



TEES VALLEY  
COMBINED  
AUTHORITY

TEES VALLEY MAYOR

JAN20

# MONITORING AND EVALUATION FRAMEWORK



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# 1. Introduction

## Background

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- 1.1 In November 2015, a Devolution Deal (the Deal) was signed between the now Ministry of Housing Communities and Local Government (MHCLG) and Tees Valley Combined Authority (the Combined Authority) calling for:

*“the transfer of significant powers for employment and skills, transport, planning and investment from central government to the Tees Valley”*
- 1.2 The devolution of powers and funding has enabled the Combined Authority to create an Investment Fund, through a 30 year initial allocation for capital financing of at least £15 million a year.
- 1.3 The original devolution deal was viewed by the Combined Authority and Central Government as the first stage in a longer term process of the transfer of responsibilities between the two tiers of authority. However, this was conditional on proving the added value of devolution to the delivery of specified policy areas. The deal stated:

*“The Combined Authority will work with HM Government to develop a full implementation plan, covering each policy agreed in the Deal to be completed ahead of implementation. This plan will include the timing and proposed approach for monitoring and evaluation of each policy and should be approved by the MHCLG Accounting Officer.”*
- 1.4 The Combined Authority is accountable for the successful implementation of the Deal and is therefore expected to undertake monitoring and evaluation in order to demonstrate and report on progress.
- 1.5 In response, the Combined Authority in conjunction with the 10 other Combined Authorities and devolved administrations who were in receipt of City Growth Deals / Devolution Deals appointed SQW to undertake the detailed monitoring and evaluation of all projects/programmes receiving support.
- 1.6 SQW and the Combined Authority have reviewed all proposed spend within the Tees Valley Devolution Deal, identifying the following high level thematic areas (based on Tees Valley’s Strategic Economic Plan) against which performance is to be assessed:
  - **Business Growth:** To diversify the economy, support more business start-ups, develop high growth potential businesses and key growth sectors;
  - **Research, Development, Innovation and Energy:** To introduce new processes and practices which reduce carbon emissions, increase productivity and the availability of high value jobs;
  - **Education, Employment and Skills:** To increase educational attainment, produce the skilled workforce that businesses need and increase lifetime opportunities for our residents;
  - **Place:** To accelerate the supply of good quality homes across the whole housing market, revitalise our town centres and urban cores, bring forward surplus public and blighted brownfield land for development and strengthen our commercial property offer;
  - **Culture:** To build cultural vibrancy in our communities and change external perceptions of Tees Valley through the arts, cultural and leisure offer whilst creating places that attract and retain businesses and business leaders and make the area more attractive to investors, workers and visitors;
  - **Transport and Infrastructure:** To improve connectivity within Tees Valley, across the Northern Powerhouse, the UK and the world; and
  - **A final cross cutting theme of confidence index/stakeholder perceptions:** Aims to assess the impact of growing optimism and buy in of the work of the Combined Authority and the wider Devolution Deal approach.

## 2. Key Principles

### Purpose

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- 2.1 The following document forms the monitoring and evaluation framework between the Combined Authority and MHCLG in respect of the Devolution Deal. It will provide detailed insight into:
- Tees Valley's specific monitoring and evaluation responsibilities related to direct spend from the (annual £15m) devolution deal; and
  - The wider monitoring and evaluation responsibilities related to all other activities undertaken by the Combined Authority (i.e. those funded from other sources).
- 2.2 It therefore goes further than the requirements for monitoring and evaluation for just the Devolution Deal, ensuring that all Combined Authority activity is consistently monitored and evaluated and that the added value of the organisation can be demonstrated to both local and national stakeholders.

### Commitment to Monitoring and Evaluation

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- 2.3 The Combined Authority is committed to the effective monitoring and evaluation of all supported activity, whether at project, programme or thematic<sup>1</sup> level regardless of funding source, so that it is best able to:
- **Provide local accountability to the public, partners and local stakeholders by demonstrating:** how devolved funding is spent, ensuring value for money and that all benefits are identified, tracked and achieved in line with the Strategic Economic Plan (2016), the Local Industrial Strategy (draft 2019) and the Tees Valley Investment Plan (2019).
  - **Comply with external scrutiny requirements:** to satisfy conditions of the Devolution Deal and specifically the Assurance Framework which ensures that all Combined Authority and partner resources can demonstrate value for money and appropriateness of use at both the appraisal and evaluation stages.
  - **Provide both a summative and formative function:** by assessing the impact of the overall programme and all supporting projects, in order to assess additionality. Conducting the ongoing review of the programme in order to determine overall viability together with developing recommendations for future activity and delivery.
- 2.4 This framework aims to ensure that these commitments are delivered by setting out the approach, principles, resource and responsibilities for the monitoring and evaluation of projects and programmes both in the Devolution Deal and within any wider Combined Authority activity.

### Monitoring and Evaluation Key Principles

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- 2.5 The Combined Authority's approach is based on the following principles:
- Evidence needs to be of sufficient quality for all evaluations, in order to provide convincing evidence of what works;
  - Evaluations need to clearly map out the anticipated outcomes of the intervention and identify the appropriate outcome measures that will provide a reliable and meaningful assessment of impact;
  - Evaluations need to be designed to be able to detect impact. The design needs to be able to demonstrate that the intervention is causing change in outcome measures. Considerations around

<sup>1</sup> The Combined Authority's Strategic Economic Plan has six themes (Transport, Education, Employment and Skills, Business Growth (including enabling infrastructure), Culture, Research, Development, Innovation and Energy and Place) under which programmes and projects are supported. The six themes are replicated in the Investment Plan and all project and programme business cases must demonstrate how they contribute to respective thematic and SEP targets.

the anticipated size of the impact needs to be factored into the design phase, to ensure that an appropriate methodology is used;

- Evaluations should be accurate in detecting impact, including controlling for any biases. Where biases are uncontrollable, these should be clearly reported on and caveated in evaluation plans and reports;
- Focus upon conducting meaningful evaluation to better inform the selection of future interventions, the allocation of funds and the prioritisation of schemes and measures. We will use the evaluation conducted by SQW to in order to demonstrate value and report on progress at a programme level;
- Data is collected once and used many times. We advocate the use of open data techniques to develop innovative solutions, whilst at the same time ensuring the privacy of those it relates to;
- Automation should be exploited, wherever possible to reduce resource burden e.g. using our smart region/open data approach to source up to date information, which reflects demand within the Tees Valley;
- Reporting requirements and associated evaluation should be proportional to investment impact and in line with current guidance;
- As appropriate, a baseline will be set at the development of the intervention logic model;
- Ex-post data collection will take place at appropriate intervals depending on the type of outcome/impact expected and the time for stabilisation of behaviours or benefits lag associated with each outcome or impact;
- Interim findings should be available at least 12-18 months after completion, depending on whether seasonality needs to be allowed for;
- Useable by and /or comparable to, data collected by other stakeholders, so it contributes to the wider evidence base;
- Credible, valid and reliable to the extent possible within available resources;
- Ethical e.g. in relation to data consent and protection;
- Economic impacts should be reportable three to five years after completion of any policy interventions and/or projects aimed at delivering new jobs and increased productivity;
- All projects will be subject to monitoring and evaluation, regardless of funding source, all projects must develop a monitoring and evaluation plan as part of their business case development, a budget for undertaking monitoring and evaluation should also be identified and confirmed at business case stage; and

**All projects must have a signed off logic model, the outputs and outcomes of which must be recorded on the Combined Authority's management information system<sup>2</sup> and business customer relationship management system for company specific outputs<sup>3</sup>.**

<sup>2</sup>System K is the Combined Authority's project management system – it is currently used as a tool to track projects from initial interaction, through the development stages and then to monitoring in delivery and project closure. Various performance monitoring reports are produced from System K and can be exported in Microsoft excel including budget, spend, output, milestone reports. Project outputs can be defined and measured.

<sup>3</sup> Tractivity is the Combined Authority's Business Customer Relationship Management (CRM) system. It is used to record all interactions with employers with the overall aim of allowing the Combined Authority to monitor our engagement with the private sector, in order to measure the impact, we are having i.e. job creation, increased productivity etc. Tractivity is also the system which will sit behind the online Tees Valley Business Directory.

## 3. Assessing Impact: What and How we monitor and evaluate

### Introduction

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- 3.1 In this section, we will answer two key questions:
- **What we monitor and evaluate:** This will be addressed in **what success looks like** and ties all activities back to the delivery of the strategic ambitions articulated in the Strategic Economic Plan;
  - **How we monitor and evaluate:** This will be addressed in **Process of Measuring Success** which identifies the mechanisms for monitoring specific benefits (principally outputs) and the development of an evaluation plan to capture outcomes and impacts.

### What success looks like

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3.2 The region has established a transformational ambition to become a high value, low carbon, diverse and inclusive economy. Underlying this ambition is a commitment to improving the lifetime opportunities for local people, tackling some of the difficult challenges of social exclusion, providing opportunities across all the Tees Valley, including rural areas and disadvantaged communities, thereby ensuring that all citizens can share in the benefits of economic growth.

3.3 This vision is articulated within the Strategic Economic Plan, which outlines headline economic targets in order to reflect the growth ambitions and priorities for the Tees Valley economy, whilst also allowing for the measurement of progress over time. The headline targets for the Strategic Economic Plan which are also reflected in the 2019-2029 Investment Plan and the draft Local Industrial Strategy are:

- 25,000 jobs<sup>4</sup> net additional jobs in the local economy; and
- £2.8 billion of net additional GVA<sup>5</sup> (at 2016 prices).

The above targets are net figures, accounting for the overall growth ambition in the Tees Valley economy from a 2016 baseline, the actual level of job creation and growth in GVA may outstrip these targets in order to account for any losses. Although Tees Valley Combined Authority supported projects will directly contribute towards this growth ambition, there is also induced and natural growth in the economy over time reflected within the targets.

3.4 These headline targets are supported by the following key performance indicators:

- Business Density: 10% Growth;
- Jobs Density: 55% growth;
- GVA per hour worked: 30% growth;
- Population: 6% growth;
- CO2 Emissions: 25% reduction; and
- NVQ Level 4: 20% increase.

