Project appraisal, monitoring and evaluation for City Deals

Graeme Roy
11th September 2019
Background

Deals in Scotland:

• Glasgow City Region (2014)
• Aberdeen City (2016)
• Inverness and Highland City Region (2017)
• Stirling and Clackmannanshire City Region (2018)
• Edinburgh and South East Scotland City Region (2018)
• Tay Cities (2018)

Deals in Scotland:

• Ayrshire Region (2019)
• Borderlands Inclusive Growth Deal
• Moray Growth Deal

In development:

• Falkirk Growth Deal
• Argyll and Bute Growth Deal
• Islands Growth Deal
Approach

- Arguably two phases of approach

- Scotland later to party than rest of UK

- Glasgow City Deal in 2014 – high stakes & high politics

- Since then, approach has evolved…..greater partnership approach across public, private and education sectors
Glasgow’s initial approach

Summary of key elements of the Evaluation Plan

- **Impact evaluation of three Infrastructure Fund projects** – for the Canal and North Gateway and M77 Strategic Corridor projects, this will involve a case-based evaluation approach using feedback from stakeholders and businesses and case studies. For the Cathkin Relied Road project, it will primarily be a pre and post assessment, supplemented by feedback from stakeholders.

- **Progress evaluation of all interventions** comprising collation of monitoring data, interviews with intervention leads and interviews with project stakeholders.

- **Strategic-level evaluation** to assess capacity development and partnership working through an online survey (baseline and follow-up), strategic-level consultations, and case studies on two interventions.

- **Contextual economic forecasting** to provide narrative on an original baseline projection and an updated outlook on how the economy has developed in practice.

- **Three rounds of reporting**: a baseline report in spring/summer 2018, a one-year out report at the end of 2018, and the final report at the end of 2019.
The evolving nature of outcomes

› Historically, most government programmes have been assessed according to their impact on –

• Delivery outcomes – e.g. number of patients on waiting list etc;

• Economic outcomes – e.g. GVA, employment created

› Appraisals should NEVER be made upon the basis of inputs – i.e. how many nurses/doctors are employed; level of spend in a particular portfolio

› But in Scotland, added complication of ‘inclusive growth’ added in as ‘objective’ after deals signed
Inclusive growth

**Figure 1: Inclusive growth delivery**

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inclusive Growth Story</td>
</tr>
<tr>
<td>2</td>
<td>Inclusive Growth Diagnostic</td>
</tr>
<tr>
<td>3</td>
<td>Vision &amp; Outcomes</td>
</tr>
<tr>
<td>4</td>
<td>Identifying Priorities</td>
</tr>
<tr>
<td>5</td>
<td>Operational/Delivery</td>
</tr>
<tr>
<td>6</td>
<td>Monitoring &amp; Evaluation</td>
</tr>
</tbody>
</table>

*Source: Scottish Government*
## Inclusive growth metrics?

<table>
<thead>
<tr>
<th>Example indicators</th>
<th>Examples of advantages &amp; disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Productivity</strong></td>
<td></td>
</tr>
<tr>
<td>GVA</td>
<td>GVA measures the value added to the economy</td>
</tr>
<tr>
<td>GVA per head</td>
<td>Estimates are transparent and published regularly</td>
</tr>
<tr>
<td>GVA in key sectors</td>
<td>Challenges include – measurement (including revisions); contrasts between workplace and residence metrics; and they do not capture inequality, wellbeing or environmental sustainability</td>
</tr>
<tr>
<td>Productivity (GVA per hour worked)</td>
<td></td>
</tr>
<tr>
<td><strong>Participation</strong></td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>Employment key income source for most households</td>
</tr>
<tr>
<td>Unemployment &amp; economic activity</td>
<td>Viewed in round, unemployment, occupation type, part-time/self-employment, underemployment can indicate ‘health’ of labour market</td>
</tr>
<tr>
<td>‘Occupation type’</td>
<td>Earning information helps to illustrate how much of any improvement in the economy is captured by households</td>
</tr>
<tr>
<td>Part-time/full time</td>
<td>Information on distribution helps to illustrate levels of inequality in an economy</td>
</tr>
<tr>
<td>Underemployment</td>
<td>Challenges include – margins of error particularly within sub-groups; difficulty measuring underemployment and job security; correlation between qualification, skills and outcomes are not as strong as in the past</td>
</tr>
<tr>
<td>Earnings</td>
<td></td>
</tr>
<tr>
<td>Source of income – e.g. ‘% in receipt of social security</td>
<td></td>
</tr>
<tr>
<td>Earnings distribution</td>
<td></td>
</tr>
</tbody>
</table>
### Inclusive growth metrics?

