units completed
Number of new homes with new or improved fibre optic provision
Total length of roads resurfaced (km)
Total length of newly built roads (km)
Total length of new cycle ways (km)
New or improved training/learning floorspace (sqm)
Refurbished training/learning facilities (sqm, where FE colleges are involved by estate grading)
Prior Grade - A-Excellent, B-Good, C-Satisfactory, D-Inoperable
Post completion grade - A-Excellent, B-Good, C-Satisfactory, D-Inoperable
Floorspace rationalised (sqm)
Number of New Learners Assisted (in courses leading to a full qualification)
Specialist Equipment
Postcode for new build sites
Commercial floorspace created (sqm)
Commercial floorspace refurbished
Commercial floorspace occupied
Commercial Broadband Access
Area of Land with reduced likelihood of flooding as a result of the project (m2)
Reduced Flood Risk Homes
Reduced Flood Risk Commercial
Number of enterprises receiving grant support
Number of enterprises receiving financial support other than grants
Number of enterprises receiving non financial support
Type of infrastructure (New road construction, Road improvements (eg widening – junction improvements), Rail (including service changes), Rail (station/access only-no

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service changes), Light Rail tram, Bus priority, Cycling, Walking (including public realm), Mixed sustainable (cycling, walking, public transport), Mixed, road and sustainable, Major maintenance)
Type of service improvement as a result of intervention
Date of local VFM Approval
BCR and VFM Category (less than 1 = poor, 1-1.5 = low, 1.5-2 = medium, 2-4 = high, above 4 = very high)

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