3.5 Each key performance indicator is routinely reported against and is key to developing an understanding of how our interventions contribute towards overall economic performance. It should be noted that both headline targets and key performance indicators will be subject to review as and when the Strategic Economic Plan for the region is updated and reviewed. The below provides: detailed definitions, a baseline and expands on the rationale for the selection of each performance indicator.

<sup>4</sup> Sourced from EkosGen Assumptions paper

<sup>5</sup> Sourced from a 30% increase in GVA per hour worked and 55% growth in jobs density figure (which is in line with Ekosgen Assumptions paper

**Business Density: 10% Growth: reducing the gap to 72.2% (or 344 enterprises per 10,000)**

**Definition:** Business density is defined as the number of enterprises registered in an area as a percentage of the overall number of residents (16+).

**Baseline:** 65.6% of the UK rate or 307 enterprises per 10,000 adults

**Rationale for Target:** There were 16,500 business enterprises registered in the Tees Valley in 2015. In terms of enterprise stock as a percentage of 10,000 adults (307 for Tees Valley versus 467 nationally), the Tees Valley rate was 65.6% of the UK rate. The present figure of 65.6% is the highest business density figure recorded in the region in the last ten years. However, since 2010, there has been a 10% increase in business density, rising from 60%, largely attributable to the above trend increase in business starts, rather than a reduction in business survival. The anticipated 10% increase in business density will largely be attributable to a continued increase in business starts and a slight increase in business survival rates.

**Jobs Density: 55% Growth or a jobs density figure of 0.75 (related to a reduction of the jobs density gap to 0.07 or approximately 25,000 additional jobs).**

**Definition:** Jobs density is defined as the number of full time equivalent (FTE) jobs in an area divided by the resident population aged 16-64 in that area. For example, a job density of 1.0 would mean that there is one job for every resident aged 16-64

**Baseline: 0.12 gap.** (Tees Valley currently has jobs density of 0.70 against a UK average of 0.82)

**Rationale for Target:** Over the past decade the gap between Tees Valley and the UK average has increased from 0.08 to its present 0.12 largely attributable to: significant job losses across the Tees Valley due to cyclical and structural change and faster job creation in the rest of the UK. The projected 55% growth in jobs density is marginally above the 2005 figure and it is anticipated that this will be achieved through a focus on investing in companies with high growth potential/ attraction of FDI.

**GVA per hour worked: 30% Growth: reducing gap to 94% of UK average or £29.15 per Tees Valley worker**

**Definition:** ONS's preferred measure of productivity is Gross Value Added (GVA) per hour worked. This measure removes employment rate, economic inactivity, demographic and commuting considerations with GVA per head and work pattern issues with GVA per job.

**Baseline:** The average hourly GVA generated by a Tees Valley worker in 2014 was £28.30, 91.3% of the UK average.

**Rationale for Target:** Over the past decade underlying Tees Valley productivity growth in terms of GVA per hour worked has broadly matched UK average growth rates, remaining steady at between 90% and 92% of UK GVA per hour worked between 2005 and 2014. The target will ensure that GVA per hour worked will be above the long term average, with the growth attributable to the attraction and expansion in numbers of employees in high growth sectors.

**Population growth: 6% Growth, increasing the Tees Valley population to 706,200 by 2026**

**Definition:** Population projections provide an indication of the future size and age structure of the population based on mid-year population estimates and a set of assumptions of future fertility, mortality and migration

**Baseline:** Population growth rate of 2.61% and a population figure of 666,200

**Rationale for Target:** According to the ONS 2014-based national and subnational population projections (based upon continuation of recent trends and assumptions about the future made by experts): UK is projected to grow by approximately 6%, from 64,597,800 in 2014 to 69,036,200 in 2024. This growth is due to a relatively even split of migration and natural change. Tees Valley has a population growth rate of 2.61% almost solely attributable to natural increase. The additional 3.39% (in order to match UK wide growth rates) will largely be accounted by inward migration into the Tees Valley, attracted by the approximate 30% of additional jobs within the SEP to be externally sourced.

**CO2 Emissions: 25% Reduction on 2005 baseline (12.5m tonnes)**

**Definition:** CO2 emissions relates to the following sectors: industry, Road Transport, Public and Commercial, Other Transport, Agriculture and land use and waste.

**Baseline:** 16.7 m tonnes (including 825 for Darlington, 862 for Hartlepool, 1,030 for Middlesbrough, 10,427 for Redcar and Cleveland and 3,520 for Stockton)

**Rationale for Target:** The Government's Climate Change Bill contains a variety of provisions relating both to climate change mitigation and adaptation. The Bill puts into statute the UK's targets to reduce carbon dioxide emissions through domestic and international action by at least 57 per cent by 2030, against a 1990 baseline. The year 1990 is not used as a base year as the data necessary to compile a sufficiently detailed North East inventory did not exist in 1990. Therefore, the base year for the inventory is 2005 with projections based mainly on the UK government department BERR's Updated Energy Projection number 30 (UEP 30, BERR, 2008). We have assumed that between 1990 and 2005, there was a 15% reduction in emissions (1% per year). However, to hit the 57% target by 2030 will mean a 42% reduction in emissions (1.24% per year) or approximately 25% reduction by 2026.

**NVQ Level 4: 20% increase (equating to 36% of residents having a NVQ Level 4 qualification)**

**Definition:** NVQ Level 4 equates to a degree level qualification

**Baseline:** 30% of residents presently have a NVQ level 4 qualification

**Rationale for Target:** At present 30% of residents presently have a degree/or higher level apprenticeship qualification. The additional 20% increase will largely be attributable to additional higher and further education (including higher apprenticeships) places being provided to address the increased demand for NVQ Level 4 qualification holders in high growth sectors.



## Distributional Benefits & Natural Resource Accounting

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- 3.6 In addition to the headline performance indicators explored above, the Combined Authority is committed to ensuring, where it is feasible, that all the costs and benefits of our interventions are quantified, understood and assessed.
- 3.7 In line with the ambition of improving lifetime opportunities, distributional benefits will be applied, where possible, in the calculation of economic impact, reflecting the following variables:
- Gender;
  - Race;
  - Disability;
  - Age; and
  - Geography.
- 3.8 Distributional analysis should only be conducted where relevant, dependent on the scope of the proposed intervention and is often most effective when assessing impacts that can be monetised, further guidance on the measurement of Distributional Benefits is available within the HM Treasury Green Book ([click here](#)).
- 3.9 Wider environmental and social impacts of interventions should also be quantified and reported where it is practical to do so and will be assessed on a project by project basis, in order to determine value for money. Natural Resource Accounting will allow us to determine how our interventions positively impact our environment, covering, though not limited to the following:
- Noise;
  - Air Quality;
  - Landscape;
  - Townscape;
  - Historic Environment; and
  - Biodiversity.
- 3.10 Projects which specifically identify the delivery of significant environmental effects should attempt to monetise these effects, where it is possible. It is, however, unlikely to be possible to estimate all the economic values associated with environmental impacts, in this instance qualitative narrative can be useful. Guidance on accounting for environmental impacts was issued as part of the supplementary Green Book guidance ([click here](#)) whilst, infrastructure led schemes may find it useful to refer to TAG Unit A3 – Environmental Impact Appraisal ([click here](#)).

## Process of Measuring Success

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- 3.11 The Combined Authority is committed to an approach that will see all programmes and projects subject to comprehensive but proportionate monitoring and evaluation, in order to reliably inform the decision making process.
- 3.12 In seeking to ensure robust processes of monitoring and evaluation are embedded in our projects and programmes, the Combined Authority has established a set process that places monitoring and evaluation, at the heart of the design and development stage of projects and programmes. Each project and programme are required to provide a detailed and robust monitoring and evaluation plan to be eligible for support which should be produced at business case stage. Project sponsors should consult *Sections 4 (Templates) & 6 (Case Study)* of this document for relevant guidance, to aid in the production of these requirements.
- 3.13 This process allows the Combined Authority to establish: what works, where problems arise and what good practice looks like. In turn, this enables a strong demonstration of additionality and value for money, ultimately, feeding back into the appraisal process in order to improve future decision-making.

- 3.14 Central to the approach adopted by the Combined Authority is the development of logic models for all interventions, along with mechanisms for capturing all inputs and outputs (through monitoring) and outcomes and impacts (through evaluation).

## Establishing a Logic Model

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- 3.15 The establishment of a logic model is key to providing a strong rationale for an intervention and building a case for change, it is the framework within which impacts of the intervention can be evaluated and (if appropriate) quantified.
- 3.16 In order to aid project sponsors the Combined Authority has developed a four-step approach to developing a logic model:
- 1. Identify the Opportunity/Market Failure to be addressed:** It is essential that we are clear from the start about the opportunity/market failure we are aiming to address. What exactly are we trying to change and why this is needed at this time and place? This should be designed to deliver a strong case for change, with a description of the principle market failures and the means by which investment activity will tackle the identified problem;
  - 2. Review the evidence:** The most effective projects and services build on strong and consistent evidence about what works, and they also learn from previous experiences. Therefore, existing evidence should be utilised and the business case should measure the extent to which each component of the service is based on good evidence, in particular drawing reliance on the annual Economic Assessment for the Tees Valley and previous monitoring and evaluation experience (sourced from Tees Valley Combined Authority, The What Works Centre or from other published evaluations);
  - 3. Draw up a logic model of how your proposal should work:** The logic model is a step-by-step diagram which shows the ultimate outcomes (change or results) we are aiming for and details step-by-step how we intend to achieve them. It details inputs (e.g. money, staff, resources) needed to deliver activities and how they should lead to short, medium and long-term outcomes to ultimately meet our aims. It is useful to think of longer-term outcomes such as wider social change that we are contributing to and that only collaboration will produce long lasting social change. In this sense, logic model outcomes vary in terms of how much influence our project has over them and in turn, how accountable our project is for achieving them. It should describe how evidence, funds and staff will be used to design and deliver activities and how exactly, based on our review of the existing evidence, these activities are expected to lead to short, medium- and long-term outcomes. Our projects and programmes won't operate in a vacuum so we will identify external factors which could help or hinder the achievement of outcomes. These could be policy changes, the economic climate or the level of support the project receives from partners.
  - 4. Identify indicators and collect monitoring data:** Using our logic model as a guide, we will identify priority evaluation questions and indicators that will test whether the project worked as the logic model predicted. We need to collect data on what activities were delivered to whom, as well as evidence that they led (or didn't lead) to the short-term and longer-term changes anticipated. Collecting and analysing data can be resource intensive so there is a need to agree what is most important to know from the start and why we and/or our stakeholders need to know it. It is also essential to be realistic about what questions can and can't be answered. NB. It is important that we collect 'base-line' (pre-project / programme) information about our users to compare with information we later collect during and after the intervention.