<table>
<thead>
<tr>
<th>Population</th>
<th>Place</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>% With level of qualification</td>
<td>CO2 emissions</td>
<td>Poverty measures typically correlated with ‘economic opportunity’</td>
</tr>
<tr>
<td>Life expectancy by area, household distribution</td>
<td>Air quality</td>
<td>Scottish Index of Multiple Deprivation (SIMD) useful tool for outcomes in housing, health, access to services, crime etc.</td>
</tr>
<tr>
<td>Information on skills and skills gap helps to indicate effectiveness and vibrancy of policy.</td>
<td>Such indicators help to capture the ‘outcomes’ we want from our economy</td>
<td>Challenges – SIMD data published infrequently; poverty measures suffer from measurement issues at a local level.</td>
</tr>
<tr>
<td>Life expectancy is a good indicator of the population’s health</td>
<td>Challenges – outcomes can be influenced by a great many factors, so attribution tricky; many ‘wellbeing’ metrics of interest – e.g. mental health outcomes – remain difficult to collect on a consistent basis at a regional level.</td>
<td>Challenges – SIMD data published infrequently; poverty measures suffer from measurement issues at a local level.</td>
</tr>
</tbody>
</table>
In principle, evaluation was seen as central to the City Deal process

But how effective this will be in practice is yet to be tested

Glasgow gateway review 2019

- Supported by independent Commission & National Evaluation Panel

Thus far, forms of evaluation remain relatively ‘light’ in terms of their robustness – e.g. surveys of delivery agents,
Forms of evaluation

- **Impact Evaluation** - assessing the extent to which interventions supported by the investment funds have generated economic outcomes and impacts for their locality.

- **Progress Evaluation** - where it is too early to evidence outcomes and impacts, even at an interim stage, an assessment of the progress that interventions have made in terms of their implementation, for example, against anticipated expenditure, delivery etc.

- **Capacity Development and Partnership Evaluation** - qualitative evidence on the effects of the investment funds on local capacity development and partnership working.

- Thus far, forms of evaluation remain relatively ‘light’ in terms of their robustness – e.g. surveys of delivery agents,
## Robust evaluations

| 00 | Qualitative research designs  
This involves using methods such as surveys or literature reviews to conduct analysis without the use of any control or treatment groups. Tends to be purely subjective and based upon peoples opinion or previous findings. |
| 01 | Comparison without control variables  
This can be either (a) a cross-sectional comparison of treated groups with no untreated groups or (b) a before-and-after comparisons of treated groups with no untreated groups. |
| 02 | Comparison with control variables  
Use of adequate control variables in either (a) a cross sectional comparison of treated and untreated groups or (b) a before-and-after comparison of treated and untreated groups. |
| 03 | Comparison with control variables across time horizons  
Comparison of outcomes in treated group after an intervention, with outcomes in a treated group before the intervention, using untreated groups as a counterfactual. Methods includes difference-in-differences. |
| 04 | Use of quasi-randomness in treatment group  
Exploiting the quasi-randomness helps to credibly prove that treatment and control groups differ only in their exposure to the random allocation of treatment. Often used in instrumental variable or regression discontinuity designs. |
| 05 | Explicit randomisation into treatment and control  
Extensive evidence provided on comparability of treatment and control groups, showing no significant differences in terms of levels or trends. Main example is randomised controls trials (RCT's). |

Source: What Works Centre for Local Economic Growth
Appraisal cases largely underpinned by promises of ‘thousands of jobs’. Across Scotland’s City Deals, nearly over 60,000. How realistic? And how can the impacts be quantified?

Soon every part in Scotland will be part of a city/region deal….

Arguably less thought has gone into developing effective metrics and processes to ‘evaluate’ impacts over long-term. Reliance upon logic chains and ex ante modelling is ok up to a point….but inherent risk of optimism bias

Most evaluations focussing upon ‘gross’ impacts vs. ‘net’ impacts
Concluding thoughts

› Evolution

› Politics and economics

› Effectiveness of evaluation as currently set out

› Importance of developing effective evaluation metrics if City Deals are to have a future