## Developing Bespoke Logic Models

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- 3.17 As noted, the Combined Authority has identified high level thematic areas (based on Tees Valley's Strategic Economic Plan) against which the performance of interventions will be assessed. However, there is an understanding that not all activity will align directly with a thematic area, instead projects and programmes may cut-across multiple thematic areas.
- 3.18 It is, however, important that logic models capture all the drivers and outputs of a given intervention, in order to fully understand and quantify all potential impacts. The Combined

Authority, has therefore, developed detailed guidance by thematic area to help project sponsors produce bespoke logic models. Project sponsors will be able to assess how their project or programme accords with each thematic area using the guidance and examples provided, to develop a logic model tailored to their specific project. The guidance below, therefore, offers a tool for project sponsors detailing by each thematic area:

- Overall aim of the Theme;
- Context;
- Opportunities/Market;
- Indicative Activities;
- Lead Performance Indicator.

## Business Growth

**Aim of Theme:** To diversify the economy, support more business start-up, develop high growth potential businesses and key growth sectors (Includes Capital and Revenue activities)

**Context:** Tees Valley is currently home to 17,500 businesses, including 17,400 SMEs. Most Tees Valley businesses are micro (employing fewer than 10 people). However, around one third of private sector workers are in firms employing more than 250 staff and 28% work in very large companies employing over 500 staff. However, there are too few businesses and too few jobs and a low level of growth ambition across the region. There are two principal types of intervention: Capital and Revenue, both of which support different stages of company growth: Pre-start/Business Start Up, Business Growth, High Growth Potential and Inward Investment.

### Opportunity/Challenge:

- Address the low business density rate in the Tees Valley;
- Address low survivability rate (businesses lasting longer than five years) in the Tees Valley;
- Address the productivity gap in micro and small enterprises and encourage job growth;
- Increase the number of scalable companies choosing to invest in the Tees Valley;
- Opportunity to refurbish/reconfigure existing provision to bring it line with market demands;
- Inadequate supply of grow on space;
- Inadequate supply of Grade A office accommodation; and
- Poor connectivity.

### Market Failures:

- **Absorptive incapacity:** There is a reticence on the part of businesses to engage in economic development which restricts growth. Absorptive incapacity manifests itself either through lack of awareness of a programme and/or its benefits. Companies must be made aware/demonstrated as to the validity/economic impact of said interventions;
- **Asymmetric information:** Companies often have insufficient information to make an investment decision, thereby hampering growth. This can be mitigated through the provision of training/mentoring support;
- **Networking/Coordination failures:** Companies are of an insufficient scale to avail of funding/supply chain opportunities. This can be mitigated through mentoring support to facilitate collaborative approaches and develop the necessary critical mass;

### Specific to Capital Projects

- **Commercial Viability:** Office development is not currently commercially viable due to the low rental levels, high capitalisation yields, and increased construction costs required to provide Grade A specification office;
- **Development Funding:** Banks still have limited appetite to provide development funding; and
- **Funding Gap:** The potential beneficiary has insufficient funds to expand.

### Indicative Activities:

- Delivery of Business Compass Start-up programme;
- Delivery of Business Compass Growth programme;

- Address the market failure in the provision of Grade A office accommodation (Capital); and
- Development of sector specific foreign direct investment website and sector specific proposition.

#### Lead Performance Indicator

- Business Density: 10% Growth, reducing the gap to 72% of the UK rate
- Baseline: 65.6% of the UK rate or 307 (2015) enterprises per 10,000 adults

## Research, Development, Innovation and Energy

**Aim of Theme: To introduce new processes and products which reduce carbon emissions, increase productivity and the availability of high value jobs (Includes Sites and Premises for Enterprise and Innovation (Capital); Enterprises & Innovation Advice and Support; Science and R&D Capacity**

**Context:** Innovation is central to the future growth and competitiveness of the Tees Valley economy and sits at the core of productivity ambitions. The Tees Valley is an example of continued reinvention and was named as the most innovative area in the North in an innovation map publicised by Government in 2015. Tees Valley was 7<sup>th</sup> overall- higher than London, Birmingham, Leeds and Manchester. Tackling climate change and legally binding carbon reduction targets are a challenge for energy intensive industries in the Tees Valley. Innovation linked to the circular economy (in particular, the application of industrial symbiosis to the chemical and process sector) is essential to ensuring the Tees Valley economy maintains its competitive advantage, to evolve and grow. However, this innovation strength is not universal, the region continues to suffer from low levels of absorptive incapacity, in part caused by a deficit of technical skills predominantly in micro and small enterprises and by the removal of HQ and R,D&I functions in larger companies. Compounding this is a lack of appropriate accommodation to undertake collaborative research.

#### Opportunity/Challenge:

- Using the circular economy model: address high energy and raw material costs affecting businesses across the Tees Valley;
- Demonstrate the validity of the circular economy;
- Address low productivity through the enhanced use of innovation (address absorptive incapacity of micro and small enterprises);
- Low levels of sectoral collaboration in innovation (limited open access innovation);

#### Market Failure/s:

- **Asymmetric information:** Companies often have insufficient information to make an investment decision, thereby hampering growth. This can be mitigated through the provision of training/mentoring support;
- **Absorptive incapacity:** There is a reticence on the part of businesses to engage in economic development which restricts growth. Absorptive incapacity manifests itself either through lack of awareness of a programme and/or its benefits. Companies must be made aware/demonstrated as to the validity/economic impact of said interventions;
- **Networking/Coordination failures:** Companies are of an insufficient scale to avail of funding/supply chain opportunities. This can be mitigated through mentoring support to facilitate collaborative approaches and develop the necessary critical mass;
- **Principal/Agent failure:** Sometimes providers of research and development are incentivised to provide services which are not necessarily those required by the potential beneficiary;

#### *Specific to Capital Projects*

- **Commercial Viability:** development is not currently commercially viable due to the low rental levels, high capitalisation yields, and increased construction costs required to provide high specification R&Di accommodation;
- **Development Funding:** Banks still have limited appetite to provide development funding; and

- **Funding Gap:** The potential beneficiary has insufficient funds to undertake the planned activity.

**Indicative activities:**

- Opportunity to address energy wastage through the provision of district heating schemes;
- Carbon capture and storage;
- Short term option Development of CCS transfer point to Norwegian offshore plant;
- Longer term option: Development of demonstration facilities at Wilton;
- Development of the Hydrogen proposition: Evidence building and development of demonstration facilities;
- Development of a bio-refinery proposition;
- Support a materials catapult for Tees Valley;
- Increase availability of demonstration/incubation space;
- Support businesses to innovate for the first time;
- Develop nationwide/multi-disciplinary innovation knowledge networks; and
- Enhanced use of financial instruments to encourage knowledge transfer/access to finance for growing industries.

**Lead Performance Indicator:**

- CO2 Emissions: 25% reduction on 2005 baseline (12.5m tonnes)
- Baseline: 16.7m tonnes (including 825 for Darlington, 862 for Hartlepool, 1,030 for Middlesbrough, 10,427 for Redcar and Cleveland and 3,520 for Stockton.

## Education, Employment and Skills

**Aim of Theme: To increase educational attainment, produce the skilled workforce that businesses need and increase the lifetime opportunities for our residents. (Skills Capital, Skills Revenue, Employment Support, School Age Education)**

**Context:** Skills are a key driver in the local economy and have an important role to play in improving workforce productivity. Access to an appropriately skilled and qualified workforce is required to meet the growth needs of existing businesses and is an important factor that businesses consider when making decisions on where to locate. Having the right skills mix also helps to boost levels of economic activity and ensures that residents can access local employment opportunities.

**Opportunity/Challenge:**

- Improve education attainment at the transition stage from primary to secondary schools;
- Improve lifetime opportunities of all residents by addressing those most excluded from the labour market through enhanced educational and/or skills attainment;
- Add value to the education of our young people, by making sure that education equates better to emerging business needs and thereby ensure they achieve the best they can and have good progression outcomes once they leave statutory education. This will contribute to improved attainment levels of our pupils and school performance;
- Address low productivity in the workplace through the provision of a better educated and skilled workforce;
- To improve and simplify the career information and education available to residents of Tees Valley. The level of information available is confusing and lacks coordination. Businesses continue to feedback that too many applicants for jobs lack the basic knowledge of the work place and what skills are expected of people;
- To provide better training route-ways directly linked to businesses' skills demand that support Tees Valley residents to access progressive jobs;
- To challenge and support businesses to create more jobs, apprenticeships and opportunities that residents can access
- Address the replacement gap in priority sectors (particularly amongst older age and higher skilled cohort);

### Market Failure/s:

- **Absorptive incapacity:** There is a reticence on the part of employers and the general workforce to engage in skills which restricts growth. Absorptive incapacity manifests itself either through lack of awareness of a programme and/or its benefits. Companies/individuals must be made aware/demonstrated as to the benefits of training;
- **Asymmetric information:** School age children and those recently out of education lack knowledge to identify key sectors where there are maximum opportunities;
- **Networking/ Coordination failures:** There is a disconnect between employers, skill providers and potential beneficiaries. This disconnect manifests itself in skills gaps in firms, unemployed/underemployed individuals and undersubscribed training courses;

### *Specific to Capital Projects*

- **Commercial Viability:** development is not currently commercially viable due to the low rental levels, high capitalisation yields, and increased construction costs required to provide high specification learning space;
- **Development Funding:** Banks still have limited appetite to provide development funding;
- **Funding Gap:** The potential beneficiary has insufficient funds to utilise training opportunities

### Indicative activities:

- Support innovation and collaboration in education;
- Develop a skills system for Business Growth;
- Addressing long term unemployment;
- Create a Careers and Enterprise Initiative;
- Business challenge and workforce planning; and
- Enhance the higher education role in driving economic growth.

### Lead Performance Indicator:

- Jobs Density: 55% growth or a jobs density figure of 0.75 (related to a reduction of the jobs density gap to 0.07 or approximately 25,000 additional jobs);
- Baseline: 0.12 gap (Tees Valley currently has jobs density of 0.70 against a UK average of 0.82).
- NVQ Level 4: 20% increase (equating to 36% of residents having a NVQ level 4 qualification or above)
- Baseline: 30% of residents presently have an NVQ level 4 qualification

## Place

**Aim of Theme: To accelerate the supply of good quality homes across the whole housing market, revitalise our town centres and urban core (as major location for employment, retail, leisure and culture) , bring forward surplus public and blighted brownfield land for development and strengthen our commercial property offer (Site Remediation & Preparation including Flood Defence, Land Acquisition and Assembly, and Broadband and Mobile Connectivity)**

**Context:** Tees Valley offers a diverse range mix of rural and urban environments, providing not only quality business accommodation but also a comfortable work life balance for its residents across a range of housing options. Ensuring a high-quality environment where people and business thrive is a critical enabler to our Industrial Strategy and one in which the region has long invested in, not only upgrading town centres but remediating former industrial sites. However, to support our ambitions we must continue to invest in place to ensure that we continue to attract and retain the businesses and people we need.

### Opportunity/Challenge:

- There is an external perception of key settlements in Tees Valley as being failing places (in terms of housing, retail and commercial provision), which leads to a vicious cycle of lack of private sector appetite to invest and diminished ambition amongst residents and businesses;
- High levels of vacant and derelict land and buildings across the major urban areas, coupled with expensive remediation costs due to historical contamination;
- Scale of individual opportunities traditionally too small to attract large scale institutional investors;
- There is a nascent demand for new office and industrial workspace across the region;
- Emerging technologies and sectors are bringing with them opportunities for new use of space, particularly town centres;
- Devolution has brought about an increased awareness of the needs and opportunities of the Tees Valley as a place to live, work, visit and invest in;
- Ample supply of land in all principal settlements; and
- Opportunity to lever in additional national public sector funding which in tandem with Tees Valley funds could incentive private sector funding gap.

#### Market Failure/s:

- **Coordination effect:** Area regeneration is often considered a zero-sum gap, with one area benefits at the expense of another due to finite resources. However, the Programme has been developed to ensure the complementarity of offer across the region, focusing on respective needs and opportunities in order to minimise displacement and maximise economic impact for the region as a whole and its priority sectors;
- **Funding Gap:** Research has identified that the private sector is not prepared to undertake the necessary preparatory work (site assembly, site clearance) leading onto the development of new office/workspace in the Tees Valley. There are three main reasons for this market failure:
  - **Commercial Viability:** Low rents and high capitalisation yields in the industrial and office markets compromise the viability of projects and discourage investment;
  - **Availability of Development Finance:** Bank Lending terms are restrictive;
  - **Developer Financial Ability and Appetite for Risk:** There are very few local developers with the level of equity required to commence a development and the returns that developers with equity could receive from other investments/developments outside Tees Valley may be more attractive or represent a lower level of risk.
- **Demonstration effect:** There is a lack of recognition of the scale of opportunity in the Tees Valley by private developers both within the region and out-with. The Programme will therefore demonstrate to potential developers and inward investors potential opportunities and kick start the levering in of additional private sector leverage.

#### Indicative Activities:

- Development of evidence base in terms of housing, office and workspace need for Tees Valley geography;
- Gap capital support for the remediation/regeneration of vacant and derelict land and property;
- Gap capital support for public realm initiatives aimed at creating vibrant town centres;
- Gap capital support for strategic housing initiatives aimed at creating vibrant town centres;
- Gap capital support for investment in the provision of specialist culture and tourism accommodation and fit out;
- Gap capital support for investment in the provision of specialist (sector specific) business accommodation and fit out.

#### Lead Performance Indicator

- **Target:** Population growth: 6% growth increasing the Tees Valley population to 706,200 by 2026.
- **Baseline:** Population growth rate of 2.61% and a population figure of 666,200.

# Culture

**Aim of Theme: To change external perceptions of Tees Valley through the arts, cultural and leisure offer to create places that attract and retain businesses and business leaders and make the area more attractive to investors, workers and visitors**

**Context:** The arts, culture, tourism and leisure offer have an important role to play in shaping the quality of the Tees Valley proposition and making it an attractive place to live, work and visit. Culture can help to create places that attract and retain businesses and business leaders, while maximising the use of arts, cultural, heritage, rural and natural assets can attract more, higher spending visitors. Although the total number employed in culture and tourism is high, most companies are micro and are operating at the edge of economic viability. There is a need to develop the cultural/tourism proposition of the region and facilitate the creation of sustainable critical mass within the sector. The cultural sector within Tees Valley is at an emergent stage, both in terms of overall output and a lack of critical mass in terms of business composition i.e. a preponderance of micro and small enterprises. The Tees Valley market failure is a lack of critical mass which manifests itself in three main ways:

## **Opportunities/Challenges:**

- A lack of recognition of the Tees Valley brand and the regional tourism proposition, both within the UK and further afield;
- An actual and perceived lack of product offering across the region and how this could be promoted to key markets and groups internationally;
- Insufficient market analysis in support of market segmentation, product development and subsequent attraction of priority activity groups from targeted geographies;
- A lack of integration in the development and delivery of tourism initiatives across the Tees Valley;
- Avail of the recent purchase of Durham Tees Valley airport and its ambition to have circa 1.3million passenger movements per annum;
- Avail of direct and indirect linkages with the emerging tourism propositions across Yorkshire and the wider North East.
- Lack of capacity to compete for regional and national arts funding; and
- Lack of networking/coordination between local arts businesses in order to create festivals/events which can attract out of region visitors.

## **Market Failures:**

- **Coordination Failure:** The tourism and cultural sector in the Tees Valley is made up of a significant number of micro and small enterprises, who because of the fragmented ownership structure of the sector, presently lack the ability to coordinate activities to develop the essential critical mass to be able to compete in national and international tourism markets;
- **Demonstration effect:** This is two-fold: firstly- demonstrating to the local business base the benefits of investment in activities such as strategic marketing, product development and events and festivals and secondly: showcasing the Tees Valley integrated tourism proposition to a wider audience;
- **Free-Rider/Provision of a public good:** The programme is a public good, due to the non-excludability element of the benefits (active promotion of the region will benefit all Tees Valley tourism businesses). In such a case, only the public sector has the motivation to be able to deliver such a function as businesses will be reticent to pay for service in which other 'free riders/local competitors may benefit from without the need for a contribution;

## ***Specific to Capital Projects***

- **Commercial Viability:** development is not currently commercially viable due to the low rental levels, high capitalisation yields, and increased construction costs required to provide high specification learning space;
- **Development Funding:** Banks still have limited appetite to provide development funding; and



- **Funding gap:** Due to the free-rider issue, there is a funding gap which only the public sector can address.

**Indicative Activities:**

- Development of a cultural conversation with communities and businesses across the Tees Valley;
- R&D to enable content development;
- Resource to enable extended reach of programmes (festivals and events) including engagement with new audiences;
- Support for diversifying existing programmes (new partnerships / art forms);
- Strengthening skills and professional development to enable more impactful work and to nurture a stronger ecology of local talent;
- Supporting creative skills development and nurturing a talent pipeline through education partnerships;
- Development of Destination Plan;
- Experience Audit and Assessment of Competitive Position;
- Destination Marketing Activity;
- Product Development
- Partnership Working

**Lead Performance Indicator:**

- **Target: Population growth:** 6% growth increasing the Tees Valley population to 706,200 by 2026
- **Baseline: Population growth rate** of 2.61% and a population figure of 666,200.
- **Target: Business Density:** 10% Growth: reducing the gap to 72.2% (or 344 enterprises per 10,000)
- **Baseline:** 65.6% of the UK rate or 307 enterprises per 10,000 adults.
- **Target: Jobs Density:** 55% Growth or a jobs density figure of 0.75 (related to a reduction of the jobs density gap to 0.07 or approximately 25,000 additional jobs)
- **Baseline:** 0.12 gap (Tees Valley currently has jobs density of 0.70 against a UK average of 0.82)

## Transport and Infrastructure

**Aim of Theme: To improve connectivity within Tees Valley, across the Northern Powerhouse, the UK and the world and ensure comprehensive access to superfast broadband (includes: Improved Connectivity, Access improvements to sites and premises, Transport systems)**

**Context:** The transport plans for the Tees Valley take account of the plans and activities of Transport for the North and the need for efficient freight and passenger transport corridors running both north and south and east to west, with specific improvements required to support industry growth and key port developments such as the Northern Gateway Container Terminal.

**Opportunities/Challenges:**

- To provide rail station infrastructure that is ready for major projects such as High-Speed Rail and Northern Powerhouse Rail and to improve the East Coast Mainline and Trans-Pennine rail networks to cater for future growth in both freight and passenger demands across the North;
- To provide a resilient and high-quality major road network that delivers consistency in journey time reliability and standards to cater for future economic and housing growth across the North;
- To connect our town centres, economic assets (Teesport, Durham Tees Valley Airport and Enterprise Zones) and key health, employment, education and retail locations by a frequent, high quality and integrated public transport network and improved private transport networks.
- To address specific problems on the major and local road networks to cater for future economic and housing growth across the Tees Valley and to provide a transport network that is fit for purpose for freight;

- To develop supporting bus, cycling and walking networks that link housing sites to key destinations such as rail stations, bus stations/stops and key health, employment, education and retail locations across the Tees Valley;
- Addressing the remaining not spots (in terms of full fibre) across the region.

#### **Market Failures:**

- **Commercial viability:** The peripheral nature of the region acts as a disincentive to investment;
- **Networking/Coordination failure:** There is a need for coordination of planning and implementation, neither of which are solely in the control of one organisation. There is a need for coordinated public/private sector responses;
- **Free-Rider/Provision of a public good:** The programme is a public good, due to the non-excludability element of the benefits. In such a case, only the public sector has the motivation to be able to deliver such a function as businesses will be reticent to pay for service in which other 'free riders/local competitors may benefit from without the need for a contribution;

#### ***Specific to Capital Projects***

- **Commercial Viability:** development is not currently commercially viable due to the low rental levels, high capitalisation yields, and increased construction costs required to provide high specification learning space;
- **Development Funding:** Banks still have limited appetite to provide development funding;
- **Funding gap:** Due to the free-rider issue, there is a funding gap which only the public sector can address.

#### **Indicative Activities:**

- Darlington Station Growth Hub, including new platforms, re-modelling of the track layout and capacity improvements at Darlington rail station ready for High Speed Rail and Northern Powerhouse Rail;
- Major Upgrade of the rail line from Northallerton to Middlesbrough/Teesport including gauge clearance for larger shipping containers, journey time reductions and the remodelling of Middlesbrough Station prior to future electrification;
- Additional road crossing of the River Tees, ensuring that the A19 will meet the mile per minute objective;
- Improved east-west road connectivity along the A66 corridor from the A1(M) to the International gateway at Teesport;
- Track and platform capacity and passenger facility improvements at Middlesbrough station;
- Improvements to local rail services, including increased frequency, newer trains and potentially newer stations;
- Tees Valley bus network;
- Tees Valley cycle network;
- Tees Valley walking network;
- Improved ticketing;
- Local road network;
- Local Major Transport Schemes already in development such as Middlehaven Dock Bridge;
- Highway schemes targeted at locations where growth would be constrained without action; and
- Provide road capacity for individual large scale planning applications.

#### **Lead Performance Indicator:**

- **Target: Population growth:** 6% growth increasing the Tees Valley population to 706,200 by 2026
- **Baseline: Population growth rate** of 2.61% and a population figure of 666,200.
- **Target: CO2 Emissions:** 25% reduction on 2005 baseline (12.5m tonnes)
- **Baseline:** 16.7m tonnes (including 825 for Darlington, 862 for Hartlepool, 1,030 for Middlesbrough, 10,427 for Redcar and Cleveland and 3,520 for Stockton)

# Confidence /Public Perceptions

**Aim of Theme:** Raising the profile of Tees Valley and increasing awareness of its benefits... fostering perceptions of optimism and opportunity, by Developing and nurturing business relationships to support long-term economic growth and job creation; and Developing collaborative working partnerships with Local Authorities and supporting the work of the Tees Valley Mayor

**Context:** The SEP outlines the need to change external perceptions of Tees Valley, retain and grow businesses and make the area an attractive place to live, work and visit. Perceptions shape how we feel about places, people, products...and their potential. Driving positive perception can create an optimistic outlook which, in turn, is vital to improving and growing economies. A feelgood factor can be created through a virtuous circle of increased economic activity, greater consumer spending, investor confidence, productivity, awareness of opportunities, social mobility, happiness and well-being. All of this can alter people's perceptions of the place they are living, working, or visiting. We can measure perceptions, challenge them and develop them through the delivery of consistently applied and creatively delivered messages which resonate with target audiences and are repeated to develop momentum. Messages need to be inculcated and reinforced to shape perceptions and change behaviours and outlook. A positive narrative needs to be created and sustained to be believed. Sustaining and effectively communicating a consistent and cohesive narrative of investment, job creation and access to employment, skills and better transport links – allied to evidence of tangible success and the widening of opportunity and investment – can cumulatively create more opportunities to lever in additional private sector support, leading to increased GVA and job creation

## Opportunity/Challenge:

- Shape perceptions, develop resonance with key benefits/messages, and demonstrate evidence of an increasingly optimistic outlook
- Increase awareness of, and buy-in to, the Tees Valley brand
- Assist inward investment and marketing to promote the visitor economy
- Support the promotion of our case for becoming the City of Culture 2025
- Develop a team of ambassadors who promote Tees Valley inside and outside the region
- Engage with communities, raise the profile of the Tees Valley Mayor and achieve improved turnout at the Mayoral Election in 2020
- Promote the region as a flagship/positive case study for Government's Industrial Strategy and Northern Powerhouse
- Support change management and strategic prioritisation of the Combined Authority as an organisation

## Market Failure/s:

- **Demonstration effect:** This is two-fold: firstly- demonstrating to the local business base the benefits of investment in activities such as strategic marketing, product development and events and secondly: showcasing the Tees Valley integrated place proposition to a wider audience;
- **Free-Rider/Provision of a public good:** The programme is a public good, due to the non-excludability element of the benefits (active promotion of the region will benefit all Tees Valley businesses). In such a case, only the public sector has the motivation to be able to deliver such a function as businesses will be reticent to pay for service in which other 'free riders/local competitors may benefit from without the need for a contribution; and
- **Funding gap:** Due to the free-rider issue, there is a funding gap which only the public sector can address.

## Indicative activities:

- Develop a robust identity for Tees Valley as a brand which represents the region and to tell our story;
- Deliver multi-channel campaigns and activities to promote Tees Valley and the benefits of living, working and investing in the region;
- Collaborate with partners/ambassadors to amplify messaging to various audience types;
- Sustain and encourage a narrative based on economic growth, investment and opportunity;

- Support and promote the Office of the Mayor and the work of the Combined Authority; and
- Support the delivery of change management and strategic prioritisation of the Combined Authority, through the development of our organisation's values, culture and behaviours.

**Lead Performance Indicator:**

- **Target:** Turnout at the Mayoral Election in 2020: Increase turnout to more than 21.3%.
- **Baseline:** 103,767 - 21.3% of electorate.

# Cross Cutting Logic Model

3.19 To further aid project sponsors, a cross cutting Logic Model, which provides a non-exhaustive overview of some of the most common outputs, outcomes and impacts that may be addressed by the project and programme activity undertaken by the Combined Authority and its partners has been provided below. This should not be viewed as a restrictive model but instead as an informative guide that sponsors can draw from and add to in order to devise their own bespoke logic models.

Challenge	How will the issue be addressed?	Why isn't this already happening?	How will TVCA assist?	Action	What is it?	What does it achieve?	Additionality	What could go wrong?
Market Failure	Opportunity	Rationale for Public Support	Inputs	Activities	Outputs	Outcomes	Impacts (measurable)	Risk
Connectivity	Increase Investment						Direct Jobs	
Productivity	Provide Business Space	Absorptive Incapacity	Grant	Diagnostic Support	Improved road infrastructure	Employment in supported sectors	Direct Jobs	
Business Density	Lower Emissions	Asymmetric Information	Revenue	Provision of mentoring/skills/education training	Improved non road infrastructure	New products to market	Indirect Jobs	
Labour Supply	Encourage Innovation/collaboration			Grant support for enterprises	Take up of initiatives	Business Growth	Construction Jobs	Policy and Programme
Innovation	Increase take up of qualifications	Networking/Coordination failure	Leverage	Acquisitions	Additional cultural space	Footfall increase	Jobs Safeguarded	Delivery
Carbon Reduction	Add value to education	Funding Gap	Development Funding	Refurbishment	Number of cultural activities supported	Land unlocked for development	Additional GVA	Operational
Regeneration	Revitalise areas of poor quality and deprivation			Land assembly and remediation	Land assembled/remediated (Ha)	Commercial floorspace developed	No. with NVQ Level 4+	Demand
Access to Services		Commercial Viability	Collaborative work	Streetscape/Public realm works	Business accommodation created	Commercial property rental uplift	Monetary Return	Revenue
Housing	Diversify Town Centre			Provision of infrastructure	Facilities developed/improved	Environmental impacts	Land Value Uplift	
Quality of Place	Improve affordability of homes	Development Funding	Marketing/Promotion	Provision of utilities	Land with reduced risk (Ha)	Change in emissions	Productivity Gains	
Rural Severance	Encourage Visitors to the region	Labour Issues	Support and Engagement with government	Initiatives to support public transport	Utility services installed	Enhanced quality of place	Housing Completions	
Cultural Deficit	Increase footfall	Under-provision		Inward investment support	Additional capacity		Health and Wellbeing outcomes	
	Improve connectivity			Kick start and seed funding	Number of people completing courses/gaining qualifications		Additional Business to Region	
	Improve Journey Quality/Times		Training and Mentoring	Business Engagement	New grow on space (sqm)			
				Research	Planning permission secured	Improved access		
				Protection of habitats	Number of businesses assisted			
				Provision of cultural activities	Investment in R&D facilities			
				Volunteer engagement				

## 4. Templates

### Introduction

- 4.1 The approach adopted by the Combined Authority requires each project and programme to provide a detailed monitoring and evaluation plan, at business case stage, to be eligible for support. This approach endeavours to ensure that robust monitoring and evaluation, is at the heart of our decision making. In order to further support project sponsors the Combined Authority has developed the following template.

### Monitoring and Evaluation Plan Template

- 4.2 The following table illustrates some of the considerations which will be useful for project sponsors involved in developing a robust Monitoring and Evaluation Plan. The template should act as a broad guide and is not exhaustive, however, the list should inform all monitoring and evaluation activity:

Considerations	Implications
Introduction	<ul style="list-style-type: none"> <li>• Background and rationale of the intervention and the evaluation (including potential users of the findings);</li> <li>• Primary and secondary objectives; and</li> <li>• Evaluation questions and overarching methodology.</li> </ul>
Participants, interventions and outcomes	<ul style="list-style-type: none"> <li>• Study setting (both in terms of geographical location and, if applicable, where an intervention would be administered, such as on business's premises).</li> <li>• A clear description of the interventions, including how and when they will be administered, with enough detail to allow replication.</li> <li>• The customer journey in the evaluation.</li> <li>• Criteria for modifying or discontinuing interventions (if applicable). For example, if there is significant evidence of harm either to those receiving, or those not receiving, the intervention or if the number of programme applicants is significantly lower or higher than expected.</li> <li>• Where relevant, strategies to improve adherence or fidelity to an intervention (such as instructions for delivery of the intervention or training), and any monitoring of adherence.</li> <li>• Primary, secondary, and other outcomes (these should be linked to the logic model and case for change).</li> <li>• Specific measurement variables for the outcomes (e.g. productivity) and how these will be calculated (e.g. turnover/number of employees).</li> <li>• Sample size – estimated number of businesses / individuals needed for the evaluation and how it was determined (including calculations and assumptions). When considering this, attention should be paid to the minimum effect expected and how this relates to the sample size chosen (i.e. is the sample size large enough to detect this effect). Consideration of whether long-term follow up of businesses / individuals is important and the extent of attrition in the sample over time.</li> </ul>
Methods for identifying and assigning a treatment and control group	<ul style="list-style-type: none"> <li>• Although capital projects would appear simpler to evaluate than many revenue interventions, there is still a need for both types of support to capture all attributable benefits. This will necessitate a consideration of the following types of primary research: <ul style="list-style-type: none"> <li>○ Statistical baselining/establishing the counterfactual: <ul style="list-style-type: none"> <li>▪ Statistical neighbours;</li> </ul> </li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>▪ Quasi-experimental design</li> <li>▪ Randomised Control Trials;</li> <li>▪ Non-Randomised Control Trials<sup>6</sup> including: <ul style="list-style-type: none"> <li>• Regression Discontinuity Design (RDD) scores used and cut off;</li> <li>• Propensity Score Matching (PSM); or</li> <li>• Alternative Matching Technique</li> </ul> </li> <li>○ Walk through tests/ desk-based reviews of management information;</li> <li>○ Stakeholder and partner interviews and surveys;</li> <li>○ End beneficiary interviews and surveys; and</li> <li>○ Benchmarking (regional and programme level).</li> </ul>
Data collection, management and analysis	<ul style="list-style-type: none"> <li>• Plans for collecting baselines, intermediate, and outcome data and any other research to be conducted (e.g. qualitative interviews), including who is responsible for data collection. This should include plans for collecting data on unintended effects of the intervention (these will be specific to each programme and should be thought through alongside the logic model);</li> <li>• Timeline for data collection and when data will be available;</li> <li>• Subgroups of interest (for example, micro firms, or a particular sector of interest), which could be driven by the aims of the programme and/or the nature of the intervention;</li> <li>• Permissions for data use, including permissions for data linking;</li> <li>• Data storage and data security;</li> <li>• Plans to promote business retention in the programme/intervention and to complete follow-up, including a list of any outcome data to be collected for businesses who drop out of programmes if applicable; and</li> <li>• A description of interim and final analysis to be undertaken, including statistical methods for analysing primary and secondary outcomes, planned sub-group analyses and how missing data will be handled.</li> </ul>
Ethical considerations	<ul style="list-style-type: none"> <li>• Any ethical concerns (for example, any harm caused to the businesses / individuals who receive the intervention, or to a comparison group who do not receive the intervention), and how these will be mitigated. Please see the Innovation Growth Lab (IGL) trials toolkit (pre-trial preparation section) for information on ethical issues specifically in trials.</li> <li>• Processes for ensuring data confidentiality;</li> <li>• Processes for obtaining consent from businesses to be part of the evaluation; and</li> <li>• Declaration of interests – any competing interests of evaluators should be declared.</li> </ul>

4.3 In addition to the template provided above, project sponsors should aim to provide clarity on the process of measurement for each output and outcome of the proposed intervention as part of the overall Monitoring and Evaluation Plan. The following template provides guidance for project sponsors and will aid sponsors in providing quality focused information to the Combined Authority.

<sup>6</sup> See Magenta Book Supplementary Guidance on Impact Evaluation. Where possible randomised control trials should be used. However, when this is not feasible, administrative data sources should be used.

Category	Guidance	Action
Benefit	The name of the benefit as stated in the respective thematic logic model- it should be short and as descriptive as possible.	TBC
Link to SEP Impact <sup>7</sup>	State which SEP Impact the benefit will contribute to and how	TBC
Dependency on other benefits	Has a dependency on delivery/impact with another benefit been identified, if so, what is the supporting benefit?	
Senior Benefit Owner	The individual responsible for ensuring that the benefit(s) is achieved once handover from the appraisal team is complete. This should include the individual's name and role within the organisation.	TBC
Method of Measure	Details how the benefit will be measured. Giving the frequency/duration (annually for the anticipated duration of impact) and mechanism for measurement (monitoring visit, business survey, partner interview)	TBC
Baseline Value	The baseline value is the initial measurement of the agreed measurement metric before the benefit is realised. Capturing the baseline figures for measurement is designed to ensure that subsequent measurement has something to be compared to. Baseline measurement must be done before the changed or improved capability is delivered, to ensure that the full extent of the benefit can be shown.	TBC
Target Value	The value to be achieved after the benefit has been realised. Target values will be determined with recourse to both the Tees Valley Economic Assessment <sup>8</sup> and benchmarking to comparable programmes identified during the appraisal stage. To ensure key benefits remain visible and a priority, benefit targets will be aggregated and reported on at three levels: Programme, Theme and SEP.	TBC
Measurement Dates Baseline: Actual:	Dates for baseline and post implementation measurement to be taken. Post implementation date, will be confirmed at the appraisal stage and will be set at that stage when all attributable benefits have been expended.	TBC
Measurement completed by	The Combined Authority has a standalone monitoring team who will be responsible for the collation and subsequent analysis of monitoring information sourced from either the programme delivery body or the end beneficiary. This information will either be collated using System K for programme information and Tractivity for the end beneficiary (either company information or learner information)	TBC

4.4 Further factors to those outlined above, that project sponsors may wish to consider in the production of an evaluation plan can include:

Considerations	Implications
Scale of intervention	<ul style="list-style-type: none"> <li>In line with the Green Book, all appraisal and evaluation activity have to be proportionate to both the scale and level of risk/innovation of the programme;</li> </ul>
Timeline	<ul style="list-style-type: none"> <li>Project sponsors should set out the appropriate times to collect and analyse data on short-term (&lt;6 months), medium-term (1-3 years) and long term (&gt; 3 years) outcomes and when they would expect to see impacts. This timeline should be presented as part of the logic model. Timing should be evidence based, using existing literature about similar interventions or, where this does not exist through consultation with potential beneficiaries</li> </ul>

<sup>7</sup> The SEP impacts are: New Jobs, New Businesses, New Residents, Additional GVA, Business Density, Jobs Density, GVA per hour, Population Growth, CO2 emissions and NVQ Level 4 and above qualifications.

<sup>8</sup> Baseline data will be sourced from the Tees Valley Economic Assessment, which has been developed to provide a robust evidence base (baseline and growth scenarios) for all outputs and outcomes identified in the six thematic logic models.



Single Intervention or portfolio	<ul style="list-style-type: none"> <li>• The key difference between single interventions and portfolio approaches to ensure for the latter cumulative impact. There will be a need to quantify impacts and through multivariate analysis assess relationships between discrete elements of the programme and the overall programme.</li> </ul>
Programme Duration	<ul style="list-style-type: none"> <li>• This has implications as to whether there is a need/opportunity for both an interim and post funding evaluation;</li> <li>• There are also implications as to whether all potential benefits can be realised either within the programme period or the shadow period thereafter; and</li> <li>• Resource needs to be put in place to ensure post programme activity and impact is correctly tracked.</li> </ul>
Funding requirements	<ul style="list-style-type: none"> <li>• Recourse must be made to the evaluation and reporting requirements of the original funders.</li> </ul>

4.5 Using these templates as a broad guide, project sponsors will be able to produce a bespoke monitoring and evaluation plan that best meets the needs of the proposed intervention and the Combined Authority. With a focus on demonstrating additionality and value for money in line with the monitoring and evaluation principles outlined in *Section 2 – Key Principles*.

## 5. Governance

### Responsibilities and Resources

- 5.1 The following table provides the primary resources and the associated monitoring and evaluation related responsibilities for all projects and programmes, allowing project sponsors to be clear about what the respective roles are of the Combined Authority and the project sponsor:

Responsibility	Resource
Setting the Combined Authority's Strategic approach to Monitoring and Evaluation, including annual review	Developed by Investment Planning Manager in conjunction with the Project Development Manager and approved by Combined Authority Directors and Tees Valley Management Group
Preparation of initial logic model, and development of subsequent monitoring and evaluation plans	Project sponsor in conjunction with Project Development Team, approved by Investment Planning Manager
Monitoring progress of individual projects and programmes	Project sponsor in conjunction with the Claims and Monitoring Team
Monitoring progress of devolution deal objectives and of the Combined Authority's wider programme of activity, including projects funded from the single pot	Investment Planning Manager
Undertaking individual evaluations	Project sponsor in conjunction with Investment Planning Manager
Developing the Local Framework in support of the Gateway Assessment	Investment Planning Manager
Maintaining a repository of Monitoring and Evaluation data	Investment Planning Manager
Dissemination of evaluation conclusions	Strategy and Investment Planning Director / Commercial and Delivery Director and Marketing and Communications Team

### Dissemination

- 5.2 The Combined Authority will report progress using monitoring information (both financial and impact) on a quarterly and annual basis for the following levels:
- Programme (including significant projects);
  - Thematic; and
  - SEP.
- 5.3 Programme evaluations will be published and stored on the Combined Authority's website and will also be shared with relevant think tanks or special interest groups.
- 5.4 Relevant monitoring and evaluation information will be used by the Strategy and Investment Planning Teams for the routine update of the following key documents:
- Strategic Economic Plan / Local Industrial Strategy;
  - Investment Plan and relevant Thematic Action Plans; and
  - Programme Appraisals.

## 6. Case Study: Routes to Work

- 6.1 The following Case Study provides both a completed Evaluation Plan and Logic Model for the Routes to Work pilot. The provision of a working example provides project sponsors with an indicator of best practice and should aid in the production of individual Evaluation Plans and Logic Models, as per the requirements of the Monitoring and Evaluation Framework, outlined in Section 3 - Assessing Impact: What and How we monitor and evaluate.

### Evaluation Plan: Routes to Work

Name of project or initiative to be evaluated	Routes to Work
Description of project or initiative	<p>In February 2017, the Combined Authority were invited to submit an application for Innovation funding to pilot a major new approach to support those most distant from the labour market to prepare for and to access work. £6m was awarded to the Combined Authority. The Combined Authority Cabinet agreed to provide £1.5m as match funding for this pilot, making a total of £7.5m. The Pilot will be monitored by the Combined Authority and delivered locally by the 5 Tees Valley Local Authorities in their respective areas.</p> <p>The Pilot is an opportunity to test new ways of collaborative working at a local level which takes an individually centred approach, with the innovative use of dedicated Key Workers. The pilot aims to work with those most disengaged from the labour market, to support them to engage formally with the out of work support system, to move them further towards a sustainable situation where employment is more of an option or get them into formal employment.</p> <p>This approach also includes providing extended In-work support to those successful in gaining employment. As well as working with the economically disengaged, the pilot will involve direct engagement with both existing and potential partners and employers to also provide better brokerage of public services presently delivered by a range of agencies in the Tees Valley with an understanding to recognise how the Pilot has impacted on local integration of services to reach the 'hardest to help'. The pilot will test if greater collaborative and person-centred approaches deliver better and more sustainable outcomes for the vulnerable people it aims to assist.</p> <p>The key elements of the pilot are to test out four innovative elements:</p> <ul style="list-style-type: none"> <li>• Create multi agency delivery approaches, led by each local authority.</li> <li>• Bring together existing services with innovative holistic support to move people through their journey towards and into work (<b>the 'Customer Journey model'</b>);</li> <li>• Provide ongoing 'in-work support', for both the individual and the employer, over the first 12 months of employment.</li> <li>• Provide flexible funding to support individuals and employer incentives where appropriate.</li> </ul> <p>The Routes to Work Pilot will provide holistic support from a range of service providers for those unemployed or economically inactive individuals aged 30+, across the Combined Authority area, who are deemed to need the most help and support to move back into work. This includes many elements with the primary focus being the individual, it provides the opportunity to identify and address multiple barriers that some people face when trying to access work and will not solely focus on providing training courses. See Appendix B for the 'person centred delivery model'</p> <p>The eligibility criteria for the pilot is;</p> <p>In all cases the customer must be aged 30 or over, not be in work and either;</p> <ul style="list-style-type: none"> <li>• Disengaged from the benefits system; or</li> <li>• Receiving benefit.</li> </ul> <p>In addition, to falling within any of below criteria:</p> <ul style="list-style-type: none"> <li>• Long term (2yrs +) unemployed /inactive benefits;</li> <li>• Claim to Employment and Support Allowance (ESA) rejected;</li> <li>• In the ESA support group (health/disability);</li> <li>• Out of work for min 13 weeks and be unlikely to find work in the next 12 months, due to having significant or multiple barriers to work. This could include: Ex-offenders, Health/MH or disability, BME/ESOL needed, SEND, Drug/alcohol dependencies, 50+, Lone parents, Returners to the labour market, Roma/travellers, Refugees, Carers, Care Leavers, Homeless, Ex Forces.</li> </ul> <p>Although both men and women are welcome on the programme, the Tees Valley continues to have increased numbers of males in long term unemployment and are also aware that older males in particular seem to be more reluctant to access support.</p> <p>The Pilot has the following objectives and targets:</p>

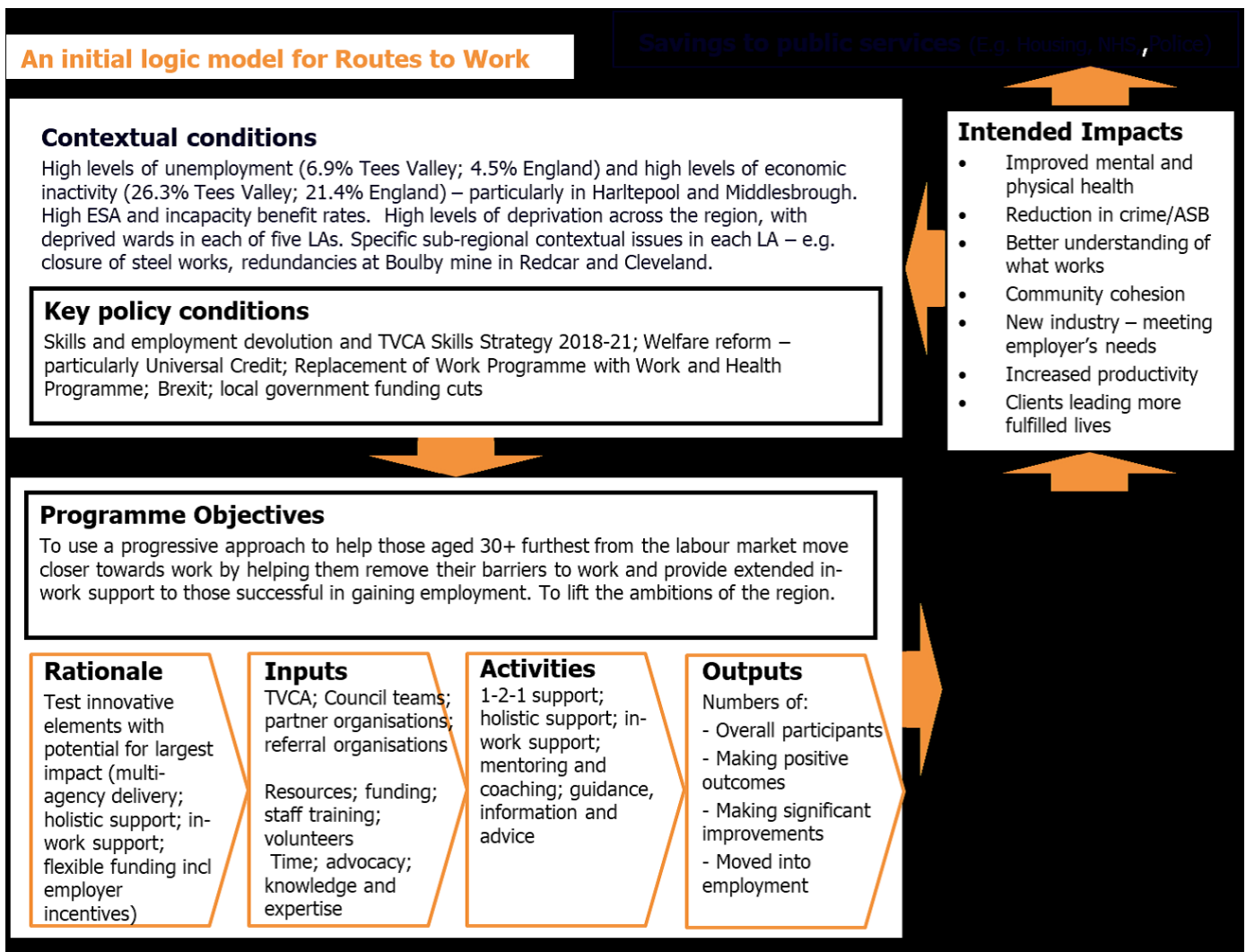
	<p>For those most disengaged from the labour market:</p> <ul style="list-style-type: none"> <li>• Engage with up to 2,500 individuals over the three-year lifetime of the pilot;</li> <li>• Move 15% of this cohort (375) into employment; and</li> <li>• 38% of others (938) making significant improvements towards being ready for securing work;</li> <li>• Engage with people who are disengaged from economic activity;</li> <li>• Test the role of dedicated key workers who will support the individual throughout their time on the Pilot (up to 2 years);</li> <li>• Test how the Pilot has impacted on those hardest to help and what improvements have impacted on the customer journey.</li> <li>• Test the inclusion and impact of Careers, Education, Information, Advice and Guidance (CEIAG) throughout the time of support;</li> <li>• Test the impact of the availability of a flexible and responsive fund, used to remove immediate barriers and challenges faced;</li> <li>• Identify the impact that In Work Support has on sustainability of the employment entered into.</li> </ul> <p>For employers:</p> <ul style="list-style-type: none"> <li>• Engage with employers to source new jobs; and</li> <li>• Engage with employers to support (375) into employment;</li> <li>• Support employers to be flexible and provide 12 months support to individuals once in work;</li> <li>• Test is the employer response is greater with the availability of Incentive funding;</li> <li>• Test the increase in response of employers through increased advocacy/brokerage support for potential employers.</li> </ul> <p>For public service providers:</p> <ul style="list-style-type: none"> <li>• Better integrate service provision through enhanced brokerage;</li> <li>• Identify efficiency gains through the provision of more sustainable and integrated solutions; and</li> <li>• Identify the potential for gain-share to contribute to post funding sustainability;</li> <li>• Increase the efficiency and scale of successful referrals to specialist services;</li> <li>• Identify the merits of increased personal support against the norm of providing access to skills development.</li> </ul>
<p>Research questions to be addressed by the evaluation – what is being evaluated?</p>	<p>Given the complexity of the intervention, it will be necessary to ensure shared understanding of the interrelatedness of the suite of supports and how these contribute to anticipated outputs/outcomes.</p> <p>To facilitate this external evaluators will be appointed with the successful consultant obliged to undertake the following activities at three stages:</p> <p><b>Stage 1:</b></p> <ul style="list-style-type: none"> <li>• Completion of a comprehensive review of how the programme has been set up and implemented and production of a full programme evaluation project plan for Steering Group approval.</li> </ul> <p><b>Stage 2:</b></p> <ul style="list-style-type: none"> <li>• Implementation of the evaluation project plan, with regular but no less than quarterly reporting on progress to the Steering Group and an annual progress report that includes recommendations for immediate and future change.</li> </ul> <p><b>Stage 3</b></p> <ul style="list-style-type: none"> <li>• Production of a final report that highlights the results of the pilot in a format that demonstrates the added value and efficiency savings made to the public purse.</li> </ul> <p>It is anticipated that the evaluation will:</p> <ul style="list-style-type: none"> <li>• Assess the fitness of purpose of the proposed interventions in line with the needs of the target group and employers, including but not limited to the scale and type of support offered, the duration of the pilot and the composition of the users;</li> <li>• Review in conjunction with partner organisations, the actual delivery of the pilot, including, promotion, brokerage services, the quality and type of support being offered, the complementarity of the suite of support being offered and a review of management information and reporting: including opportunities for capturing efficiency gains and developing gain share;</li> <li>• Develop a detailed logic model which clearly articulates all attributable inputs, activities, outputs and outcomes (including the specific efficiency gains/method for calculating gain-share as a result of the integrated approach to delivery and secondly the development of an economic model which has the potential to capture the cumulative economic benefits of successful participation to individuals and society at large<sup>9</sup>);</li> <li>• Identify comparable programmes which are currently being delivered and which will be used for benchmarking purposes to assess value for money;</li> </ul>

<sup>9</sup> Direct benefits, including but not limited to: Salary and local multipliers; and Reduction in benefit costs; Indirect benefits (inputted from comparable analysis undertaken by GMCA), including Reduced drug dependency; Reduced alcohol dependency; and Reduced mental health dependency.

	<ul style="list-style-type: none"> <li>• Again using the logic model, identify mechanisms for addressing the counterfactual/calculating additionally (including the use of longitudinal studies and randomised control trials) for the following groups: <ul style="list-style-type: none"> <li>○ Age 30 and over and not in work.</li> <li>○ The long term (2years) unemployed/ disengaged from the benefits system;</li> <li>○ Those with significant/multiple barriers who are unlikely to find work in the next 12 months: e.g. ex-offenders, the disabled, ethnic minorities with ESOL needed, drug/alcohol dependencies;</li> <li>○ Those for whom a claim to Employment Support Allowance (ESA) has been rejected;</li> <li>○ Have been out of work for a minimum of 13 weeks and be unlikely to find work in the next 12 months, due to having significant or multiple barriers to work.</li> </ul> </li> </ul> <p>It is anticipated that Stage 1 will commence in July 2018, with a report and project plan presented to the Combined Authority covering the aforementioned outputs to be completed by the beginning of September 2018. The draft report and presentation will be delivered by the successful consultants to the project steering group which will consist of the following:</p> <ul style="list-style-type: none"> <li>• Combined Authority staff, including Skills and Evaluation team staff;</li> <li>• What works Centre;</li> <li>• City Region Employment Network, led by Dr Adam Whitworth; and</li> <li>• The Department for Work and Pensions.</li> </ul> <p>Stage 2 report, including detailed action plan involving the roll out of the monitoring and evaluation framework and methodology for assessing the counterfactual and delivering longitudinal studies will be agreed and delivered by the consultants from October 2018 to the end of the programme.</p> <p>It is anticipated that programme staff within the Combined Authority will be responsible for the monitoring of relevant management information. Assessment of counterfactual and longitudinal analysis will be undertaken by the successful consultants and will inform the stage 2 reports.</p> <p>Stage 3 will be drafted no later than the end of the programme, 31st March 2021, and potentially a supplementary evaluation post closure, to be agreed by the Combined Authority.</p>
Methodologies to be used	<p>Inception meeting: We will begin the evaluation with an inception meeting to ensure clarity of expectations and processes for project management.</p> <p>Comprehensive review of programme set up and implementation: We will immediately begin a comprehensive review of available documents, data, external research and scoping interviews.</p> <p>Production of evaluation project plan: Alongside the comprehensive review, we will also produce an overarching evaluation project plan, setting out what, how, when and by whom all major outcomes and activities will be evaluated.</p> <p>Evaluation fieldwork: We will carry out ongoing data analysis over the course of the programme along with consultation with participants, partners, key workers and employers.</p> <p>Developing a Logic Model for the Routes to Work pilot: Through a Logic Model impact mapping workshop with key partners, we will establish an initial Logic Model for the programme, to be reviewed and refined each year.</p> <p>Evidencing outcomes and establish impact, efficiency gains and economic benefits: Using the Logic Model, we will carry out a robust cost benefit analysis of the programme to identify efficiency gain and economic benefits; this will be reviewed each year with a final analysis in 2021.</p> <p>Benchmarking with other programmes: We will work to identify a set of four equivalent programmes for a benchmarking review to support the stage 2 and 3 reports.</p> <p>Assessing the counterfactual: Our research design will develop a counterfactual using comparisons with other groups through a range of approaches, including evidence collected through sections 6 and 7 of our evaluation adjusted to avoid overstating benefits.</p> <p>Longitudinal studies: We will carry out a set of 10 longitudinal studies of individuals involved in the programme, drawing out their life and employment experiences before, during and after their Routes to Work support.</p> <p>Reporting: We will produce a series of reports over the course of the programme: Stage 1 (Sept 2018); Stage 2 (Mar 2019 and Mar 2020); Stage 3 (Mar 2021) as well as quarterly updates reports to the Combined Authority.</p>
Data requirements – what will it be measured, how frequently and from what source?	<p>The following information will be sourced from Tees Valley's own records:</p> <ul style="list-style-type: none"> <li>• Number of starts;</li> <li>• Number of participants receiving support</li> <li>• Number of participants completing programme (by sector);</li> <li>• Number of participants going onto further education/ training (by sector) ;</li> <li>• Number of participants entering the job market (by sector); and</li> <li>• Number of participants achieving a qualification (by sector).</li> </ul>

	These training outputs will be reviewed against the annual training needs survey to assess impact for the principal outcome: Adult Learners going into employment.
Who will conduct the evaluation?	The evaluation was put out to public procurement and was awarded to Rocket Science
How much will the evaluation cost and how will it be funded?	£367k and funded from Programme costs.
What are the timescales for the evaluation and what will be the key milestones?	2 <sup>nd</sup> August 2018 – 31 <sup>st</sup> March 2021
Who is the audience for the evaluation and how will the findings be disseminated?	Tees Valley Management Team and wider skills network and DWP. Published report and presentation of findings and recommendations to DWP.

## Logic Model: Routes to Work



## 7. Glossary

**Absorptive capacity** refers to an organisation's ability to identify, assimilate, transform and apply external knowledge.

**Accountability** refers to the obligation to demonstrate what has been achieved in compliance with agreed standards.

**Additionality** is a real increase in social value that would not have occurred in the absence of the intervention being appraised.

**Appraisal** is the process of defining objectives, examining options and weighing up the relevant costs, benefits, risks and uncertainties before a decision is made.

**Assessment** may refer to either an appraisal or an evaluation.

**Assumption** is a supposition about causal linkages or factors that could affect the progress or success of an intervention.

**Asymmetric Information** refers to an occasion when there is unequal knowledge between each party in a transaction.

**Baseline** is the information that is collected before or at the start of a project or programme that provides a basis for planning and/or assessing progress and impact.

**Commercial viability** the ability of a business, product or service to compete effectively and make a profit.

**Counterfactual** refers to comparing the observed results of an intervention to those you would expect if the intervention had not been implemented.

**Devolution** the transfer/delegation of powers to regional administration by central government.

**Discounting** is a technique used to compare costs and benefits occurring over different periods of time.

**Displacement** is the degree to which an increase in economic activity promoted by an intervention is offset by reductions in economic activity elsewhere.

**Effectiveness** is a measure of the extent to which a proposed intervention achieves its objectives.

**Evaluation** is the systematic assessment of an intervention's design, implementation and outcomes.

**Funding gap** refers to the difference between the funds required to undertake an intervention and the funds which are currently accessible.

**Intervention** refers to a policy, programme or project that is being appraised.

**Impact** refers to a result or effect that is caused by or attributable to a project or program an impact can be intended or unintended and positive or negative.

**Implementation** refers to the activities required to deliver an intervention following approval.

**Leakage** describes the leakage of benefits intended for a recipient group or area into another group or area.

**Logic Model** is a visual representation, showing the sequence of related events connecting the need for an intervention with the desired outcomes and results.

**Long-list** refers to the initial, wide set of possible options considered in the first stage of appraisal to achieve objectives.

**Market failure** is where, for one reason or another, the market mechanism alone cannot achieve economic efficiency.

**Market value or price** is the price at which a commodity can be bought or sold, determined through the interaction of buyers and sellers in a market.<sup>111</sup> The Green Book Glossary

**Natural Resource Accounting** refers to the impact an intervention will have on our natural assets.

**Net Present Value (NPV)** is a generic term for the sum of a stream of future values (that are already in real prices) that have been discounted (in the Green Book by the social time preference rate) to bring them to today's value.

**Optimism bias** is the proven tendency for appraisers to be over-optimistic about key project parameters, including capital costs, operating costs, project duration and benefits delivery.

**Options Framework** is a process where an initial long-list is reduced to a short-list by

breaking a proposal down into a sequence of strategic choices looking at scope, solution, delivery, implementation and funding.

**Outcome** refers to the consequences to society of a change in service or policy. For example, improved life expectancy of the population.

**Output** refers to the change in the level or quality of a service delivered. For example, more cardiovascular operations carried out.

**Preferred Option** is the option preferred after a detailed analysis of the short-list. Comparison of each short-list option, and their advantages over Business as Usual allows identification of the best option for the delivery of public value.

**Preferred Way Forward**, found using the options framework, is the option most likely to deliver SMART objectives at the long-list stage. This option, together with Business as Usual, a viable do-minimum and other alternatives are taken forward as a short-list for more detailed appraisal.

**Proposal** refers to a policy, programme or project that is being appraised. See also Intervention.

**Risks** are specific uncertainties that arise in the design, planning and implementation of an intervention.

**Risk register** refers to a tool used to record, the risks specific to a proposal, their likelihood and value and the assignment of risk management responsibility.

**Sensitivity Analysis** involves exploring the sensitivity of expected outcomes of an intervention to potential changes in key input variables. It can be used to test the impact of changes in assumptions and should be clearly presented in the results of appraisal.

**Short-list** refers to the filtered set of viable options to be taken forward to the more detailed analysis stage of appraisal.

**Social Value** is the net measure of total welfare resulting from an option or intervention. Alternatively, it is the sum of total benefits and total costs of an intervention, including private and social costs and benefits.

**Substitution** where firms or consumers substitute one activity for another as a result of intervention. As economic activity changes, it may lead to productivity changes which are costs or benefits.





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